

15 October 2026

**Philippine Dealing & Exchange Corp.**

29th Floor, B00 Equitable Tower,  
8751 Paseo de Roxas, Makati City

Attention: **ATTY. SUZY CLAIRE R. SELLEZA**  
*Head - Issuer Compliance and Disclosure Department*

SMC Tollways Fixed Rate Bonds Series A due 2030  
SMC Tollways Fixed Rate Bonds Series B due 2031  
SMC Tollways Fixed Rate Bonds Series C due 2034

Re: *SEC Form 20-IS (Definitive Information Statement for Special  
Stockholders' Meeting)*

Gentlemen:

In compliance with the Philippine Dealing & Exchange Corp. ("PDEX") guidelines, please find enclosed a copy of our disclosure to Securities and Exchange Commission.

Very truly yours,

  
**SHAINA ANELLA B. RAMIREZ**  
*Assistant Corporate Secretary*

# COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

MARY ROSE S. TAN

Contact Person

Number

+63917-1010354

Company Telephone

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| 1 | 2 |
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Month

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Day

Fiscal Year

Form 20-IS  
(Definitive)

FORM TYPE  
(amended)

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Month

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| 1 <sup>st</sup> |
| Tuesday         |

Day

Annual Meeting

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Secondary License Type, If Applicable

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Amended Articles Number/Section

Total Amount of Borrowings

6

Total No. of Stockholders

Domestic

Foreign

To be Accomplished by SEC Personnel Concerned

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*By personal delivery*

October 15, 2026

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**  
**November 10, 2026**

The Special Meeting of the Stockholders of **SMC TOLLWAYS CORPORATION** will be held on **November 10, 2026 (Tuesday) at 3:40 p.m.** which will be presided by the Chairman at the principal office of the Corporation. Stockholders are requested to attend through online videoconferencing using Zoom Meeting ID 590 032 0079.

The Agenda of the Meeting is as follows:

1. Certification of Notice and Quorum
2. Appointment of External Auditor
3. Other Matters
4. Adjournment

  
**Mary Rose S. Tan**  
Corporate Secretary and  
Compliance Officer

## **RATIONALE AND BRIEF DISCUSSION OF THE AGENDA OF THE SPECIAL STOCKHOLDERS' MEETING**

### **1. Certification of Notice and Quorum**

#### **a. Call to Order**

The Chairman of the Board of Directors (or the Chairman of the meeting, as the case may be) (the "Chairman") will call the meeting to order.

#### **b. Notice and quorum**

The Corporate Secretary (or the Secretary of the meeting, as the case may be) (the "Secretary") will certify the date when the written notice of the Special Stockholders' Meeting was sent to the stockholders.

The Corporate Secretary will also certify the presence of a quorum, which under the Company's Amended By-laws, consists of at least fifty percent (50%) plus one share of the outstanding capital stock being present or represented at the meeting.

#### **c. Voting and voting procedure**

A stockholder may vote the number of common shares held in his name in the Company's stock and transfer book as of October 23, 2026. Holders of common shares have the right to vote on all matters requiring stockholders' approval, and are entitled to vote at the meeting by submission of the ballots or proxies in accordance with the procedure set forth in the Notice.

Every stockholder entitled to vote shall be entitled to one (1) vote for each share of stock registered in his name in the books of the Company, on all items on the Agenda.

The counting of votes shall be done by the Corporate Secretary or Assistant Corporate Secretary, as the case may be.

### **2. Appointment of External Auditor**

Pursuant to the Company's Audit and Risk Oversight Committee Charter, the appointment, reappointment, and removal of the external auditor shall be recommended by the Committee and approved by the Board and ratified by the shareholders.

The auditing firm of R. G. Manabat & Co. will be recommended as the external auditor for the year ended 31 December 2025. R.G. Manabat & Co. was recommended by the Committee, unanimously approved by the Board of Directors during its special meeting held on May 11, 2026, and will be recommended for appointment to the stockholders at the special stockholders' meeting.

### **3. Other Matters**

The Chairman will inquire whether there are other relevant matters and concerns to be discussed. The Chairman shall accordingly respond to other matters that may be raised by the stockholders.

### **4. Adjournment**

Upon determination that there are no other relevant matters to be discussed, the meeting will be adjourned on motion duly made and seconded.

## Appendix 1

### PROCEDURE FOR THE SPECIAL STOCKHOLDERS' MEETING OF SMC TOLLWAYS CORPORATION THROUGH VIDEO CONFERENCE

1. The Chairman shall preside over the Special Stockholders' Meeting at its principal office.
2. Stockholders of record as of October 23, 2026 who intend to attend the meeting through video conference are requested to notify the Company by email to [corsec.mrst@sanmiguel.com.ph](mailto:corsec.mrst@sanmiguel.com.ph) by November 3, 2026.
3. Only the stockholders who have notified the Company of their intention to participate through video conferencing as above-described and have been validated to be stockholders of record of the Company will be considered in computing stockholder attendance at the meeting.
4. On November 5, 2026, the Assistant Corporate Secretary shall inform the stockholders of the password for the online videoconferencing either by email and/or SMS.
5. On November 10, 2026 at 3:30 p.m., the stockholders participating via online videoconferencing may enter through the password provided.
6. Votes of all stockholders will be cast through ballots or proxies submitted on or before November 9, 2026. A sample of the ballot and proxy is included in this Information Statement.
7. All ballots and proxies should be received by the Corporate Secretary on or before November 9, 2026 by email sent to [corsec.mrst@sanmiguel.com.ph](mailto:corsec.mrst@sanmiguel.com.ph) or by mail sent to the Office of the Corporate Secretary at the 11/F San Miguel Properties Centre, 7 St. Francis Street, Mandaluyong City.
8. For an individual, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its corporate secretary's certification stating the representative's authority to represent the corporation in the meeting.
9. The nominees for election to the Board were submitted in writing to the Board of Directors through the Corporate Secretary. The Corporate Governance Committee was tasked to pre-screen and evaluate the qualifications of the nominees in accordance with the Amended Manual on Corporate Governance of the Company.
10. The voting procedure for all items in the Agenda, including the election of the members of the Board, are set out in this Information Statement.
11. Stockholders may send their questions and/or comments during the meeting, or prior thereto by email to [corsec.mrst@sanmiguel.com.ph](mailto:corsec.mrst@sanmiguel.com.ph). Questions and comments may also be written in the space provided in the sample ballot/proxy form.
12. The proceedings of the meeting will be recorded.

Should you have questions or requests for clarification on the procedure for the Special Stockholders' Meeting, please email them to [corsec.mrst@sanmiguel.com.ph](mailto:corsec.mrst@sanmiguel.com.ph).

**SPECIAL STOCKHOLDERS' MEETING**  
**November 10, 2026**  
**3:40 p.m. via video conference**  
**("Special Stockholders' Meeting")**

Please mark as applicable:

- ☐ **Vote by ballot:** The undersigned stockholder of SMC TOLLWAYS CORPORATION (the "Company") casts his/her vote on the agenda items for the Special Stockholders' Meeting, as expressly indicated with the "X" below in this ballot.
- ☐ **Vote by proxy:** The undersigned stockholder of the Company hereby appoints \_\_\_\_\_ or, in his/her/its absence, the Chairman of the meeting, as attorney and proxy, to represent and vote all the shares registered in his/her/its name at the Special Stockholders' Meeting and any of its adjournment(s), as fully as the undersigned can do if present and voting in person, ratifying all action taken on matters that may properly come before such meeting or its adjournment(s). The undersigned directs the proxy to vote on the agenda items which have been expressly indicated with "X" below. If the undersigned fails to indicate his/her/its vote on the agenda items specified below, his/her/its proxy shall vote in accordance with the recommendation of Management. Management recommends a "FOR ALL" vote for proposal 1, and a "FOR" vote for proposals 2 through 5.

| PROPOSAL                        | ACTION   |          |                                                       |
|---------------------------------|----------|----------|-------------------------------------------------------|
|                                 | VOTE FOR | WITHHOLD | FULL DISCRETION OF PROXY FORM (IF FORM USED AS PROXY) |
| Appointment of External Auditor |          |          |                                                       |

Signed this \_\_\_\_ day of \_\_\_\_\_ 2026 at \_\_\_\_\_.

\_\_\_\_\_  
 Printed Name of Stockholder

\_\_\_\_\_  
 Signature of Stockholder/Authorized Signatory

Questions/Comments to the Board of Directors and/or Management

\_\_\_\_\_

\_\_\_\_\_

NOTE: This ballot/proxy should be received by the Office of the Corporate Secretary on or before November 9, 2026 by e-mail sent to [corsec.mrst@sanmiguel.com.ph](mailto:corsec.mrst@sanmiguel.com.ph) or by mail sent to the Office of the Corporate Secretary at 11/F San Miguel Properties Centre. This ballot/proxy, when properly executed, will be voted in the manner as marked/directed herein by the stockholder. If no direction is made in the proxy, such proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting as recommended by the management or the Board of Directors. A stockholder giving a proxy has the power to revoke it either in an instrument in writing duly presented to and recorded with the Corporate Secretary at least five (5) days prior to the Special Stockholders' meeting. Notarization of this proxy is not required. For an individual, his/her ballot/proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by a certification issued by its corporate secretary setting the representative's authority to represent the corporation in the Special Stockholders' Meeting ("Secretary's Certificate"). Validation of ballots and proxies will be on November 9, 2026 at 4:00 p.m. at the above-mentioned address of the Office of the Corporate Secretary. For ballots, proxies and Secretary's Certificates sent to the Office of the Corporate Secretary via email, the hard copies of the ballots, proxies, and notarized Secretary's Certificate should be immediately sent to the Office of the Corporate Secretary as soon as reasonably possible.

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 20-IS

### INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:  
[ ] Preliminary Information Statement  
[ ☒ ] Definitive Information Statement
2. Name of Registrant as specified in its charter **SMC TOLLWAYS CORPORATION**
3. Province, country or other jurisdiction of incorporation or organization **Philippines**
4. SEC Identification Number **CS201310694**
5. BIR Tax Identification Code **008-547-087**
6. Address of principal office Postal Code  
**11<sup>th</sup> Floor San Miguel Properties Centre, 7 St. Francis Street, Mandaluyong City 1550**
7. Registrant's telephone number, including area code **(02) 8702 4833**
8. Date, time and place of the meeting of security holders  
**Tuesday, November 10, 2026, at 3:40 p.m., via remote communication through videoconferencing using Zoom Meeting ID 590 032 0079**
9. Approximate date on which the Information Statement is first to be sent or given to security holders  
**October 15, 2026**
10. **In case of Proxy Solicitations:** **N/A**  
*Name of Person Filing the Statement/Solicitor:* \_\_\_\_\_  
*Address and Telephone No.:* \_\_\_\_\_
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):
- | Title of Each Class | Number of Shares of Common Stock<br>Outstanding or Amount of Debt Outstanding |                      |
|---------------------|-------------------------------------------------------------------------------|----------------------|
|                     | <u>Amount</u>                                                                 | <u>Interest Rate</u> |
| <b>Series A</b>     | ₱10.6 Billion                                                                 | 6.4783%              |
| <b>Series B</b>     | 5.9 Billion                                                                   | 6.7026%              |
| <b>Series C</b>     | <u>18.5 Billion</u>                                                           | 6.9331%              |
| Total               | ₱35.0 Billion                                                                 |                      |
12. Are any or all of registrant's securities listed in a Stock Exchange?  
Yes [ ☒ ] No [ ] The debt securities are registered in the Philippine Dealing & Exchange Corp.  
If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

## **PART I.**

### **INFORMATION REQUIRED IN INFORMATION STATEMENT**

#### **A. GENERAL INFORMATION**

**Item 1. Date, time and place of meeting of security holders.**

The special stockholders meeting of **SMC Tollways Corporation** (the "Company" or "SMC Tollways") will be held on **November 10, 2026**, at **3:40 p.m.** via remote communication through videoconferencing using the Zoom Meeting ID 590 032 0079. The procedure and further details of attendance are set forth in Annex "A" of the Notice and Agenda to the Special Stockholders' Meeting.

The complete mailing address of the principal office of the registrant, or SMC Tollways is **11<sup>th</sup> Floor San Miguel Properties Centre, 7 St. Francis Street, Ortigas Center, Mandaluyong City, Metro Manila, Philippines.**

The information statement, together with its attachments, and the Notice and Agenda to the Special Stockholders' Meeting, are first to be sent to the stockholders on October 15, 2026 by personal delivery to the stockholders' address on record. The information statement, together with its attachments will be available at the Company's website.

#### **YOU ARE NOT REQUESTED TO SEND US A PROXY.**

#### **Revocability of Proxies**

A person giving a proxy may revoke it at any time before it is exercised. A proxy may be revoked through any of the following means: (1) filing with the Corporate Secretary, at least ten (10) working days before the scheduled meeting, a written notice revoking it; or (2) attending the meeting and voting in person. Mere attendance at the meeting will not automatically revoke a proxy.

**Item 2. Dissenters' Right of Appraisal**

Under Section 80, Title X of the Revised Corporation Code of the Philippines ("RCC"), stockholders who dissent from and vote against the listed corporate actions may demand payment of the fair value of their shares as of the day prior to the date on which the vote was taken for such corporate action ("Right of Appraisal"). The corporate matters or actions to be presented for approval at the special meeting of the stockholders are not among those corporate actions that entitles dissenting stockholders to exercise the Right of Appraisal.

#### **SOLICITATION INFORMATION**

The Company is not soliciting proxies. A proxy form is provided to the stockholders of the Company and included in this Information Statement.

**Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No director or officer of the Company, or any of their associates, at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect, by security holdings or otherwise, in the matters to be acted upon in the meeting, other than their election to office.

None of the incumbent directors has informed the Company in writing of an intention to oppose the action to be taken by the Company at the meeting.

#### **B. CONTROL AND COMPENSATION INFORMATION**

**Item 4. Voting Securities and Principal Holders Thereof**

**(a) Class of securities entitled to vote**

As of October 15, 2026, the Company has only one (1) class of security consisting of 69,538,459 issued and outstanding common shares of stock, all of which are entitled to vote. Of the total issued and outstanding common shares of stock, one hundred percent (100%) is owned by Atlantic Aurum Investments B.V. ("AAIBV"), a company incorporated in the Netherlands.

The activity undertaken by the Company is not among those listed in the 12<sup>th</sup> Regular Foreign Investment Negative List which restricts foreign ownership.

**(b) Determination of security holders entitled to vote**

The record date for the determination of security holders entitled to vote is October 23, 2026. Only stockholders of record at the close of business on October 23, 2026 will be entitled to vote at the meeting.

A stockholder entitled to vote at the meeting has the right to vote in person or by proxy, one (1) vote for each share of stock registered in his name in the books of the Company. However, with respect to the election of directors in accordance with Section 23 of the RCC, a stockholder may vote the number of common shares held in his name in the Company's stock and transfer books as of **October 23, 2026**, and may vote such number of common shares for as many persons as there are directors to be elected or he may cumulate said common shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his common shares shall equal, or he may distribute them on the same principle as among many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of common shares owned by him as shown in the books of the Company multiplied by the total number of directors to be elected.

**(c) Election of directors and cumulative voting rights**

The Company has seven (7) Board seats, two (2) of which are for the independent directors, who are nominated and elected pursuant to the requirements of the Manual on Corporate Governance of the Company.

In accordance with the Company's By-Laws, all proxies must be in the hands of the Secretary before the time set for the meeting. No solicitations are made for the election of directors.

**(d) Information required by Part IV paragraph (C) of "Annex C" to the extent known by the persons on whose behalf the solicitation is made**

*(C) Security Ownership of Certain Record and Beneficial Owners and Management*

*(1) Security Ownership of Certain Record and Beneficial Owners*

Below is the entity who is known to the Company to be directly or indirectly the record and/or beneficial owner of more than five percent (5%) of the Company's issued and outstanding common shares as of October 15, 2026:

| Title of class | Name, Address of Record Owner and Relationship with issuer                                | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares Held      | Percent |
|----------------|-------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------|-------------------------|---------|
| Common         | Atlantic Aurum Investments B.V.<br>Weerdestein 97, 1083 GG, Amsterdam<br>Parent of Issuer | Beneficial and record owner                                 | Dutch       | 69,538,459 <sup>1</sup> | 1000%   |

<sup>1</sup>Inclusive of four (4) shares held by its individual nominees and two (2) shares held by the Independent Directors to qualify them to the Board of Directors.

The table below shows all the stockholders of record of the Company, including the stockholders holding one (1) qualifying share each as of October 15, 2026:

| Title of class | Name, address of record owner and relationship with Issuer                                            | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares Held | Percent |
|----------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------|--------------------|---------|
| Common         | Atlantic Aurum Investments B.V.<br>Weerdestein 97, 1083 GG, Amsterdam<br>Parent of Issuer             | Beneficial and record owner                                 | Dutch       | 69,538,453         | 1000%   |
| Common         | Ramon S. Ang<br>671 Notre Dame St. Wack Wack<br>Subdivision, Mandaluyong City<br>Stockholder/Director | Record owner <sup>1</sup>                                   | Filipino    | 1                  | nil     |
| Common         | John Paul L. Ang<br>780 Harvard St. Wack Wack Village,<br>Mandaluyong City                            | Record owner <sup>1</sup>                                   | Filipino    | 1                  | nil     |

|        | Stockholder/Director                                                                                                              |                           |          |   |     |
|--------|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------|---|-----|
| Common | Aurora T. Calderon<br>27 Carrot Street, Valle Verde 5, Pasig City<br>Stockholder/Director                                         | Record owner <sup>1</sup> | Filipino | 1 | nil |
| Common | Joseph N. Pineda<br>102 University Avenue, New Alabang<br>Village, Muntinlupa City<br>Stockholder/Director                        | Record owner <sup>1</sup> | Filipino | 1 | nil |
| Common | Martin S. Villarama, Jr.<br>22 Golden St., Gloria 1 Subdivision,<br>Tandang Sora, Quezon City<br>Stockholder/Independent Director | Record owner              | Filipino | 1 | Nil |
| Common | Teresita J. Leonardo-de Castro<br>Fort Max Resort Amsterdam Street<br>Extension, Leonardo Compound, Merville,<br>Parañaque City   | Record owner              | Filipino | 1 | Nil |

<sup>1</sup>Qualifying share to qualify the stockholder for election to the Board of Directors; held in trust for AAIBV.

The natural persons authorized to vote the shares of AAIBV is Ramon S. Ang.

## (2) Security Ownership of Management

None of the individual directors, executive officers and nominees of the Company beneficially own any of the Company's issued and outstanding common shares, nor do any of them have the right to acquire beneficial ownership. The individual common shares registered in the names of the directors of the Company are all qualifying shares, and are held by them in trust for the nominating principal shareholder as of October 15, 2026, as follows:

| Title of class | Name of Director               | Amount and Nature of Beneficial Ownership                                | Citizenship | Percent of Class |
|----------------|--------------------------------|--------------------------------------------------------------------------|-------------|------------------|
| Common         | Ramon S. Ang                   | One (1) share held in trust for AAIBV (direct)                           | Filipino    | nil              |
| Common         | John Paul L. Ang               | One (1) share held in trust for AAIBV (direct)                           | Filipino    | nil              |
| Common         | Aurora T. Calderon             | One (1) share held in trust for AAIBV (direct)                           | Filipino    | nil              |
| Common         | Joseph N. Pineda               | One (1) share held in trust for AAIBV (direct)                           | Filipino    | nil              |
| Common         | Martin S. Villarama, Jr.       | Independent Director; one (1) qualifying share taken from AAIBV (direct) | Filipino    | nil              |
| Common         | Teresita J. Leonardo-de Castro | Independent Director; one (1) qualifying share taken from AAIBV (direct) | Filipino    | nil              |
|                | Aggregate number of shares     | Six (6)                                                                  |             |                  |

## (3) Voting Trust Holders

There are no voting trust holders of any common shares that are registered in the books of the Company.

## (4) Changes in Control

There are no arrangements which may result in a change in control of the Company.

## Item 5. Directors and Executive Officers

No action is to be taken with respect to the election of directors.

## Item 6. Compensation of Directors and Executive Officers

No action is to be taken with regard to:

- the election of directors;
- any bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the Company will participate;
- any pension or retirement plan in which any such person will participate; or
- the granting or extension to any such person of any option, warrant, or right to purchase any securities, other than warrants or rights issued to security holders, as such, on a pro rata basis.

## Item 7. Independent Public Accountants

The auditing firm of R. G. Manabat & Co. will be recommended as the external auditor for the year ended 31 December 2026. R.G. Manabat & Co. was unanimously approved by the Board of Directors during its special meeting held on May 11, 2026, and will recommend the appointment to the stockholders at the special stockholders' meeting.

The accounting firm of Reyes Tacandong & Co ("RT & Co.") served as the external auditor for the last eleven (11) fiscal years.

Representatives of R. G. Manabat & Co are not expected to be present at the stockholders' meeting, they will not have the opportunity to make a statement, and they are not expected to be available to respond to appropriate questions.

The aggregate fees billed by R. G. Manabat & Co for the year 2026 are shown below:

| Amount in Pesos              |   |
|------------------------------|---|
| 2026                         |   |
| Audit and Audit Related Fees | * |

*\*for finalization with R.G. Manabat & Co.*

The aggregate fees billed by RT & Co. for the years 2025 and 2024 are shown below:

| Amount in Pesos              |         |         |
|------------------------------|---------|---------|
|                              | 2025    | 2024    |
| Audit and Audit Related Fees | 835,000 | 800,000 |

SMC Tollways has not engaged the independent accountant to render non-audit services.

SMC Tollways had no disagreements with the external auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

The appointment, reappointment, and removal of the external auditor, including audit fees, shall be recommended by the Audit and Risk Oversight Committee, approved by the Board of Directors and ratified by the shareholders. The Audit and Risk Oversight Committee reviews the audit scope and coverage, strategy and results for the approval of the Board and ensures that non-audit services rendered shall not impair or derogate the independence of the external auditor or violate SEC regulations. This is to ensure that the independent auditors maintain the highest level of independence from the Company, both in fact and appearance.

#### **Item 8. Compensation Plans**

No action will be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

### **C. ISSUANCE AND EXCHANGE OF SECURITIES**

#### **Item 9. Authorization or Issuance of Securities Other than for Exchange**

No action is to be taken with respect to the authorization or issuance of any securities of any kind or for any transaction.

#### **Item 10. Modification or Exchange of Securities**

No action is to be taken with respect to the modification of any class of securities of the registrant, or the issuance or authorization for issuance of one class of securities of the registrant in exchange for outstanding securities of another class.

#### **Item 11. Financial and Other Information**

No action is to be taken with respect to any matter specified in Item Nos. 9 and 10 above.

#### **Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

The Company is not undertaking any merger, consolidation, acquisition or similar matters.

#### **Item 13. Acquisition or Disposition of Property**

The Company is not acquiring or disposing of any property.

#### **Item 14. Restatement of Accounts**

No action is to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

**D. OTHER MATTERS**

**Item 15. Action with Respect to Reports**

No action will be taken with respect to any report of the Company, or its directors, officers, or committees, or minutes of any meeting.

**Item 16. Matters Not Required to be Submitted**

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

**Item 17. Amendment of Charter, Bylaws or Other Documents**

No action is to be taken with respect to any amendment of the Company's charter, by-laws or other documents as to which information is not required above.

**Item 18. Other Proposed Action**

No action is to be taken with respect to any matter not specifically referred to above.

**Item 19. Voting Procedures**

The vote required for the appointment of the external auditor is the affirmative vote of stockholders owning at least a majority of the issued and outstanding capital stock. The Corporate Secretary or Assistant Corporate Secretary shall be responsible for counting and recording the votes cast.

|                 |
|-----------------|
| <b>PART II.</b> |
|-----------------|

**INFORMATION REQUIRED IN A PROXY FORM**

*N/A – Proxies are not being solicited*

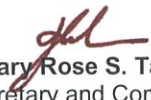
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| <b>PART III.</b> |
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**SIGNATURE PAGE**

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 Mandaluyong City on October 15, 2026.

**SMC TOLLWAYS CORPORATION**  
(Registrant)

By:

  
**Mary Rose S. Tan**  
Corporate Secretary and Compliance Officer



# SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City  
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



**The following document has been received:**

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## Company Information

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**SEC Registration No.:** CS201310694

**Company Name:** SMC TOLLWAYS CORPORATION

**Industry Classification:** J66910

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST104132026811181336

**Document Type:** ANNUAL\_REPORT

**Document Code:** SEC\_Form\_17-A

**Period Covered:** December 31, 2025

**Submission Type:** Original Filing

**Remarks:** WITH FS-C

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Acceptance of this document is subject to review of forms and contents

## COVER SHEET

SEC Registration Number

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Company Name

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

Principal Office (No./Street/Barangay/City/Town/Province)

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |  |
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Department requiring the report

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Secondary License Type, If  
Applicable

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| N | / | A |  |
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### COMPANY INFORMATION

Company's Email Address

corsec.mrst@sanmiguel.com.ph

Company's Telephone Number/s

+63917-1010354

Mobile Number

+63917-1010355

No. of Stockholders

9

Annual Meeting  
Month/Day

1<sup>st</sup> Tuesday of May

Calendar Year  
Month/Day

December 31

### CONTACT PERSON INFORMATION

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

Name of Contact Person

Mr. Raoul Eduardo C. Romulo

Email Address

rromulo@smhc.sanmiguel.com.ph

Telephone  
Number/s

(02) 8584-4850

Mobile Number

N/A

Contact Person's Address

11/F San Miguel Properties Centre, 7 St. Francis Street, Mandaluyong City

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2025**
2. SEC Identification Number **CS201310694** 3. BIR Tax Identification No. **008-547-087**
4. Exact name of issuer as specified in its charter **SMC TOLLWAYS CORPORATION**
5. **Philippines**  
Province, Country or other jurisdiction of  
incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. **11F San Miguel Properties Centre, 7 St. Francis Street** **1550**  
**Mandaluyong City**  
Address of principal office Postal Code
8. **(02) 8702 4833**  
Issuer's telephone number, including area code
9. **N/A**  
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class Number of Shares of Common Stock  
Outstanding and Amount of Debt Outstanding

|                 | <u>Amount</u>       | <u>Interest Rate</u> |
|-----------------|---------------------|----------------------|
| <b>Series A</b> | ₱10.6 Billion       | 6.4783%              |
| <b>Series B</b> | 5.9 Billion         | 6.7026%              |
| <b>Series C</b> | <u>18.5 Billion</u> | 6.9331%              |
| Total           | ₱35.0 Billion       |                      |

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

Yes [ ☒ ] No [ ☐ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

**Philippine Dealing & Exchange Corp.**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [ ☒ ] No [ ☐ ]

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

Yes [ ☒ ] No [ ☐ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

**APPLICABLE ONLY TO ISSUERS INVOLVED IN  
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS  
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission. **N/A**

Yes ☐      No ☐

**DOCUMENTS INCORPORATED BY REFERENCE**

15. The following documents are attached and incorporated by reference:

Please refer to the Annexes referred to and identified in this document.

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The SEC 17-A of SMC Tollways Corporation (formerly: Atlantic Aurum Investments Corporation) (“SMC Tollways” or the “Company”) as of December 31, 2025 make reference to certain financial information and disclosures in its 2025 Audited Consolidated Financial Statements. This SEC 17-A report should be read in conjunction with the attached Audited Consolidated Financial Statements of SMC Tollways Corporation as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023.\* The SEC 17-A is presented in Philippine Peso (Peso), which is the functional currency of the Company. All values are rounded off to the nearest million, unless otherwise indicated.

\*The Audited Consolidated Financial Statements and SEC 17-A report of SMC Tollways as of December 31, 2025 are available at the Company’s website: [www.smctollways.com.ph](http://www.smctollways.com.ph)

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## **PART I - BUSINESS AND GENERAL INFORMATION**

### **Item 1. Business**

#### **COMPANY PROFILE**

The Company was incorporated as a stock corporation on June 7, 2013 as a holding company of San Miguel Corporation for its tollways and related businesses.

On June 27, 2013, the Company acquired 34,386,487 shares representing 50.51% of the outstanding capital stock of SMC Skyway Corporation (formerly: Citra Metro Manila Tollways Corporation) ("SMC Skyway"). On September 30, 2013, the Company entered into a share purchase agreement with Terramino Holdings Inc. ("THI") for the acquisition of 25,409,475 shares in SMC Skyway representing 37.33% of the outstanding capital stock of SMC Skyway.

In 2016, the Company acquired 100% interest in Stage 3 Connector Holdings Corporation ("S3HC") from Atlantic Aurum Investments BV ("AAIBV"). S3HC is the parent company of SMC Skyway Stage 3 Corporation ("MMSS3"). MMSS3 was incorporated on November 16, 2012 with the primary purpose to finance, design and construct the Skyway Stage 3 Project under a Build-Transfer-Operate (BTO) scheme with the Philippine government.

SMC Skyway was incorporated as a stock corporation on November 27, 1995 under the laws of the Republic of the Philippines, as a joint venture between PT Citra Lamtoro Gung Persada ("Citra") and the Philippine National Construction Corporation ("PNCC") with the primary and exclusive responsibility and privilege of financing, designing, and constructing, under a BTO scheme, the Skyway Project and Metro Manila Tollways.

SMC Skyway entered into a BTO scheme with the Government under which SMC Skyway was to construct an elevated expressway from Alabang, Muntinlupa City to Buendia, Makati City and to rehabilitate the at-grade section from Magallanes, Makati City to Alabang, Muntinlupa City with a total length of 29.33 kilometers. Stages 1 and 2 of the Skyway Project, which have been in operation since December 1998 and December 2010, respectively, are now being operated and maintained by Skyway O&M Corporation ("SOMCO"). SMC Skyway holds 40% of the outstanding capital stock of SOMCO.

SOMCO was incorporated as a stock corporation on December 13, 2007 under the laws of the Republic of the Philippines, to maintain and operate toll roads and toll facilities appurtenant thereto. Prior to incorporation of SOMCO, PNCC, through its wholly-owned subsidiary and assignee PNCC Skyway Corporation ("PSC") performed the operation and maintenance function of the Skyway Project. On July 18, 2007, in view of the impending expiration of PNCC's legislative franchise to operate the Skyway Project, the Supplemental Toll Operation Agreement ("STOA") was amended to include a clause which granted SMC Skyway the right to nominate a qualified party to operate and maintain the Skyway Project. Thus, on December 21, 2007, SMC Skyway, PNCC and PSC entered into a Memorandum of Agreement for the turnover of the operation and management responsibilities for the Skyway Project from PSC to SOMCO. Subsequently, on December 28, 2007, a Toll Operation Certificate was issued by the Toll Regulatory Board ("TRB") to SOMCO. SOMCO has been operating and maintaining the Skyway Project since December 31, 2007.

MMSS3 was incorporated on November 16, 2012, with the primary purpose to finance, design and construct, under a BTO scheme with the Philippine government, the Skyway Stage 3 Project. Subsequently, the STOA covering the Skyway Stage 3 Project was signed on July 8, 2013, among the TRB, PNCC, and MMSS3.

MMSS3 was granted the "PNCC franchise" to finance, design and construct an elevated expressway that will link the South and North Luzon Expressway, from Buendia, Makati City to NLEX-Balintawak, Quezon City with a total length of 17.93 kilometers. MMSS3 started its operations in July 2021 and is being operated and maintained by SMC Skyway 3 O&M Corp. ("SOMCO3").

S3HC was incorporated as a stock corporation on February 28, 2014 under the laws of the Republic of the Philippines, as a holding company for logistics, tollways, infrastructure and similar businesses. S3HC, a 100% owned subsidiary of the Company, has an ownership interest of 90% in MMSS3.

## Description of Business

SMC Skyway's exclusive privilege to construct the Skyway Project derives from a STOA executed on November 27, 1995 between SMC Skyway, PNCC, as franchise holder, and TRB, as the regulatory authority representing the Republic of the Philippines ("ROP"). Under the terms of the STOA, SMC Skyway will finance, design and construct Stage 1 of the Skyway Project.

Stage 1 of the Skyway Project consists of the construction of a 9.02-kilometer elevated road from Bicutan, Parañaque City to the Makati Central Business District, as well as the rehabilitation of the 13.43-kilometer section of the South Luzon Expressway from Alabang to Magallanes. It was first opened to traffic in 1999. The construction of Stage 1 of the Skyway Project has halved travel time between Bicutan to Makati. What was previously a two-hour traffic has been reduced to thirty (30) minutes on the Alabang-Magallanes at-grade section and fifteen (15) minutes on the elevated portion. In August 2000, in efforts to further facilitate travel and ease traffic, SMC Skyway launched the E-Pass or contactless toll payment system, providing commuters with an easier and faster way to pay toll fees.

The Skyway STOA was amended in 2007 to include Stage 2 of the Skyway Project. This portion of the project covers 6.88 kilometers of an elevated expressway from Bicutan to Alabang, extending the 9.02-kilometer elevated toll road from Makati to Bicutan. Stage 2 involved the construction of six (6) travel lanes, with four (4) lanes at the Sucat Ramp Toll Plaza leading westward to Dr. A. Santos Avenue. The Sucat-Alabang Section, on the other hand, has four (4) travel lanes from Sucat going down to the two-lane slip ramps leading to the South Luzon Tollway in front of Hillsborough Subdivision.

Originally scheduled for completion in April 2011, Phase 1 of Stage 2 was completed in November 2010 and opened to the public in December the same year. Phase 2 of Stage 2 was completed in March 2011, a month ahead of the Stage 2 schedule.

The O&M for Stages 1 and 2 was initially the responsibility of PNCC through its subsidiary, PSC. By virtue of the Amended STOA, however, SMC Skyway was given the power to nominate another party to operate and maintain the Skyway Project. In the exercise of this right, SMC Skyway nominated its affiliate, SOMCO. The transfer of the operation and maintenance function was duly effected by virtue of a Memorandum of Agreement among SMC Skyway, PNCC and PSC.

SMC Skyway was given a final operation certificate by the TRB on April 25, 2011. Upon the grant of the operation certificate, a revenue sharing agreement between SMC Skyway and SOMCO provided SMC Skyway 91% of toll revenue, with SOMCO receiving the remaining 9%. As of date, the revenue sharing agreement furnishes SMC Skyway and SOMCO 92.5% and 7.5% of toll revenue, respectively.

Apart from the Skyway Project, SOMCO also obtains revenue from NAIA Expressway ("NAIAX") and is subcontracted by SOMCO3 for the operation and management of the Skyway Stage 3 Project.

The exclusive privilege of MMSS3 to construct the Skyway Stage 3 Project is derived from the STOA executed on July 8, 2013 between MMSS3, PNCC, as franchise holder, and the TRB, as the regulatory authority representing the ROP. Under the terms of the STOA, MMSS3 holds the 30-year concession right to design, finance and construct the Skyway Stage 3 Project, an elevated roadway with a total length of approximately 17.93 km from Buendia Avenue in Makati to NLEX-Balintawak, Quezon City and is connected to the existing Skyway Project. The Skyway Stage 3 Project inter-connects the northern and southern cities of Metro Manila to help decongest major thoroughfares within the National Capital Region, stimulate the growth of trade and tourism in Luzon, outside of Metro Manila and provide direct employment and indirect jobs during the construction.

It is designed to pull in and ease traffic with access through eight (8) strategically located interchanges: these being at Buendia, Pres. Quirino Avenue, Plaza Dilao and Nagtahan, Aurora Boulevard, E. Rodriguez Avenue, Quezon Avenue, Sgt. Rivera and Balintawak with a total of twenty-two (22) Toll Plazas. It will be the preferred and more efficient route for motorists travelling within Metro Manila.

On June 29, 2019, the construction of the Skyway-Alabang South Extension Project (also known as Skyway Extension) commenced. This project aimed to decongest the existing Skyway Project and Skyway Stage 3 Project and South Luzon Expressway ("SLEX") by widening the existing lanes

approaching Sucat exit, and providing an elevated viaduct running from Susana Heights, connecting it to the existing Alabang Viaduct. This was foreseen to lessen the at-grade traffic through the diversion of motorists from at-grade to elevated. The northbound side of the Skyway Extension was opened to the public on April 2021, while the southbound side was opened on December 2021.

On December 29, 2020, the Skyway Stage 3 Project was partially opened to the public. It was formally inaugurated and opened to motorists on January 14, 2021, free of toll fee. On July 1, 2021, MMSS3 received the Toll Operation Permit and started its toll operation.

PNCC is entitled to receive a portion of the toll revenues based on percentage share throughout the concession period, as agreed by the contracting parties. Terms on the share in toll revenues are as follows:

#### **SMC SKYWAY**

- 3.5% of total Toll Revenues (gross revenues less returns, discounts, merchant fees, and commissions)

#### **MMSS3**

- 2.5% of Net Toll Revenues for the first 4 years of operations
- 3.0% of Net Toll Revenues from the 5<sup>th</sup> year to the 7<sup>th</sup> year
- 3.5% of Net Toll Revenues from the 8<sup>th</sup> year to the 10<sup>th</sup> year
- 4.0% of Net Toll Revenues from the 11<sup>th</sup> year onwards

#### **The Concession**

SMC Skyway is the concessionaire of the Skyway Project which consists of a 9.02-km elevated road that runs from Bicutan to the Makati Central Business District; as well as the rehabilitation of the 13.43-km section of the SLEX from Alabang to Magallanes and the 6.88-km elevated expressway from Bicutan to Alabang, with ramps leading to the SLEX.

MMSS3 is the concessionaire of the Skyway Stage 3 Project which currently spans 17.93 km from Buendia, Makati City to NLEX-Balintawak, Quezon City. The Skyway Stage 3 Project connects the Southern Luzon Expressway (SLEX) and the North Luzon Expressway (NLEX).

SMC Skyway is composed of two (2) stages, namely Skyway Stage 1 and Stage 2. The Skyway was also extended via the construction of the Skyway Extension Project.

## Map of Skyway Stage 1 and 2



### Skyway Stage 1

The Skyway Stage 1 Project consists of the construction of a 9.02-km elevated road from Bicutan, Parañaque City to the Buendia, Makati City as well as the rehabilitation of the 13.43-km at-grade road from Alabang, Muntinlupa to Magallanes, Makati City.

### Skyway Stage 2

The Skyway Stage 2 Project consists of a 6.88-km elevated toll road from Bicutan, Parañaque City to Alabang, Muntinlupa, to be integrated with Skyway Stage 1 and operated as one sub-system of the Metro Manila Skyway.

## Skyway-Alabang South Extension Project

The project aimed to decongest the existing Skyway System and SLEX by widening the existing lanes approaching Sucat exit, and providing an elevated viaduct running from Susana Heights, connecting it to the existing Alabang Viaduct. The northbound side of the Skyway Extension was opened to the public in April 2021, while the southbound side was opened in December 2021.

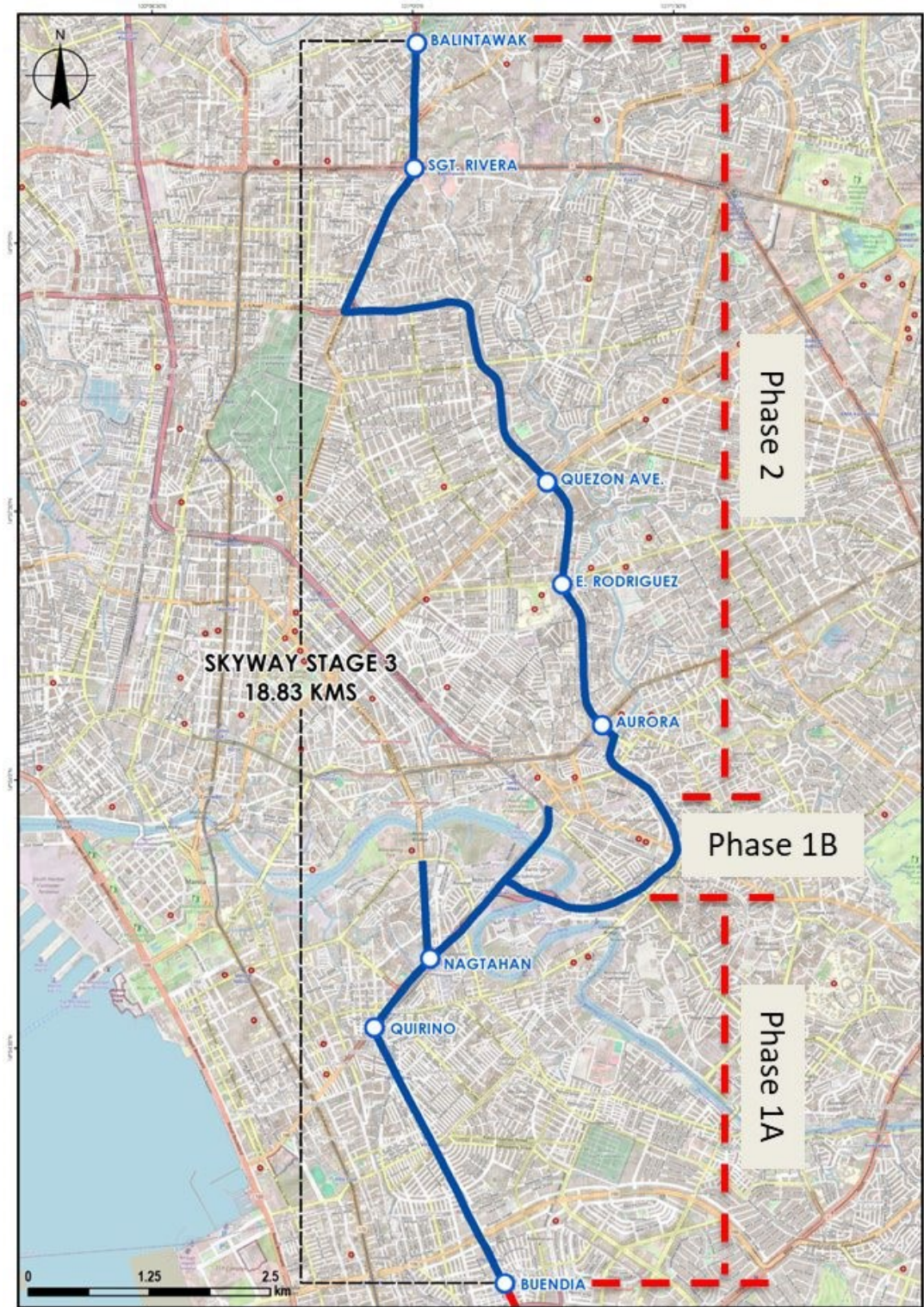
### Number of Toll Gates and Toll Plazas

| Toll Plaza |                           | No. of Toll Gates |
|------------|---------------------------|-------------------|
| 1          | Alabang Northbound ("NB") | 2                 |
| 2          | Bicutan NB                | 4                 |
| 3          | Bicutan Southbound ("SB") | 2                 |
| 4          | C5                        | 5                 |
| 5          | Nichols                   | 10                |
| 6          | Sucat NB                  | 3                 |
| 7          | Sucat SB                  | 2                 |

| Toll Plaza |                 | No. of Toll Gates |
|------------|-----------------|-------------------|
| 1          | Alabang SB      | 3                 |
| 2          | Alabang Zapote  | 8                 |
| 3          | Bicutan NB      | 3                 |
| 4          | Bicutan SB      | 5                 |
| 5          | Bunye           | 2                 |
| 6          | Bunye Extension | 2                 |
| 7          | C5              | 7                 |
| 8          | Doña Soledad    | 8                 |
| 9          | Dr. A. Santos   | 6                 |
| 10         | Merville        | 2                 |
| 11         | Nichols Alpha   | 10                |
| 12         | Nichols Bravo   | 7                 |
| 13         | Skyway Alpha    | 4                 |
| 14         | Skyway Bravo    | 5                 |
| 15         | Sucat NB        | 3                 |
| 16         | Sucat SB        | 4                 |

### Skyway Stage 3 Project

The Skyway Stage 3 Project is composed of five (5) sections, designed to pull in and ease traffic, with access through eight (8) strategically located interchanges such as: Buendia, Pres. Quirino Avenue, Plaza Dilao, and Nagtahan, Aurora Blvd., E. Rodriguez Avenue, Quezon Avenue, Sgt. River and Balintawak with a total of twenty-two (22) Toll Plazas.



*\*18.83 kilometers include Section 2A'*

Breakdown of Sections:

| Sections        | From        | To          | Length (in km) |
|-----------------|-------------|-------------|----------------|
| Section 1 & 1A: | Buendia     | Plaza Dilao | 3.76           |
| Section 2A:     | Plaza Dilao | T. Claudio  | 0.96           |
| Section 2B:     | T. Claudio  | Aurora Blvd | 3.93           |
| Section 3:      | Aurora Blvd | Quezon Ave. | 2.71           |
| Section 4:      | Quezon Ave. | Balintawak  | 4.46           |
| Section 5:      | Balintawak  | NLEX        | 2.11           |

Number of Toll Gates and Toll Plazas:

| Toll Plaza |                | No. of Toll Gates |
|------------|----------------|-------------------|
| 1          | Buendia NB     | 3                 |
| 2          | Nagtahan NB    | 3                 |
| 3          | G. Araneta NB  | 2                 |
| 4          | Quezon Ave NB  | 2                 |
| 5          | Quezon Ave SB  | 3                 |
| 6          | Plaza Dilao SB | 3                 |

| Toll Plaza |                         | No. of Toll Gates |
|------------|-------------------------|-------------------|
| 1          | Buendia SB              | 2                 |
| 2          | Quirino NB              | 4                 |
| 3          | Quirino WB              | 2                 |
| 4          | Quirino SB              | 4                 |
| 5          | Nagtahan NB/SB          | 3                 |
| 6          | Quezon Ave NB (A)       | 2                 |
| 7          | Quezon Ave NB (B)       | 2                 |
| 8          | Quezon Ave Extension NB | 2                 |
| 9          | Del Monte A NB          | 4                 |
| 10         | Del Monte B NB          | 4                 |
| 11         | Del Monte A SB          | 4                 |
| 12         | Del Monte B SB          | 4                 |
| 13         | Sgt. Rivera SB          | 2                 |

## TOLL OPERATIONS

### *Supplemental Toll Operation Agreement*

#### **SMC Skyway**

As discussed above, the STOA dated November 27, 1995 was entered into by and among the Grantor, through the TRB, PNCC and SMC Skyway, wherein SMC Skyway was granted concession rights to finance, design and construct the Skyway Project, while PNCC was granted the right to operate and maintain the Skyway Project.

On December 21, 2007, the ROP, through the TRB, PNCC, and SMC Skyway executed an Amendment to the Supplemental Toll Operation Agreement ("ASTOA"), amending certain provisions of the STOA and introducing new provisions which, among others, entitled SMC Skyway to assign and nominate a replacement operator in lieu of PNCC. Such provision allowed SMC Skyway to nominate as its

replacement operator, SOMCO, which has taken over the operation and maintenance of the Skyway Project since December 31, 2007.

Under the STOA and ASTOA (collectively "Toll Operation Agreements"), SMC Skyway, as Investor, and SOMCO, as Operator, both own the toll paid by users of the Skyway Project. In 2012, a 91% and 9% revenue sharing scheme for SMC Skyway and SOMCO, respectively, was implemented over the toll revenue pursuant to its Revenue Sharing Agreement. As of date, the revenue sharing agreement of SMC Skyway and SOMCO is at 92.5% and 7.5% of toll revenue, respectively.

The Toll Operation Agreements entitle SMC Skyway and/or SOMCO to a yearly periodic adjustment of the prevailing toll rate, based on the revised formula set forth in the ASTOA, subject to the approval of the TRB. The formula takes into account any total outstanding debts vis-à-vis available funding, inflationary pressures and foreign exchange fluctuations.

Subject to the approval of the TRB, SMC Skyway and/or SOMCO are likewise entitled to apply and, if warranted, be granted a provisional adjustment of toll rates upon (a) the happening of force majeure; and/or additional cost of any required repair or reconstruction works arising out of force majeure, to the extent that such additional cost is not covered by insurance; and (b) a significant currency devaluation. The right of SMC Skyway and/or SOMCO to apply for a provisional toll rate adjustment due to significant currency devaluation may only be invoked while any financing is outstanding and has not yet been paid in full.

The ROP, as the grantor of the concession, has committed to compensate SMC Skyway for any resulting loss of revenue in the event that the toll rates and/or any related adjustments are not implemented in accordance with the Toll Operation Agreements for reasons not attributable to SMC Skyway, such as but not limited to the reversal, modification, suspension, or invalidation by any competent authority of any such adjustment in the toll rates previously approved by the grantor.

### **MMSS3**

On July 8, 2013, under the Skyway Stage 3 STOA entered into by the ROP through the TRB, PNCC, MMSS3 and SOMCO3 (then named Central Metro Manila Skyway Corporation), MMSS3 was awarded the 30-year concession to finance, design and construct the toll road, and to SOMCO3 to operate and maintain the toll road, counted from the issuance of the Toll Operation Certificate.

On July 1, 2021, the TRB issued the Toll Operation Permits for Sections 1 to 5 and approved the implementation of the initial toll rate of MMSS3, for the said sections.

Under the Skyway Stage 3 STOA, toll revenue collected from Skyway Stage 3 Project shall be the property of both MMSS3 and SOMCO3 in accordance with the revenue sharing arrangement agreed upon in writing by both parties and approved by the Grantor. Currently, there is no revenue sharing agreement between MMSS3 and SOMCO3.

SOMCO3 shall collect and retain custody of and remit the toll revenue collected to MMSS3. Toll rates are subject to periodic adjustment based on the formula provided under the STOA, subject to the conditions thereunder.

The Skyway Stage 3 STOA may be terminated as a result of occurrence of events of default as enumerated therein. In addition to default on the part of SOMCO3, MMSS3 or the Investor, TRB or the Grantor, the Skyway Stage 3 STOA may be terminated in whole or in part by reason of requisition, a final decision by a court of competent jurisdiction and force majeure. Depending on the ground for termination, MMSS3 may be entitled to just compensation for value of the completed construction or net income which the Investor expects to earn or realized during the unexpired term of the franchise period.

### **INTELLECTUAL PROPERTY**

In 2016, SMC Skyway and Intelligent E-Processes Technologies Corp. ("IETC") entered into service agreements for non-exclusive and nontransferable license to use the toll collection system, preventive and corrective maintenance of Intelligent Transportation System and RFID management and customer services. On the other hand, MMSS3 only entered into an agreement with IETC in 2021, when it commenced its operations. IETC charges a monthly fee for the above services rendered. The agreement is renewable annually.

#### Toll Collection System

SMC Skyway and MMSS3 use two (2) types of toll collection systems – the open and closed system. An open system type of toll collection system is a method of collecting toll fees on highways or expressways at regularly spaced intervals on the mainline of the road. Motorists are charged a fixed or flat toll rate upon entry into the system, regardless of the distance travelled or destination exit. Meanwhile, a closed system type of toll collection allows motorists to pay a variable toll rate based on the distance travelled from their origin to their destination exit.

Toll payment by motorists is either done through cash or RFID system.

#### Other Sources of Income

SMC Skyway and MMSS3 generate income from lease of advertising areas and spaces along toll roads to related and third parties. SMC Skyway also generates income from the lease of investment property to a third party. The income from said sources forms part of the other income of the Company.

### EMPLOYEES

The consolidated headcount of the SMC Tollways, SMC Skyway, and MMSS3 (collectively "Group") as of December 31, 2025 is as follows:

|              | Number of Employees |
|--------------|---------------------|
| Manager      | 9                   |
| Supervisors  | 309                 |
| Rank & File  | 689                 |
| <b>Total</b> | <b>1007</b>         |

Employees of the Group are not members of any labor union to date. The Group has not experienced any work stoppages. The Group maintains good labor relationships and a constant line of communication with its employees. The Group also engages its employees through employee relations programs to maintain a high-level of employee satisfaction. Within the ensuing 12 months, the Group may not require hiring new employees.

In addition to the statutory benefits, the Group provides benefits for the increased security of its employees in the following areas: healthcare, leaves, miscellaneous benefits, loans and financial assistance applicable to a variety of uses, retirement benefits and survivor security and death benefits.

## **Operation and Management**

### **SMC Skyway**

A MOA was entered into by and among SMC Skyway, PNCC and PSC pursuant to the ASTOA wherein the Parties agreed for the successful and seamless turnover of the operation and maintenance responsibilities from PSC to a new corporation now known as SOMCO.

SOMCO as the Operator of the Skyway Project shall perform Operations and Maintenance as set by the TRB, the Department of Public Works and Highways and/or other relevant government authorities, or as may be agreed upon by the parties.

Activities falling under operations comprise of collection and remittance of the total toll revenue, road repair works and preventive maintenance, road safety fixtures, toll plaza repairs, toll collection system operations and maintenance, and other TRB/Grantor mandated works.

### **MMSS3**

Under the Skyway Stage 3 STOA, PNCC assigned its rights, interests and obligations to the operation and maintenance of Skyway Stage 3 Project to SOMCO3.

### **SOMCO3**

SOMCO3 was incorporated in the Philippines on November 16, 2012, and was organized to engage in the business of operating and maintaining toll roads and toll road facilities, interchanges and related facilities, including the operation and management of toll collection systems, traffic control systems, and such other systems located or found within the toll roads.

SOMCO3 shall perform the operation and maintenance in accordance with the terms of the Skyway Stage 3 STOA and/or PNCC franchise, the key performance indicators stated in the minimum performance standards, and specifications of the Grantor relating to the design, construction, operation and maintenance. Pursuant to the Skyway Stage 3 STOA, SOMCO3 conducts the 24-hour operation of Skyway Stage 3 Project and is responsible for the physical collection of toll revenues, toll monitoring and revenue validation, establishment and implementation of rules and regulations on the highway, information service and customer service programs for motorists, and traffic management. It is accountable for the routine and periodic maintenance of the roadway, utilities, and facilities of Skyway Stage 3 Project. It is also responsible for the implementation and maintenance of the following systems and facilities provided by MMSS3:

- (a) Toll collection and accounting systems;
- (b) Traffic control and management systems;
- (c) Toll road patrol and vehicle control communication systems;
- (d) Facilities for assistance of disabled vehicles and in case of emergencies;
- (e) Information service/message sign boards;
- (f) Vehicle regulation facilities (e.g., weight, load, height);
- (g) Communication, water, power, emergency call and lighting facilities;
- (h) Emergency operations facilities;
- (i) Traffic management and administration of the Project Road facilities; and
- (j) Personnel and staff management, development and control.

## **ONGOING AND FUTURE PROJECTS**

### ***Bicutan Improvement Project***

Improvement of existing roadways within the vicinity of Bicutan Interchange to address several traffic conflicts of Skyway at-grade, service road, and other adjacent establishments.

### *Sucat Improvement Project*

Improvement of existing roadways within the vicinity of Sucat Interchange to address several traffic conflicts of Skyway at-grade, service road, and other adjacent establishments.

### *Skyway Project to NAIAX By-Pass Ramp*

Additional lane in Skyway Project direct to NAIAX to address the build-up of traffic or bottleneck entering NAIAX from Skyway Project SB.

### *Skyway Widening Projects*

#### WIDENING OF EXISTING ELEVATED ROADS

| Locations                       | Existing (No. of Lanes) |    | Planned (No. of Lanes) |    |
|---------------------------------|-------------------------|----|------------------------|----|
|                                 | NB                      | SB | NB                     | SB |
| Buendia to Sucat                | 3                       | 4  | 4                      | 4  |
| Sucat to Skyway Main Toll Plaza | 3                       | 2  | 3                      | 3  |
| Skyway Extension Project SB     | 3                       | 2  | 3                      | 3  |
| Skyway Main Toll Plaza to Bunye | 1                       | 2  | 2                      | 2  |

### *Skyway Stage 3 Project Additional On & Off-Ramps*

Construction of additional on & off ramps to provide more accessible routes and cater for more motorists along Skyway Stage 3 Project. Planned ramps are the following:

1. Shaw/Sevilla On & Off Ramp
2. Quirino SB Off Ramp
3. Pandacan Ramps
4. Section 2A'

Moreover, an Elevated U-Turn & EDSA On-Ramp to Skyway Stage 3 Project near Magallanes and Arnaiz to Skyway Stage 3 Ramp near EDSA will also be constructed.

## **RISKS RELATED TO THE COMPANY'S BUSINESS AND OPERATIONS**

The risks and how to manage and mitigate its impacts as follows:

### ***Completion of Infrastructure projects***

The ability of SMC Tollways and its subsidiaries to maximize the benefits and fully utilize its resources is subject to various risks, uncertainties, and limitations including:

- Environmental or natural disturbances, global events, and other force majeure events that may result to disruption or slowdown of operations or delays in construction;
- Government-related factors such as timeliness of Right-of-Way delivery, delays/denials of required approvals, and other regulatory risks;
- Reliance on third-party service providers and consultants on certain aspects where the Group has limited expertise/experience;
- Ability to complete projects according to budgeted costs and schedules, and the possible need to raise additional financing to fund the projects;
- Delays or deficiencies in the design, engineering, construction, installation, inspection, commissioning, management or operation of each project; and procurement of materials, equipment and services at reasonable costs and in a timely manner.

Occurrence of any of the aforementioned events could result in delays and have a negative impact on its operations which could have a materially adverse effect on the business, financial condition, operations, and future growth prospects or opportunities.

SMC Tollways Group continues to undertake prudent review and due diligence in the construction and management of its projects. The Group also has contingency plans to safeguard its projects and business operations in case of the occurrence of the events mentioned above.

#### ***Inability to secure tariff increases***

The commercial success of the business and projects of SMC Tollways and its subsidiaries partially depends on their ability to impose toll rate increases. Contractual toll rate increases, as discussed in applicable concession agreements, are permitted subject to negotiations with the regulatory agencies and approval of the government. The possibility of toll rate increases to be granted is also dependent on several external factors, such as competition and consumers' price sensitivity. Any constraint on the Group's ability to secure toll rate increases could have a material impact on its business, financial conditions, and operations.

The Group maintains a good working relationship with the relevant regulatory agencies relating to toll rate adjustments. In the event the toll rate adjustments are delayed or disapproved, the Group shall adopt contingency plans to recover its costs.

#### ***Decrease in utilization and disruption of operations***

The growth and success of SMC Tollways, including its subsidiaries, also depends on its ability to maintain or increase the utilization of its toll roads and facilities. Revenues of toll road projects are heavily reliant on traffic volumes, which can be vulnerable to several external factors such as oil prices, construction of new routes and extensions, availability of alternative routes, etc. Other factors beyond the control of the Group, such as accidents, breakdown and failure of machines and equipment, interruption of power supply, and other unforeseen factors, could also affect the day-to-day operations and ongoing construction projects. Any decrease in utilization or disruption of operations, in any form, can materially affect the business and its operations and can hinder the Group in attaining its goals.

The Group continually adopts efficiency improvement programs, such as improved RFID systems implementation and regular improvements and maintenance of its facilities that would enhance the satisfaction and convenience of its users.

#### ***Risks relating to construction defects and other building-related claims***

SMC Tollways and its subsidiaries may be held liable for defects in the construction of the tollways. Claims made against SMC Tollways Group arising from such defects may be costly and could result in significant losses to the Group.

There can be no assurance that SMC Tollways Group will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, or circumstances not covered by insurance and not subject to effective indemnification agreements with the Group's contractors. Neither can there be any assurance that the contractors hired by the Group will be able to either correct any such defects or indemnify the Group for costs incurred by the Group to correct such defects. In the event a substantial number of claims arising from construction defects arises, this could have a material adverse effect on the Group's reputation and on its business, financial conditions, and results of operations.

While SMC Tollways Group has not experienced any major construction defect in its operations, its subsidiaries have existing warranties and insurances to cover the cost of any potential financial claim and restoration.

### ***Traffic risk***

Revenues from the tollway operations of SMC Tollways Group principally depend upon the number and type of motor vehicles using the Group's tollways. Traffic volume is directly and indirectly affected by a number of factors, including the availability, quality, proximity, and cost of alternative roads, alternative modes of transportation, and Government economic and transportation policies. Consequently, a significant or sustained decline in the traffic volume for the Group's tollways may adversely affect the Group's business, operations, and financial condition. Traffic volume on the Group's tollways is also influenced by traffic volumes on expressways, highways, and other roads which are part of the regional highway system and network. There can be no assurance that changes in this highway system and network will not have an adverse impact on the traffic volume. Additionally, substantial delays in the completion of any of the planned expressways, highways, and other roads that would offer access to or from the Group's tollways, or the cancellation of plans to construct the same, could lead to a decrease in traffic volume.

Fuel supply shortages and rising fuel prices may adversely affect traffic volumes on the Group's expressways. Fuel prices are inherently volatile and have remained elevated in recent years. If fuel costs in the Philippines stay high or increase further, motorists may reduce automobile usage or shift to alternative modes of transportation to manage expenses. In addition, higher global oil prices and increased demand for fuel could lead to supply shortages or even rationing in the Philippines. Should such shortages or rationing occur in Luzon, motorists may be compelled to drive less frequently, resulting in reduced traffic volumes on the Group's tollways.

At present, the ongoing U.S.–Middle East conflict has no direct impact on SMC Tollways' operations, as all assets remain fully operational in the Philippines. Demand across the Group's businesses continues to be resilient. However, a prolonged conflict could modestly temper growth relative to forecasts. Potential increases in oil prices stemming from the conflict may also raise operating and construction costs, particularly for fuel-dependent activities and petroleum-based materials. Nevertheless, these impacts are expected to be manageable and not material to overall operations, with demand remaining strong and operating margins likely to be sustained.

### ***Delay in Right-of-Way delivery may result in higher construction costs and delay in project completion***

The construction program of the tollways depends on the delivery of the Right-of-Way by the Government. Since certain construction costs are payable in regular intervals for the duration of the construction period or are set based on a specific construction timetable, a delay in the delivery of the Right-of-Way may result in higher construction costs and delay in project completion.

### ***Ability of subsidiaries to distribute dividends***

SMC Tollways is a holding company that conducts all of its operations through its subsidiaries. As a holding company, the revenues of SMC Tollways are derived from, among other sources, dividends paid by its subsidiaries. SMC Tollways is reliant on such sources of funds with respect to its obligations and in order to provide financial support to its subsidiaries. The ability of the subsidiaries of SMC Tollways to pay dividends is subject to, (i) the performance and cash flow requirements of such subsidiaries; (ii) the applicable laws; (iii) restrictions contained in loans and/or debt instruments of such subsidiaries; and (iv) the deduction of taxes.

Any restriction or prohibition on the ability of some or all of the subsidiaries of SMC Tollways to distribute dividends or make other distributions to SMC Tollways, either resulting from regulatory restrictions, debt covenants, operating difficulties or other limitations, could have a negative effect on the cash flow, financial condition, and results of operations of SMC Tollways.

SMC Tollways maintains a policy wherein subsidiaries declare a maximum level of dividends to the Parent Company, taking into consideration the funding requirements of the subsidiaries for its operations and expansion programs.

## ***Competition***

Apart from the Company, Metro Pacific Tollways Corporation (MPTC), through its various subsidiaries, and MCX Tollway, Inc. also hold long-term concession agreements in the country's major toll roads and expressways. MPTC holds concession rights in NLEX, SCTEX, CAVITEX, and CALAX. MCX Tollway, Inc., on the other hand, holds concession rights in Daang Hari Expressway/MCX in Cavite.

Alternative routes and other modes of transportation compete with the toll roads of the Company. In addition, a section of Skyway Stage 3 and a section of MPTC's NLEX Connector Road offer motorists with alternative access routes. Other than the foregoing, the Company's toll roads are located in different areas and give access to different routes that do not overlap or align with other toll roads and expressways.

## ***Dependence on Suppliers or Customers***

SMC Tollways and its subsidiaries are not dependent upon one or a limited number of suppliers. Suppliers and contractors of SMC Tollways Group follow a supplier registration and accreditation procedure currently established and managed centrally by the San Miguel Group. Suppliers and Contractors are required to submit their company credentials for evaluation, and undergo a competitive selection process. Ratings are assigned to assess their capacity and associated risk factors.

SMC Tollways and its subsidiaries are not dependent upon a single or few customers. Based on the current traffic volume, there are no customers that account for, or will account for twenty percent (20%) or more of the Group's sales or will result in a material adverse effect on the Group if there were a decrease of usage by such customers.

## **RISKS RELATING TO THE PHILIPPINES**

The Company is a Philippine corporation where all its operations and assets are conducted and situated in the Philippines. Therefore, the political, social, and economic situation of the Philippines can directly influence the Company's financial position and financial performance.

### ***Political instability in the Philippines***

The Philippines has, from time to time, experienced political and military instability, including acts of political violence. In the last decade, there has been political instability in the Philippines, including extra-judicial killings, alleged electoral fraud, impeachment proceedings against two (2) former presidents, two (2) chief justices of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by previous administrations. In addition, a number of officials of the Philippine government are currently under investigation or have been indicted on corruption charges stemming from allegations of misuse of public funds, extortion, bribery, or usurpation of authority. There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy.

No assurance can be given that the future political or social environment in the Philippines will be stable or that current and future governments will adopt economic policies conducive for sustaining economic growth. An unstable political or social environment, whether due to the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the business, operations, and financial condition of the Group.

A major deviation from the policies of the immediate past administration or fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. Any potential instability could have an adverse effect on the Philippine economy, which may impact the Group's businesses prospects, financial condition, and results of operations.

### ***Potential changes in the legal and regulatory environment***

Considering that the rights, obligations and privileges of SMC Tollways Group are highly dependent on Government requirements and regulations, there can be no assurance that future regulatory requirements, rulings and legislations will not adversely affect the Group's business and/or its ability to comply with financial and/or other contractual obligations.

The businesses and operations of the Group are subject to a number of national and local laws, rules, and regulations governing the infrastructure industry in the Philippines. The political and regulatory landscape is continually evolving and Group is required to continuously assess and ensure it is up to date with the demands of regulatory compliance. In particular, SMC SKYWAY and MMSS3 are heavily regulated by the TRB and are subject to certain permits and consents from government agencies. Though the STOA specifically outlines the obligations and responsibilities of TRB, failure of TRB to comply with said obligations and responsibilities may have a material adverse effect on the financial condition and results of operations of the Group. In addition, there is no assurance that the Group will not be subject to new licensing requirements in the future or that it will be able to obtain and/or maintain such approvals, licenses or permits in a timely manner, or at all, or that it will not become subject to any regulatory action on account of not having obtained or renewed such approvals, licenses, and permits.

There can be no assurance that future laws, regulations and/or standards will not have a material adverse effect on the Group. In particular, the enactment and implementation of any such bills or amendments to the Tax Code, or other changes to Philippine laws and regulations relevant to the infrastructure industry, could increase the Group's costs and have a material adverse effect on the business, financial condition, and results of operations.

While the Group believes that it has, at all relevant times, materially complied with all applicable laws, rules and regulations, there is no assurance that changes in laws, rules or regulations or the interpretation thereof of relevant government agencies, will not result in the Group having to incur substantial additional costs or capital expenditures to upgrade or supplement its existing facilities or being subject to an increased rate of taxation or fines and penalties.

SMC Tollways Group is in constant consultation with relevant government agencies and other approving bodies to ensure that all requirements, permits and approvals are anticipated and obtained in a timely manner. Further, the Group maintains a strong compliance culture and has processes in place in order to manage adherence to laws and regulations. In the event that SMC Tollways Group becomes involved in future litigation or other proceedings or be held responsible in any future litigation and proceedings, the Group endeavors to amicably settle the legal proceedings and in the event of any adverse ruling or decision, diligently exhaust all legal remedies available to it.

### ***Acts of terrorism, clashes with separatist groups and violent crimes***

The Philippines has also been subject to a number of terrorist attacks and the Armed Forces of the Philippines has been in conflict with groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines. In addition, bombings have taken place in the Philippines, mainly in cities in the southern part of the country. For example, in May 2017, the city of Marawi in Lanao del Sur, Mindanao, was assaulted by the Maute Group, terrorists which were inspired by pledged allegiance to the Islamic State of Iraq and Syria ("ISIS"). Due to the clash between the Government forces and the terrorists and the risk of the armed conflict spilling over to other parts of Mindanao, martial law was declared in the entire island of Mindanao, Philippines. In October 2017, the city was declared liberated from the terrorists. Despite this, the Philippine Congress extended the imposition of martial law in Mindanao until the end of 2019, citing persistent threats of terrorism and rebellion and to ensure the total eradication of ISIS-inspired terrorists in the country. The martial law in Mindanao was lifted on January 1, 2020, while the state of national emergency was lifted on July 25, 2023. An increase in the frequency, severity or geographic reach of these terrorist acts could destabilize the Philippines, and adversely affect the country's economy. These armed conflict and terror attacks could lead to further injuries or deaths by civilians and members of the military, which could destabilize parts of the country and adversely affect the country's economy.

### ***Natural catastrophes and other force majeure events***

The Group's business and operations could be severely disrupted by many factors, including accidents, breakdown or failure of equipment, interruption in power supply, human error, natural disasters, public epidemics, outbreak of diseases, and other unforeseen circumstances and problems. The Philippines has experienced a number of major natural catastrophes over the past years, including typhoons, such as super typhoon Rolly in late October 2020, super typhoon Betty in late May 2023, volcanic eruptions, such as the Taal Volcano eruption in January 2020, earthquakes, tsunamis, mudslides, fires, droughts and floods related to El Niño and La Niña weather events. Apart from these natural phenomena, other unforeseeable and uncontrollable events also pose risks in the country, such as the most recent COVID-19 pandemic. Natural catastrophes and other force majeure events may materially disrupt and adversely affect the business, operations, and financial condition of SMC Tollways and its subsidiaries. Several planning and preparations are considered, including evaluation of insurance coverage, and natural disasters, pandemics, and health events preparation and management. There is no assurance that these measures will adequately compensate for all damages and economic losses resulting from natural catastrophes and unforeseeable events but will somehow mitigate its impact on the Group's business and operations.

### ***Downgrade of Philippine credit rating***

International credit rating agencies issue credit ratings for companies with reference to the country in which they are resident. As a result, the sovereign credit ratings of the Philippines directly affect companies that are residents in the Philippines, such as SMC Tollways. Historically the Philippines' sovereign debt has been rated relatively low by international credit rating agencies. Since December 31, 2019, the Philippines' long-term foreign currency denominated debt was rated Baa2 by Moody's, BBB+ by S&P Global Ratings, and BBB by Fitch (no update on this as of 2024). As of June 7, 2024, Fitch Ratings affirmed its stable outlook and long-term foreign currency issuer default rating at 'BBB'. Likewise, the Japan Credit Rating Agency's ("JCRA") report last March 6, 2024 affirmed the stable outlook with an investment-grade credit rating at 'A-'. On August 14, 2024, Rating and Investment Information, Inc. ("R&I") upgraded its rating on the Philippines from the "BBB+" with a positive outlook last year, to "A-" with a stable outlook. The ratings mainly reflect the country's high and sustained economic growth supported by solid domestic demand, a low-level external debt, its resilience to external shocks supported by accumulated foreign exchange reserves, and its solid fiscal base. However, no assurance can be given that Fitch, Moody's, S&P Global Ratings, JCRA or any other international credit rating agency, will not downgrade the credit ratings of the Government in the future and, therefore, of Philippine companies, including the Company. Any such downgrade could have a material adverse effect on liquidity in the Philippine financial markets and the ability of the Philippine government and Philippine companies, including SMC Tollways, to raise additional financing, and will increase borrowing and other costs.

### **Item 2. Properties**

The majority of the properties of SMC Tollways Group i.e., buildings, toll plazas, toll collection system form part of the service concession rights under the STOA of its subsidiaries. The transfer of ownership shall be deemed to occur automatically on a continuous basis in accordance with the progress of construction.

The general asset description and locations of office space used in the operations owned and leased by the SMC Tollways Group, are attached hereto as **Annex "E"**.

The properties included in **Annex "E"** that are owned by the SMC Tollways Group are free of liens and encumbrances.

The properties in **Annex "E"** are in good condition, ordinary wear and tear excepted.

The SMC Tollways Group is continuously evaluating available properties for sale, the cost or details of which cannot be determined at this time.

For additional information on the Group's properties, please refer to Note 9, Property and Equipment, and Investment Properties, of the Audited Consolidated Financial Statements attached hereto as Annex "B".

### Item 3. Legal Proceedings

SMC Tollways and its subsidiaries is not a party to, and its properties are not the subject of, any material pending legal proceeding that could be expected to have a material adverse effect on the Company's financial performance.

Furthermore, neither the Company nor any of its subsidiaries have been the subject of any bankruptcy, insolvency, receivership, or similar petitions or proceedings.

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

There were no matters submitted for the vote of the stockholders of SMC Tollways during the fourth quarter of 2025.

## PART II - OPERATIONAL AND FINANCIAL INFORMATION

### Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

#### Market Information

SMC Tollways has an authorized capital stock of ₱8,000,000,000.00 comprised of 80,000,000 common shares with par value of ₱100.00 per common share. As of December 31, 2025, the Company has issued and outstanding 69,538,459 common shares. The common shares of the Company are neither traded in any market, nor subject to outstanding warrants to purchase, or securities convertible into common shares of the Company.

#### Stockholders

As of December 31, 2025, SMC Tollways has eight (8) stockholders, with one (1) principal corporate/juridical entity shareholder, and seven (7) individuals with at least one qualifying share each. The following table sets out the shareholdings of the stockholders and the approximate percentages of their respective shareholdings to the total outstanding capital stock of SMC Tollways:

| Name of Stockholder                             | Class of Securities | Number of Shares | % of Outstanding Shares |
|-------------------------------------------------|---------------------|------------------|-------------------------|
| Atlantic Aurum Investments B.V.                 | common              | 69,538,452       | 100%                    |
| Ramon S. Ang                                    | common              | 1                | 0.00%                   |
| John Paul L. Ang                                | common              | 1                | 0.00%                   |
| Aurora T. Calderon                              | common              | 1                | 0.00%                   |
| Lorenzo G. Formoso III                          | common              | 1                | 0.00%                   |
| Joseph N. Pineda                                | common              | 1                | 0.00%                   |
| Margarito B. Teves (Independent Director)       | common              | 1                | 0.00%                   |
| Martin S. Villarama, Jr. (Independent Director) | common              | 1                | 0.00%                   |

Except for the two (2) independent directors, each of whom holds one (1) common share, all directors are nominees of Atlantic Aurum Investments, B.V. and hold nominee shares in trust. The beneficial ownership of the nominee shares held by such nominee directors remains with Atlantic Aurum Investments B.V.

#### Dividend Policy

The Company is allowed under Philippine laws to declare dividends, subject to certain requirements. These requirements include, for example, that the Company's Board of Directors is authorized to declare dividends only from its unrestricted retained earnings. Dividends may be payable in cash,

shares or property, as the Board of Directors shall determine. The declaration of stock dividends is subject to the approval of shareholders holding at least two-thirds of the Company's outstanding capital stock. The Company's Board of Directors may not declare dividends which will impair its capital. The Company currently has no specific dividend policy.

The Company did not declare dividends in 2023 and 2024, in compliance with its covenant under a Loan Facility it entered into on December 9, 2019. The corporate notes under such loan facility were redeemed by the Company on December 6, 2024.

The Company did not declare dividends in 2025, the Company plans to use the excess retained earnings for future business opportunities. On March 9, 2026, the Board of Directors approved the appropriation of retained earnings amounting to P32,071.0 million to fund the New Decongestion Facilities, expected to be utilized until 2028.

The Company may declare dividends at the discretion of the Board of Directors and such declaration will depend upon the future results of operations and general financial condition and capital requirements of the Company; its ability to receive dividends and other distributions and payments from its subsidiaries; foreign exchange rates; legal, regulatory, and contractual restrictions; loan obligations (both at the parent and subsidiary levels); and other factors that the Board of Directors may deem relevant.

#### **Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction**

SMC Tollways Corporation has not sold unregistered or exempt securities nor has it issued securities constituting an exempt transaction within the past three (3) years.]

#### **Item 6. Management's Discussion and Analysis**

The information required by Item 6 may be found in **Annex "A"** attached hereto.

#### **Item 7. Financial Statements**

The 2025 Audited Consolidated Financial Statements (with external auditors' Professional Accountant Tax Receipt, name of certifying partner and address) of SMC Tollways and its subsidiaries collectively referred to as the "Group" and Statement of Management's Responsibility are attached as **Annex "B"** with the Supplementary Schedules attached as **Annex "C"** hereto.

#### **Item 8. Information on Independent Accountant and Other Related Matters**

##### **A. External Auditors for the period ended 31 December 2025, 31 December 2024 and 31 December 2023**

The accounting firm of Reyes Tacandong & Co. ("RT & Co.") served as the external auditor for the last eleven (11) fiscal years.

Representatives of RT & Co. are not expected to be present at the stockholders' meeting, they will not have the opportunity to make a statement, and they are not expected to be available to respond to appropriate questions.

The aggregate fees billed by RT & Co. for the years 2025, 2024 and 2023 are shown below:

|                              | Amount in Pesos |         |         |
|------------------------------|-----------------|---------|---------|
|                              | 2025            | 2024    | 2023    |
| Audit and Audit Related Fees | 835,000         | 800,000 | 700,000 |

SMC Tollways has not engaged the independent accountant to render non-audit services.

The appointment, reappointment, and removal of the external auditor, including audit fees, shall be recommended by the Audit and Risk Oversight Committee, approved by the Board of Directors and ratified by the shareholders. The Audit Committee reviews the audit scope and coverage, strategy and results for the approval of the Board and ensures that non-audit services rendered shall not impair or derogate the independence of the external auditor or violate SEC regulations. This is to ensure that the independent auditors maintain the highest level of independence from the Company, both in fact and appearance.

The appointment of the external auditor for the year ended 31 December 2026 will not yet be voted on at the annual stockholders' meeting on May 5, 2026 as the Management of the Company has yet to formalize its recommendation to the Board of Directors. The Company will hold a special stockholders' meeting to appoint the new external auditor for the year ended 31 December 2026 during the year.

**B. Changes in and disagreements with Accountants on Accounting and Financial Disclosures**

There are no disagreements with the external auditors on accounting and financial disclosure.

**PART III - CONTROL AND COMPENSATION INFORMATION**

**Item 9. Directors and Executive Officers of the Issuer**

The names of the incumbent directors and key officers of the Company, and their respective ages, periods of service, directorships in other reporting companies and positions held in the last five (5) years, are as follows:

***Board of Directors***

| <b>Name</b>              | <b>Age</b> | <b>Citizenship</b> | <b>Position</b>        |
|--------------------------|------------|--------------------|------------------------|
| Ramon S. Ang             | 72         | Filipino           | Chairman and President |
| John Paul L. Ang         | 46         | Filipino           | Director               |
| Aurora T. Calderon       | 71         | Filipino           | Director               |
| Lorenzo G. Formoso III   | 64         | Filipino           | Director               |
| Joseph N. Pineda         | 62         | Filipino           | Director               |
| Margarito B. Teves       | 82         | Filipino           | Independent Director   |
| Martin S. Villarama, Jr. | 79         | Filipino           | Independent Director   |

**Ramon S. Ang**, Filipino, 72, was appointed as Chairman and President of the Company, respectively on June 24, 2013, and December 14, 2020. He is also the Chairman and Chief Executive Officer of SMC. He has been a director of the Company since June 7, 2013. He also holds, among others, the following positions in other listed companies: President and Chief Executive Officer of Top Frontier Investment Holdings, Inc. and Petron Corporation; Chairman of San Miguel Food and Beverage, Inc., San Miguel Brewery Hong Kong Limited (listed on the Hong Kong Stock Exchange) and Petron Malaysia Refining & Marketing Bhd. (company publicly listed in Malaysia); and President of Ginebra San Miguel, Inc. He is also the Chairman of public companies Eagle Cement Corporation and San Miguel Brewery Inc.; Chairman and Chief Executive Officer, President and Chief Operating Officer of San Miguel Global Power Holdings Corp.; Chairman and President of San Miguel Holdings Corp. and San Miguel Properties, Inc.; Chairman and Chief Executive Officer of SMC Asia Car Distributors Corp., Chairman of San Miguel Foods, Inc., San Miguel Yamamura Packaging Corporation, Clariden Holdings, Inc., Anchor Insurance Brokerage Corporation, Philippine Diamond Hotel & Resort Inc., SEA Refinery Corporation, and San Miguel Equity Investments Inc.; Vice Chairman of Northern Cement Corporation; and President and Chief Executive Officer of New NAIA Infra Corp. He is the Chairman and President of SMC SLEX Inc., SMC Skyway Corporation, SMC Skyway Stage 3 Corporation, SMC Skyway Stage 4 Corporation, SMC NAIA Corporation, Pasig River Expressway Corporation, and San Miguel Aerocity Inc.; Chairman of SMC Mass Rail Transit 7 Inc. and; Chairman, President, and Chief Executive Officer of SMC TPLEX Corporation. He is also the sole director and shareholder of Master Year Limited

(Cayman Islands) and the Chairman of the Board and President of Privado Holdings Corp. He is also a director of Metro Pacific Investments Corp. Mr. Ang has a Bachelor's Degree in Mechanical Engineering from the Far Eastern University and a Doctorate in Business Engineering, Honoris Causa, from the same university. Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global Best Practices on December 5, 2025.

**John Paul L. Ang**, Filipino, 46, has been a director of the Company since September 10, 2024. Mr. Ang holds, among others, the following positions in other listed companies: Vice Chairman, President and Chief Operating Officer of SMC (since June 11, 2024); President and Chief Executive Officer of San Miguel Food and Beverage, Inc. (since June 5, 2024); and director of Top Frontier Investment Holdings, Inc. (since July 9, 2021) and Petron Corporation (since March 9, 2021). He is also the President and Chief Executive Officer of Eagle Cement Corporation and South Western Cement Corporation; and President of Lucky Nine Properties, Inc., Mabini Properties Inc., San Miguel Equity Investments, Inc., and Clariden Holdings, Inc. Mr. Ang is likewise a director of San Miguel Holdings Corp., SMC Skyway Corporation, SMC Skyway Stage 3 Corporation, SMC Skyway Stage 4 Corporation, SMC SLEX Inc., San Miguel Aerocity Inc., SMC Bulacan Water Services Corporation, Aerofuel Storage Management Inc., Argonbay Construction Company, Inc., and KB Space Holdings, Inc. He is the Chairman, President and Chief Executive Officer of Southern Concrete Industries Inc.; Chairman and President of Prima Lumina Gold Mining Corp.; and Vice Chairman of San Miguel Global Power Holdings Corp. He is also a director of San Miguel Brewery Inc. and Ginebra San Miguel, Inc. Mr. Ang holds a Bachelor of Arts Degree from Ateneo de Manila University. Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by SGV & Co. on September 26, 2025 and Center for Global Best Practices on November 15, 2025.

**Aurora T. Calderon**, Filipino, 71, has been a director of the Company since June 24, 2013 and a member of the Company's Audit and Risk Oversight Committee, Corporate Governance Committee, and Related Party Transactions Committee. She is the Senior Vice President, Senior Executive Assistant to the Office of the Chairman and Chief Executive Officer of SMC. She holds the following positions in other publicly listed companies: Director and Treasurer of Top Frontier Investment Holdings, Inc.; and Director of San Miguel Food and Beverage, Inc., Ginebra San Miguel, Inc., San Miguel Brewery Hong Kong Limited (listed in the Hong Kong Stock Exchange), Petron Corporation, and Petron Malaysia Refining & Marketing Bhd (a company publicly listed in Malaysia). She is also the Chairman and President of Ruzena Estates Development Corporation; Director and Treasurer of SMC Asia Car Distributors Corp.; Director of SMC Global Power Holdings Corp., SMC SLEX Inc., Petron Marketing Corporation, Petron Freeport Corporation, New Ventures Realty Corporation, Las Lucas Construction and Development Corporation, Thai San Miguel Liquor Company Limited, San Miguel Equity Investments Inc., San Miguel Yamamura Packaging Corporation, and San Miguel Aerocity Inc. She is likewise a Director of several subsidiaries of SMC Infrastructure, among others, SMC Skyway Corporation, SMC Skyway Stage 3 Corporation, SMC Skyway Stage 4 Corporation, SMC NAIAX Corporation, and Pasig River Expressway Corporation. A certified public accountant, Ms. Calderon graduated *magna cum laude* from the University of the East with a degree in BS Business Administration, major in Accountancy. She finished her Masters in Business Administration at Ateneo de Manila University (without thesis). In addition, Ms. Calderon holds directorships in various domestic and international subsidiaries of SMC. Ms. Calderon has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global Best Practices on December 5, 2025.

**Lorenzo G. Formoso III**, Filipino, 64, has been a director of the Company since December 14, 2020 and member of the Company's Audit and Risk Oversight Committee. He is a Senior Vice President and Head of the Infrastructure Business of SMC. He is also the Chairman of Intelligent E-Processes Technologies Corp., Skyway O&M Corporation, TPLEX Operations and Maintenance Corporation, and Star Tollway Corporation; President and Chief Operating Officer of Aerofuel Storage Management Inc; President of Jethandler Asia Services, Inc. and SMC Mass Rail Transit 7 Inc. He is also a Director of Trans Aire Development Holdings Corp., SMC SLEX Holdings Company Inc., Manila North Harbour Port Inc., SMC Skyway Stage 3 Corporation, SMC Skyway Stage 4 Corporation, SMC TPLEX Corporation, Luzon Clean Water Development Corporation, Manila Toll Expressway Systems, Inc., Pasig River Expressway Corporation, and various other toll road companies under SMC Infrastructure. Atty. Formoso served as Assistant Secretary in the Department of Transportation and Communications

from 2006 to 2009, and Deputy Commissioner of the Commission on Information and Communications Technology under the Office of the President from 2005 to 2006. He holds a Bachelor of Art Degree in Philosophy from the University of the Philippines and obtained his law degree from the University of California, Davis School of Law. Atty. Formoso was admitted to the State Bar of California in 1987 and to the Philippine Bar in 1992. Atty. Formoso has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global Best Practices on December 5, 2025.

**Joseph N. Pineda**, Filipino, 62, has been the Treasurer of the Company since June 24, 2013. He was a director of the Company from June 7, 2013 until September 10, 2024 and was re-elected on September 29, 2025 to serve the unexpired term of Jose C. Laureta by reason of his demise. He is currently the Senior Vice President, Deputy Chief Finance Officer and Treasurer of SMC. He is also the Chairman of SMC Shipping and Lighterage Corporation and Fiesta Pacific Asia Inc.; President of Process Synergy, Inc. and San Miguel Integrated Logistics Services, Inc.; and Treasurer of San Miguel Holdings Corp., Limay Power Inc., SMC Stock Transfer Service Corporation, and SMITS, Inc.; and Director of SMC TPLEX Holdings Company, Inc., San Miguel Aerocity Inc., Sea Refinery Corporation, Anchor Insurance Brokerage Corp., and San Miguel Equity Investments Inc. Mr. Pineda holds a Bachelor of Arts Degree in Economics from San Beda College and took Masters in Business Administration units in De La Salle University. Mr. Pineda has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global Best Practices on December 5, 2025.

**Margarito B. Teves**, Filipino, 82, has been an Independent Director of the Company since June 24, 2013, as well as the Chairman of the Company's Audit and Risk Oversight Committee, and member of its Corporate Governance Committee and Related Party Transactions Committee. He is likewise an Independent Director of SMC, Petron Corporation, Alphaland Corporation, Alphaland Balesin Island Club, Inc., The City Club at Alphaland Makati Place, Inc., and Atok-Big Wedge Corporation; and a Director of Pampanga Sugar Development Co. He was previously an Independent Director of AB Capital Securities, Inc., AB Capital Investment Corp. and Alphaland Marina Club, Inc.; Managing Director of The Wallace Business Forum; and Chairman of Think Tank Inc. He also served as Secretary of the Department of Finance of the Philippine Government from 2005 to 2010. Mr. Teves holds a Master of Arts in Development Economics from the Center for Development Economics, Williams College, Massachusetts and is a graduate of the City of London College, with a degree of Higher National Diploma in Business Studies which is equivalent to a Bachelor of Science in Business Economics. Mr. Teves has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by SGV & Co. on September 8, 2025.

**Martin S. Villarama, Jr.**, Filipino, 80, has been an independent director of the Company since November 16, 2021, as well as the Chairman of the Company's Corporate Governance Committee and Related Party Transactions Committee, and member of its Audit and Risk Oversight Committee. He currently serves as an Independent Director of SMC SLEX Inc., Eagle Cement Corporation, and Ginebra San Miguel, Inc. He is an Advisor of San Miguel Brewery Hongkong Ltd. and a member of the Association of Retired Justices of the Supreme Court of the Philippines. Atty. Villarama is a retired Associate Justice of the Supreme Court of the Philippines (from 2009 to 2016). He started his career in the Judiciary in 1986, when he was appointed as Regional Trial Court Judge of Pasig City. He obtained his Bachelor of Laws Degree from the Manuel L. Quezon University after completing a Bachelor's Degree in Business Administration from De La Salle University. Mr. Villarama has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global and Best Practices on October 24, 2025.

### **Key Officers**

| <b>Name</b>             | <b>Age</b> | <b>Citizenship</b> | <b>Position</b>        |
|-------------------------|------------|--------------------|------------------------|
| Ramon S. Ang            | 72         | Filipino           | Chairman and President |
| Joseph N. Pineda        | 62         | Filipino           | Treasurer              |
| Raoul Eduardo C. Romulo | 64         | Filipino           | Chief Finance Officer  |

|                          |    |          |                                            |
|--------------------------|----|----------|--------------------------------------------|
| Mary Rose S. Tan         | 49 | Filipino | Corporate Secretary and Compliance Officer |
| Shaina Anella B. Ramirez | 44 | Filipino | Assistant Corporate Secretary              |

**Raoul Eduardo C. Romulo**, Filipino, 64, has been the Chief Finance Officer of the Company since December 14, 2020. He is currently the Treasurer and the Chief Finance Officer of SMC SLEX Inc. and SMC Skyway Corporation; and the Chief Finance Officer and Treasury Head of San Miguel Holdings Corp. He also holds several positions in the various toll road subsidiaries of SMC Infrastructure: President of TPLEX Operations and Maintenance Corporation; Director of Manila Toll Expressway Systems, Inc., and Skyway O&M Corporation; and Treasurer of SMC SLEX Holdings Company Inc. and Alloy Manila Toll Expressways, Inc. Mr. Romulo holds a double degree in BS Marketing Management and AB Psychology from De La Salle University and a Masters in Business Administration in International Finance from Fordham University Graduate School of Business. Mr. Romulo has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global and Best Practices on October 24, 2025.

**Mary Rose S. Tan**, Filipino, 49, became the Corporate Secretary and Compliance Officer on September 29, 2025. Prior to that, she has been the Assistant Corporate Secretary and Compliance Officer of the Company since June 24, 2013. She is also the Assistant Corporate Secretary, Assistant Vice President and Associate General Counsel of SMC. She is also the Assistant Corporate Secretary of San Miguel Holdings Corp. and New NAIA Infra Corp.; Corporate Secretary of San Miguel Aerocity Inc., SMC Mass Rail Transit 7 Inc., SMC NAIAX Corporation, SMC TPLEX Holdings Company, Inc., Trans Aire Development Holdings Corp., and Luzon Clean Water Development Corporation. Atty. Tan holds a Bachelor of Arts Degree in Psychology and a Bachelor of Laws Degree both from the University of the Philippines. She obtained her Master of Laws Degree from the University of Sydney in 2009 as an Endeavour Postgraduate Award scholar of the Australian Government. Atty. Tan was admitted to the Philippine Bar in 2002. Atty. Tan has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global Best Practices on December 5, 2025.

## Board Attendance

The following is the attendance of the directors at the meetings of the Board of Directors of the Corporation held during the fiscal year 2025:

| Board       | Name                    | Date of Election  | No. of Meetings Attended | %   |
|-------------|-------------------------|-------------------|--------------------------|-----|
| Chairman    | Ramon S. Ang            | 6 May 2025        | Seven (7)                | 100 |
| Member      | John Paul L. Ang        | 6 May 2025        | Seven (7)                | 100 |
| Member      | Aurora T. Calderon      | 6 May 2025        | Seven (7)                | 100 |
| Member      | Lorenzo G. Formoso III  | 6 May 2025        | Four (4)                 | 57  |
| Member      | Joseph N. Pineda*       | 29 September 2025 | One (1)                  | -   |
| Member      | Jose C. Laureta**       | 6 May 2025        | -                        | -   |
| Independent | Margarito B. Teves      | 6 May 2025        | Seven (7)                | 100 |
| Independent | Martin S. Villarama Jr. | 6 May 2025        | Seven (7)                | 100 |

\*Elected on September 29, 2025

\*\*Board seat vacated on account of his demise on 24 August 2025.

The stated election date of the directors of May 6, 2025 is the date of the annual stockholders' meeting for the year 2025. The attendance of the directors during the annual stockholders' meeting is as follows:

| Board       | Name                    | Date of Election | No. of Meetings Attended | %   |
|-------------|-------------------------|------------------|--------------------------|-----|
| Chairman    | Ramon S. Ang            | 6 May 2025       | One (1)                  | 100 |
| Member      | John Paul L. Ang        | 6 May 2025       | One (1)                  | 100 |
| Member      | Aurora T. Calderon      | 6 May 2025       | One (1)                  | 100 |
| Member      | Lorenzo G. Formoso III  | 6 May 2025       | One (1)                  | 100 |
| Member      | Joseph N. Pineda        | 6 May 2025       | -                        | -   |
| Member      | Jose C. Laureta         | 6 May 2025       | One (1)                  | 100 |
| Independent | Margarito B. Teves      | 6 May 2025       | One (1)                  | 100 |
| Independent | Martin S. Villarama Jr. | 6 May 2025       | One (1)                  | 100 |

### Term of Office

Pursuant to the Company's Amended By-Laws, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director holds office for a term of one (1) year and until the election and qualification of their successors, unless he resigns, dies or is removed prior to such election. Any director elected in the interim serves for the remaining term until the next annual meeting of the stockholders. The Company's Amended By-Laws provide that the annual stockholders' meeting shall be held on the first Tuesday of May of every year.

### Independent Directors

The independent directors of the Company as of the year ended December 31, 2025 were Mr. Margarito B. Teves and Mr. Martin S. Villarama, Jr. The independent directors of the Company are independent of its management and substantial shareholders.

### Significant Employees

The Company has no employee who is not an executive officer but who is expected to make a significant contribution to the business.

### Family Relationships

Mr. Ramon S. Ang is the father of Mr. John Paul L. Ang. There are no other family relationships up to the fourth civil degree either by consanguinity or affinity among the Company's directors, executive officers or persons nominated or chosen by the Company to become its directors or executive officers.

### Intermediate Parent Company

As of December 31, 2025, Atlantic Aurum Investments B.V. owns and controls 69,538,452 common shares comprising 100% of the outstanding capital stock of the Company entitled to vote.

### Involvement in Certain Legal Proceedings

None of the directors, nominees for election as director, officers or control persons of the Company have been the subject of any (a) bankruptcy petition, (b) conviction by final judgment in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses, (c) order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated, or (d) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, which has not been reversed, suspended or vacated, for the past five (5) years up to the date that is material to the evaluation of his ability or integrity to hold the relevant position in the Company.

## Item 10. Executive Compensation

Pursuant to Article IV, Section 9 of the Company's By-Laws, the officers shall receive such remuneration as the Board of Directors may determine. A director shall not be precluded from serving the corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefore.

The officers do not receive any compensation directly from the Company.

There are no standard arrangements pursuant to which our directors are compensated, or are to be compensated, directly or indirectly, including per diem, for any services provided as a director for the last completed fiscal year and the ensuing year.

### Other Arrangements

There are no other arrangements for which the directors are compensated by the Company for services other than those provided as a director.

### Employment Contract

In lieu of an employment contract, the directors are elected at the annual meeting of stockholders for a one (1) year term. Any director elected in the interim will serve the remaining term until the next annual meeting.

### Warrants or Options

There are no outstanding warrants or options held by the Company's President, named executive officers and all directors and officers as a group.

## Item 11. Security Ownership of Certain Beneficial Owners and Management

Owner of record of more than 5% of the Company's voting securities as of December 31, 2025 is as follows:

| Title of Class | Name, Address of Record Owner and Relationship with Issuer                                                              | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares Held | Percent Ownership to Capital Stock |
|----------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------|--------------------|------------------------------------|
| Common         | Atlantic Aurum Investments B.V.<br>Weerdestein 97,<br>1083 CG<br>Amsterdam,<br>Netherlands,<br>parent company of Issuer | Atlantic Aurum Investments B.V.                             | Dutch       | 69,538,452         | 100%                               |

The following are the number of shares of the Company's capital stock, all of which are voting shares, owned of record by the directors and key officers of the Company as of the start of the year, and as of the year ended December 31, 2025:

| Name of Director/ Key Officer | Number of Shares as of December 31, 2025 | % of Capital Stock |
|-------------------------------|------------------------------------------|--------------------|
| Ramon S. Ang                  | 1 common share                           | 0%                 |
| John Paul L. Ang              | 1 common share                           | 0%                 |
| Aurora T. Calderon            | 1 common share                           | 0%                 |

|                          |                |    |
|--------------------------|----------------|----|
| Lorenzo G. Formoso III   | 1 common share | 0% |
| Joseph N. Pineda         | 1 common share | 0% |
| Margarito B. Teves       | 1 common share | 0% |
| Martin S. Villarama, Jr. | 1 common share | 0% |
| Raoul Eduardo C. Romulo  | None           | 0% |
| Mary Rose S. Tan         | None           | 0% |

The foregoing beneficial or record owners have no right to acquire additional shares within thirty (30) days, from options, warrants, conversion privileges or similar obligations or otherwise.

There is no person holding more than 5% of the Company's voting securities under a voting trust or similar agreement.

Since the beginning of the last fiscal year, there were no arrangements, which resulted in a change in control of the Company.

There are no shareholder agreements, provisions in the Company's by-laws, or other arrangements that constrain the directors' ability to vote independently. Neither does the Company have voting trust agreements, confidentiality agreements and such other agreements that may impact the control, ownership and strategic direction of the Company.

#### **Item 12. Certain Relationships and Related Transactions**

The Company and related parties purchase products and services from one another in the normal course of business. The Company requires approval of the Board of Directors (BOD) for related party transactions amounting to at least ten percent (10%) of the total consolidated assets based on its latest audited financial statements.

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

Except for the transactions discussed in Note 18, Related Party Disclosures, of the Audited Consolidated Financial Statements attached hereto as **Annex "B"**, there were no other material related party transactions during the last three financial years, nor are there any material transactions currently proposed between SMC Tollways and any: (i) director or executive officer, direct or indirect owner of 10% or more of the outstanding shares in SMC Tollways; (ii) close family member of such director, executive officer or owner; (iii) associates of SMC Tollways; (iv) enterprises controlling, controlled by or under common control with SMC Tollways; or (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any director, executive officer or owner of 10% or more of the outstanding shares in SMC Tollways or any close family member of such director, executive officer, or owner.

### **PART IV – CORPORATE GOVERNANCE**

#### **Item 13. Corporate Governance**

Pursuant to SEC Memorandum Circular No. 13, series of 2021, the Annual Corporate Governance Report (ACGR) of the Company for the period January to December 2025 will be filed with the SEC on or before June 30, 2026.

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

#### **Item 14. Exhibits and Reports on SEC Form 17-C**

##### **(a) Exhibits**

The 2025 Audited Consolidated Financial Statements and the Statement of Management Responsibility are attached as **Annex “B”** and the Supplementary Schedules are attached as **Annex “C”** hereto.

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

The following disclosures on SEC Form 17-C were filed in 2025, on the dates and concerning the information indicated below.

- SEC Form 17-C dated 14 January 2025 to report its disclosure to the Philippine Dealing & Exchange Corp. re: Inquiry Regarding News Article “San Miguel tollway unit earns P7.3B in Jan-Sept” dated 14 January 2025;
- SEC Form 17-C dated 11 February 2025 to report the disbursements of the Company from the net proceeds of the offering of Fixed-Rate Bonds Series “A”, Series “B” and Series C”;
- SEC Form 17-C dated 20 February 2025 to report its disclosure to the Philippine Dealing & Exchange Corp. on Schedule of all the Record Dates of the fixed rate bonds issued by the Company.
- SEC Form 17-C dated 11 March 2025 to report the disbursements of the Company from the net proceeds of the offering of Fixed-Rate Bonds Series “A”, Series “B” and Series C”;
- SEC Form 17-C dated 12 March 2025 to report the actions and approval of the Board of Directors to hold the annual stockholders’ meeting via remote communication and the setting of the record date;
- SEC Form 17-C dated 6 May 2025 to report on the following:
  - a) Actions taken and approvals made by the stockholders at the Annual Stockholders’ Meeting held on 6 May 2025:
    - Appointment of the external auditor of the Company for the year ended 31 December 2025;
    - Re-election of Mr. Margarito B. Teves as Independent Director; Election of the Board of Directors for the year 2025-2026;
  - b) Disbursements of the Company from the net proceeds of the offering of Fixed-Rate Bonds Series “A”, Series “B” and Series C”;
- SEC Form 17-C dated 30 September 2025 to report on the following:
  - a) Election of Mr. Joseph N. Pineda as member of the Board of Directors
  - b) Appointment of Atty. Mary Rose S. Tan and Atty. Shaina Anella B. Ramirez as Corporate Secretary and Assistant Corporate Secretary, respectively
- SEC Form 17-C dated 23 December 2025 to report on the press release of the Philippine Rating Services Corporation Report re: Issue Credit Rating for the Company’s P35.0 Billion outstanding bonds

**(c) Sustainability Report**

Attached as **“Annex D”** is the 2025 Sustainability Report of the Company.

## SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on 13 APR 2026.

By:

  
**RAMON S. ANG**  
Chairman and President

  
**RAOUL EDUARDO C. ROMULO**  
Chief Finance Officer

  
**MARY ROSE S. TAN**  
Corporate Secretary and  
Compliance Officer

REPUBLIC OF THE PHILIPPINES )  
MANDALUYONG CITY ) S.S.

**SUBSCRIBED AND SWORN** to before me this 13 APR 2026, affiants exhibiting to me their respective government issued identification cards as herein below listed, as competent evidence of their identity:

| NAME                    | Government Issued Identification/Issue Date/Expiry Date/Place Issued |
|-------------------------|----------------------------------------------------------------------|
| Ramon S. Ang            | Passport No. P2247867B/22 May 2019/21 May 2029/DFA Manila            |
| Raoul Eduardo C. Romulo | Passport No. P3509901B/14 Oct 2019/13 Oct 2029/DFA NCR East          |
| Mary Rose S. Tan        | Passport No. P6179528B/26 Jan 2021/25 Jan 2031/DFA NCR Central       |

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Series of 2026.



  
**RUBY CHRISTINE C. ALONTE-SY**  
Commission No. 0760-25  
Notary Public of Mandaluyong City  
Until December 31, 2026  
19th Floor San Miguel Properties Centre  
No. 7 Saint Francis St. Ortigas Center, Mandaluyong City  
Roll No. 55454  
PTR No. 5925508; 01/05/2026; Mandaluyong City  
IBP No. 535400; 12/16/2025; Laguna  
MCLE Compliance No. VIII-0007295; 04/14/2028

## Annex "A"

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE**

This discussion summarizes the significant factors affecting the consolidated financial performance, financial position and cash flows of SMC Tollways Corporation ("SMC Tollways" or the "Parent Company") and its subsidiaries (collectively referred to as the "Group") for the three-year period ended December 31, 2025. The following discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Group as at December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2025. All necessary adjustments to present fairly the Group's consolidated financial position as at December 31, 2025 and the financial performance and cash flows for the year ended December 31, 2025 and for all the other periods presented, have been made.

The financial information appearing in this report is presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information is rounded off to the nearest thousands (000), except when otherwise indicated.

#### **I. FINANCIAL PERFORMANCE**

Comparison of key financial performance for the last three years are summarized in the following tables.

| (Amounts in Thousands)               | Years Ended December 31 |             |             |
|--------------------------------------|-------------------------|-------------|-------------|
|                                      | 2025                    | 2024        | 2023        |
| REVENUE                              | ₱22,432,247             | ₱21,174,042 | ₱20,265,979 |
| COST OF SERVICES                     | (6,261,591)             | (6,021,059) | (5,778,992) |
| GROSS PROFIT                         | 16,170,656              | 15,152,983  | 14,486,987  |
| OPERATING EXPENSES                   | (1,410,387)             | (1,119,271) | (1,119,516) |
| OTHER INCOME (CHARGES)               | (2,316,231)             | (3,188,447) | (3,437,154) |
| INCOME BEFORE INCOME TAX             | 12,444,038              | 10,845,265  | 9,930,317   |
| INCOME TAX EXPENSE                   | 2,501,171               | 1,607,619   | 1,522,803   |
| NET INCOME                           | 9,942,867               | 9,237,646   | 8,407,514   |
| NET INCOME ATTRIBUTABLE TO:          |                         |             |             |
| EQUITY HOLDERS OF THE PARENT COMPANY | 8,591,124               | 7,907,168   | 7,207,064   |
| NON-CONTROLLING INTEREST             | 1,351,743               | 1,330,478   | 1,200,450   |

#### **2025 vs 2024**

| (Amounts in Thousands)             | DECEMBER 31 |             | Horizontal Analysis |     | Vertical Analysis |       |
|------------------------------------|-------------|-------------|---------------------|-----|-------------------|-------|
|                                    | 2025        | 2024        | Amount              | %   | 2025              | 2024  |
| REVENUE                            |             |             |                     |     |                   |       |
| Revenue from toll operations       | ₱22,027,247 | ₱20,769,042 | ₱1,258,205          | 6%  | 98%               | 98%   |
| Toll operation and maintenance fee | 405,000     | 405,000     | -                   | 0%  | 2%                | 2%    |
|                                    | 22,432,247  | 21,174,042  | 1,258,205           | 6%  | 100%              | 100%  |
| COST OF SERVICES                   | (6,261,591) | (6,021,059) | 240,532             | 4%  | (28%)             | (28%) |
| GROSS PROFIT                       | 16,170,656  | 15,152,983  | 1,017,673           | 7%  | 72%               | 72%   |
| OPERATING EXPENSES                 | (1,410,387) | (1,119,271) | 291,116             | 26% | (6%)              | (5%)  |
| CONSTRUCTION REVENUE (COSTS)       |             |             |                     |     |                   |       |
| Construction revenue               | 2,462,217   | 2,217,585   | 244,632             | 11% | 11%               | 10%   |
| Construction costs                 | (2,462,217) | (2,217,585) | 244,632             | 11% | (11%)             | (10%) |
|                                    | -           | -           | -                   | -   | -                 | -     |

(forward)

| (Amounts in Thousands)                       | DECEMBER 31        |                    | Horizontal Analysis<br>Increase/(Decrease) |              | Vertical Analysis |              |
|----------------------------------------------|--------------------|--------------------|--------------------------------------------|--------------|-------------------|--------------|
|                                              | 2025               | 2024               | Amount                                     | %            | 2025              | 2024         |
| <b>OTHER INCOME (CHARGES)</b>                |                    |                    |                                            |              |                   |              |
| Interest expense and other financing charges | (P3,878,517)       | (P4,507,278)       | (P628,761)                                 | (14%)        | (17%)             | (21%)        |
| Interest income                              | 1,383,215          | 1,166,975          | 216,240                                    | 19%          | 6%                | 6%           |
| Rental income                                | 112,741            | 91,976             | 20,765                                     | 23%          | 1%                | 0%           |
| Income from insurance claims                 | -                  | 11,829             | (11,829)                                   | (100%)       | 0%                | 0%           |
| Others - net                                 | 66,330             | 48,051             | 18,279                                     | 38%          | 0%                | 0%           |
|                                              | <b>(2,316,231)</b> | <b>(3,188,447)</b> | <b>(872,216)</b>                           | <b>(27%)</b> | <b>(10%)</b>      | <b>(15%)</b> |
| <b>INCOME BEFORE INCOME TAX</b>              | <b>12,444,038</b>  | <b>10,845,265</b>  | <b>1,598,773</b>                           | <b>15%</b>   | <b>55%</b>        | <b>51%</b>   |
| <b>INCOME TAX EXPENSE</b>                    | <b>2,501,171</b>   | <b>1,607,619</b>   | <b>893,552</b>                             | <b>56%</b>   | <b>11%</b>        | <b>8%</b>    |
| <b>NET INCOME</b>                            | <b>P9,942,867</b>  | <b>P9,237,646</b>  | <b>P705,221</b>                            | <b>8%</b>    | <b>44%</b>        | <b>44%</b>   |
| Net income attributable to:                  |                    |                    |                                            |              |                   |              |
| Equity holders of the Parent Company         | P8,591,124         | P7,907,168         | P683,956                                   | 9%           | 38%               | 37%          |
| Non-controlling interest                     | 1,351,743          | 1,330,478          | 21,265                                     | 2%           | 6%                | 6%           |
|                                              | <b>P9,942,867</b>  | <b>P9,237,646</b>  | <b>P705,221</b>                            | <b>8%</b>    | <b>44%</b>        | <b>44%</b>   |

Consolidated total revenue amounted to P22,432.2 million, a 6% increase from P21,174.0 million in 2024. Higher revenue was mainly due to higher traffic volume.

For the year 2025, traffic volume increased across all classes. SMC Skyway Corporation ("SMC SKYWAY") achieved an Annual Average Daily Traffic (AADT) of 284,466, higher by 3% from 276,850 in 2024, while SMC Skyway Stage 3 Corporation ("MMSS3") achieved an AADT of 179,763, higher by 10% from 163,031 in 2024.

Consolidated cost of services posted an increase of P240.5 million or 4% mainly due to (a) increase in government fees due to higher revenues of SMC SKYWAY and MMSS3, and (b) increase in contracted services due to higher manpower services and RFID subscriber management fee. These were offset by decrease in repairs and maintenance due to reclassification of maintenance services to contracted services.

Consolidated operating expenses recorded an increase of P291.1 million mainly due to (a) higher management fees due to additional allocation, (b) increase in taxes and licenses due to higher revenue tax base for business permits, (c) increase in contracted services due to higher third-party services, and (d) increase in corporate communication due to higher advertising cost. These were offset by (a) decrease in personnel due to lower manpower headcount from last year, and (b) decrease in other expenses due to lower utilities, fuel and oil, and repair and maintenance costs.

Consolidated construction revenue and construction costs posted an increase of P244.6 or 11% due to higher costs incurred for MMSS3 Quirino SB on and off ramp, MMSS3 Section 2A Prime and SKYWAY Widening projects.

For other income and charges, the Group recorded lower interest expense and other financing charges by P628.8 million due to lower outstanding balance of the long-term debt. Interest income increased by P216.2 million due to higher funds available for placements. Rental income also posted an increase of P20.8 million due to higher advertising space rentals.

Income tax expense increased by P893.6 million as a result of higher taxable income, and cessation of income tax holiday for MMSS3.

Consolidated net income increased by P705.2 million or 8% as a result of higher toll revenue.

## 2024 vs. 2023

| (Amounts in Thousands)                       | DECEMBER 31 |             | Horizontal Analysis<br>Increase/(Decrease) |      | Vertical Analysis |       |
|----------------------------------------------|-------------|-------------|--------------------------------------------|------|-------------------|-------|
|                                              | 2024        | 2023        | Amount                                     | %    | 2024              | 2023  |
| <b>REVENUE</b>                               |             |             |                                            |      |                   |       |
| Revenue from toll operations                 | ₱20,769,042 | ₱19,860,979 | ₱908,063                                   | 5%   | 98%               | 98%   |
| Toll operation and maintenance fee           | 405,000     | 405,000     | -                                          | 0%   | 2%                | 2%    |
|                                              | 21,174,042  | 20,265,979  | 908,063                                    | 4%   | 100%              | 100%  |
| <b>COST OF SERVICES</b>                      | (6,021,059) | (5,778,992) | 242,067                                    | 4%   | (28%)             | (29%) |
| <b>GROSS PROFIT</b>                          | 15,152,983  | 14,486,987  | 665,996                                    | 5%   | 72%               | 71%   |
| <b>OPERATING EXPENSES</b>                    | (1,119,271) | (1,119,516) | (245)                                      | 0%   | (5%)              | (6%)  |
| <b>CONSTRUCTION REVENUE (COSTS)</b>          |             |             |                                            |      |                   |       |
| Construction revenue                         | ₱2,217,585  | ₱953,695    | ₱1,263,890                                 | 133% | 10%               | 5%    |
| Construction costs                           | (2,217,585) | (953,695)   | (1,263,890)                                | 133% | (10%)             | (5%)  |
|                                              | -           | -           | -                                          | -    | -                 | -     |
| <b>OTHER INCOME (CHARGES)</b>                |             |             |                                            |      |                   |       |
| Interest expense and other financing charges | (4,507,278) | (4,510,552) | (3,274)                                    | 0%   | (21%)             | (22%) |
| Interest income                              | 1,166,975   | 961,571     | 205,404                                    | 21%  | 6%                | 5%    |
| Rental income                                | 91,976      | 73,988      | 17,988                                     | 24%  | 0%                | 0%    |
| Income from insurance claims                 | 11,829      | -           | 11,829                                     | 100% | 0%                | 0%    |
| Others - net                                 | 48,051      | 37,839      | 10,212                                     | 27%  | 0%                | 0%    |
|                                              | (3,188,447) | (3,437,154) | (248,707)                                  | (7%) | (15%)             | (17%) |
| <b>INCOME BEFORE INCOME TAX</b>              | 10,845,265  | 9,930,317   | 914,948                                    | 9%   | 51%               | 49%   |
| <b>INCOME TAX EXPENSE</b>                    | 1,607,619   | 1,522,803   | 84,816                                     | 6%   | 8%                | 8%    |
| <b>NET INCOME</b>                            | ₱9,237,646  | ₱8,407,514  | ₱830,132                                   | 10%  | 44%               | 41%   |
| Net income attributable to:                  |             |             |                                            |      |                   |       |
| Equity holders of the Parent Company         | ₱7,907,168  | ₱7,207,064  | ₱700,104                                   | 10%  | 37%               | 36%   |
| Non-controlling interest                     | 1,330,478   | 1,200,450   | 130,028                                    | 11%  | 6%                | 6%    |
|                                              | ₱9,237,646  | ₱8,407,514  | ₱830,132                                   | 10%  | 44%               | 41%   |

Consolidated total revenue amounted to ₱21,174.0 million, a 4% increase from ₱20,266.0 million in 2023. Higher revenue was mainly due to higher traffic volume.

For the year 2024, traffic volume increased across all classes. SMC SKYWAY achieved an AADT of 276,850, higher by 2% from 272,383 in 2023, while MMSS3 achieved an AADT of 163,031, higher by 5% from 154,736 in 2023.

Consolidated cost of services posted an increase of ₱242.1 million or 4% mainly due to (a) additional amortization of Skyway Extension and recognition of depreciation expense on machinery and equipment acquired during the year, (b) increase in government fees which is directly proportional to the increase in toll revenue, (c) increase in personnel costs due to salary adjustments and related benefits, (d) higher manpower services and RFID subscriber management fee, and (e) increase in insurance expense due to higher Industrial All Risk, money guarantee and fidelity insurance. These were offset by lower hardware and software maintenance fees.

Consolidated operating expenses recorded a decrease of ₱0.2 million mainly due to (a) lower representation expense due to lesser external meetings, (b) decrease in contracted services due to lower manpower services, (c) decrease in cost of utilities due to lower consumption of power and water, and (d) lower insurance expense, seminars and trainings, and other expenses. These were offset by the (a) increase in management fees due to inflationary increase, and (b) higher personnel costs due to salary adjustments and related benefits.

For other income and charges, the Group recorded lower interest expense and other financing charges by ₱3.3 million due to lower outstanding balance of long-term debt. Interest income increased by ₱205.4 million due to higher funds available for placements and higher interest rates. Rental income also posted an increase of ₱18.0 million due to higher advertising space rentals. For the year, there were also proceeds from insurance claims amounting to ₱11.8 million.

Income tax expense was higher by ₱84.8 million as a result of higher taxable income, and increased final taxes from interest income.

## II. FINANCIAL POSITION

### 2025 vs 2024

| (Amounts in Thousands)                              | DECEMBER 31  |              | Horizontal Analysis<br>Increase/(Decrease) |       | Vertical<br>Analysis |       |
|-----------------------------------------------------|--------------|--------------|--------------------------------------------|-------|----------------------|-------|
|                                                     | 2025         | 2024         | Amount                                     | %     | 2025                 | 2024  |
| <b>ASSETS</b>                                       |              |              |                                            |       |                      |       |
| <b>Current Assets</b>                               |              |              |                                            |       |                      |       |
| Cash and cash equivalents                           | ₱23,159,616  | ₱17,279,552  | 5,880,064                                  | 34%   | 20%                  | 16%   |
| Restricted cash                                     | 6,914,936    | 9,884,391    | (2,969,455)                                | (30%) | 6%                   | 9%    |
| Receivables                                         | 463,375      | 239,148      | 224,227                                    | 94%   | 0%                   | 0%    |
| Input VAT                                           | 2,190,545    | 2,981,449    | (790,904)                                  | (27%) | 2%                   | 3%    |
| Other current assets                                | 216,157      | 332,780      | (116,623)                                  | (35%) | 0%                   | 0%    |
| Total Current Assets                                | 32,944,629   | 30,717,320   | 2,227,309                                  | 7%    | 29%                  | 28%   |
| <b>Noncurrent Assets</b>                            |              |              |                                            |       |                      |       |
| Service concession rights                           | 78,056,505   | 79,084,191   | (1,027,686)                                | (1%)  | 68%                  | 71%   |
| Due from related parties                            | 2,217,800    | -            | 2,217,800                                  | 100%  | 2%                   | 0%    |
| Goodwill                                            | 483,452      | 483,452      | -                                          | 0%    | 0%                   | 0%    |
| Property and equipment                              | 254,168      | 204,361      | 49,807                                     | 24%   | 0%                   | 0%    |
| Deferred tax assets                                 | 25,837       | 26,368       | (531)                                      | (2%)  | 0%                   | 0%    |
| Other noncurrent assets                             | 350,588      | 398,565      | (47,977)                                   | (12%) | 0%                   | 0%    |
| Total Noncurrent Assets                             | 81,388,350   | 80,196,937   | 1,191,413                                  | 1%    | 71%                  | 72%   |
|                                                     | ₱114,332,979 | ₱110,914,257 | 3,418,722                                  | 3%    | 100%                 | 100%  |
| <b>LIABILITIES AND EQUITY</b>                       |              |              |                                            |       |                      |       |
| <b>Current Liabilities</b>                          |              |              |                                            |       |                      |       |
| Accounts payable and other current liabilities      | ₱5,020,202   | ₱6,025,663   | (1,005,461)                                | (17%) | 4%                   | 5%    |
| Current portion of:                                 |              |              |                                            |       |                      |       |
| Long-term debt – net of debt issue costs            | 5,005,655    | 5,520,340    | (514,685)                                  | (9%)  | 4%                   | 5%    |
| Provision for infrastructure restoration obligation | 139,743      | 126,323      | 13,420                                     | 11%   | 0%                   | 0%    |
| Lease liabilities                                   | 5,017        | 2,345        | 2,672                                      | 114%  | 0%                   | 0%    |
| Dividends payable                                   | 96,025       | 96,025       | -                                          | 0%    | 0%                   | 0%    |
| Income tax payable                                  | 638,880      | 354,515      | 284,365                                    | 80%   | 1%                   | 0%    |
| Total Current Liabilities                           | 10,905,522   | 12,125,211   | (1,219,689)                                | (10%) | 10%                  | 11%   |
| <b>Noncurrent Liabilities</b>                       |              |              |                                            |       |                      |       |
| Noncurrent portion of:                              |              |              |                                            |       |                      |       |
| Long-term debt – net of debt issue costs            | 41,784,228   | 46,739,320   | (4,955,092)                                | (11%) | 36%                  | 42%   |
| Provision for infrastructure restoration obligation | 188,628      | 172,585      | 16,043                                     | 9%    | 0%                   | 0%    |
| Retention payable                                   | 121,104      | 78,514       | 42,590                                     | 54%   | 0%                   | 0%    |
| Lease liabilities                                   | 9,414        | -            | 9,414                                      | 100%  | 0%                   | 0%    |
| Net defined benefit retirement liabilities          | 50,598       | 79,780       | (29,182)                                   | (37%) | 0%                   | 0%    |
| Net deferred tax liabilities                        | 341,941      | 369,960      | (28,019)                                   | (8%)  | 0%                   | 0%    |
| Total Noncurrent Liabilities                        | 42,495,913   | 47,440,159   | (4,944,246)                                | (10%) | 37%                  | 43%   |
| Total Liabilities                                   | 53,401,435   | 59,565,370   | (6,163,935)                                | (10%) | 47%                  | 54%   |
| <b>Equity</b>                                       |              |              |                                            |       |                      |       |
| Capital stock                                       | 6,953,846    | 6,953,846    | -                                          | 0%    | 6%                   | 6%    |
| Retained earnings                                   | 61,013,838   | 52,422,714   | 8,591,124                                  | 16%   | 53%                  | 47%   |
| Other comprehensive loss                            | (13,308)     | (15,465)     | (2,157)                                    | (14%) | 0%                   | 0%    |
| Equity reserves                                     | (13,594,274) | (13,594,274) | -                                          | 0%    | (12%)                | (12%) |
| Equity attributable to equity holders of the        |              |              |                                            |       |                      |       |
| Parent Company                                      | 54,360,102   | 45,766,821   | 8,593,281                                  | 19%   | 48%                  | 41%   |
| Non-controlling interest                            | 6,571,442    | 5,582,066    | 989,376                                    | 18%   | 6%                   | 5%    |
| Total Equity                                        | 60,931,544   | 51,348,887   | 9,582,657                                  | 19%   | 53%                  | 46%   |
|                                                     | ₱114,332,979 | ₱110,914,257 | ₱3,418,722                                 | 3%    | 100%                 | 100%  |

Consolidated total assets as of December 31, 2025 amounted to ₱114,333.0 million, ₱3,418.7 million higher than December 31, 2024. The increase was primary driven by higher cash and cash equivalent, receivables and due from related parties, partly offset by the decrease in restricted cash, input VAT and service concession rights.

Cash and cash equivalents increased by ₱5,880.1 million or 34% due to higher cash generated from operations as a result of higher traffic in Skyway and MMSS3.

Restricted cash decreased by ₱2,969.5 million or 30% due to lower cash balance required by loan covenants.

Receivables increased by ₱224.2 million or 94% mainly due to higher toll receivable from credit card transactions.

Input VAT posted a decrease of ₱790.9 million or 27% due to higher output VAT from toll revenue claimed against input VAT.

Other current assets decreased by ₱116.6 million or 35% due to amortization of deferred input VAT.

Service concession rights posted a net decrease of ₱1,027.7 million or 1% due to amortization of service concession rights.

Due from related parties amounted to ₱2,217.8 million pertains to loans provided to various related parties to finance constructions of their respective infrastructures.

Property and equipment posted a net increase of ₱49.8 million or 24% due to acquisition of various fixed assets to be used in business activities.

Other noncurrent assets decreased by ₱48.0 million or 12% mainly due to recoupment of advances to contractor in progress billings.

Consolidated total liabilities as of December 31, 2025 amounted to ₱53,401.4 million, ₱6,163.9 million lower than December 31, 2024. The decrease was primary due to lower accounts payable and other current liabilities, and payments of long-term debt.

Accounts payable and other current liabilities decreased by ₱1,005.5 million or 17% due to payments to third-party payables and release of retention payable.

Income tax payable increased by ₱284.4 million or 80% due to higher taxable income and cessation of income tax holiday for MMSS3.

Current and non-current portion of long term-debt - net of debt issue costs, posted a net decrease of ₱5,469.8 million due to principal payments.

Noncurrent portion of retention payable increased by ₱42.6 million or 54% is due to on-going construction in MMSS3.

Consolidated total equity as of December 31, 2025 amounted to ₱60,931.5 million, higher by ₱9,582.7 million or 19% compared to December 31, 2024. The increase was mainly due to the net income generated for the year.

## 2024 vs. 2023

| (Amounts in Thousands)                              | DECEMBER 31  |              | Horizontal Analysis<br>Increase/(Decrease) |        | Vertical<br>Analysis |       |
|-----------------------------------------------------|--------------|--------------|--------------------------------------------|--------|----------------------|-------|
|                                                     | 2024         | 2023         | Amount                                     | %      | 2024                 | 2023  |
| <b>ASSETS</b>                                       |              |              |                                            |        |                      |       |
| <b>Current Assets</b>                               |              |              |                                            |        |                      |       |
| Cash and cash equivalents                           | ₱17,279,552  | ₱10,964,076  | ₱6,315,476                                 | 58%    | 16%                  | 10%   |
| Restricted cash                                     | 9,884,391    | 8,463,304    | 1,421,087                                  | 17%    | 9%                   | 8%    |
| Receivables                                         | 239,148      | 183,906      | 55,242                                     | 30%    | 0%                   | 0%    |
| Input VAT                                           | 2,981,449    | 3,798,884    | (817,435)                                  | (22%)  | 3%                   | 4%    |
| Other current assets                                | 332,780      | 341,189      | (8,409)                                    | (2%)   | 0%                   | 0%    |
| Total Current Assets                                | 30,717,320   | 23,751,359   | 6,965,961                                  | 29%    | 28%                  | 23%   |
| <b>Noncurrent Assets</b>                            |              |              |                                            |        |                      |       |
| Service concession rights                           | 79,084,191   | 80,308,715   | (1,224,524)                                | (2%)   | 71%                  | 77%   |
| Goodwill                                            | 483,452      | 483,452      | -                                          | 0%     | 0%                   | 0%    |
| Property and equipment                              | 204,361      | 145,349      | 59,012                                     | 41%    | 0%                   | 0%    |
| Deferred tax assets                                 | 26,368       | 27,153       | (785)                                      | (3%)   | 0%                   | 0%    |
| Other noncurrent assets                             | 398,565      | 216,114      | 182,451                                    | 84%    | 0%                   | 0%    |
| Total Noncurrent Assets                             | 80,196,937   | 81,180,783   | (983,846)                                  | (1%)   | 72%                  | 77%   |
|                                                     | ₱110,914,257 | ₱104,932,142 | ₱5,982,115                                 | 6%     | 100%                 | 100%  |
| <b>LIABILITIES AND EQUITY</b>                       |              |              |                                            |        |                      |       |
| <b>Current Liabilities</b>                          |              |              |                                            |        |                      |       |
| Accounts payable and other current liabilities      | ₱6,025,663   | ₱4,950,650   | ₱1,075,013                                 | 22%    | 5%                   | 5%    |
| Current portion of:                                 |              |              |                                            |        |                      |       |
| Long-term debt – net of debt issue costs            | 5,520,340    | 9,135,556    | (3,615,216)                                | (40%)  | 5%                   | 9%    |
| Provision for infrastructure restoration obligation | 126,323      | 111,883      | 14,440                                     | 13%    | 0%                   | 0%    |
| Lease liabilities                                   | 2,345        | 3,414        | (1,069)                                    | (31%)  | 0%                   | 0%    |
| Dividends payable                                   | 96,025       | 283,316      | (187,291)                                  | (66%)  | 0%                   | 0%    |
| Income tax payable                                  | 354,515      | 280,499      | 74,016                                     | 26%    | 0%                   | 0%    |
| Total Current Liabilities                           | 12,125,211   | 14,765,318   | (2,640,107)                                | (18%)  | 11%                  | 14%   |
| <b>Noncurrent Liabilities</b>                       |              |              |                                            |        |                      |       |
| Noncurrent portion of:                              |              |              |                                            |        |                      |       |
| Long-term debt – net of debt issue costs            | 46,739,320   | 46,505,921   | 233,399                                    | 1%     | 45%                  | 44%   |
| Provision for infrastructure restoration obligation | 172,585      | 152,487      | 20,098                                     | 13%    | 0%                   | 0%    |
| Retention payable                                   | 78,514       | 96,576       | (18,062)                                   | (19%)  | 0%                   | 0%    |
| Lease liabilities                                   | -            | 2,414        | (2,414)                                    | (100%) | 0%                   | 0%    |
| Net defined benefit retirement liabilities          | 79,780       | 76,103       | 3,677                                      | 5%     | 0%                   | 0%    |
| Net deferred tax liabilities                        | 369,960      | 398,494      | (28,534)                                   | (7%)   | 0%                   | 0%    |
| Total Noncurrent Liabilities                        | 47,440,159   | 47,231,995   | 208,164                                    | 0%     | 43%                  | 45%   |
| Total Liabilities                                   | 59,565,370   | 61,997,313   | (2,431,943)                                | (4%)   | 54%                  | 59%   |
| <b>Equity</b>                                       |              |              |                                            |        |                      |       |
| Capital stock                                       | 6,953,846    | 6,953,846    | -                                          | 0%     | 6%                   | 7%    |
| Retained earnings                                   | 52,422,714   | 44,515,546   | 7,907,168                                  | 18%    | 47%                  | 42%   |
| Other comprehensive loss                            | (15,465)     | (13,117)     | 2,348                                      | 18%    | 0%                   | 0%    |
| Equity reserves                                     | (13,594,274) | (13,594,274) | -                                          | 0%     | (12%)                | (13%) |
| Equity attributable to equity holders of the        |              |              |                                            |        |                      |       |
| Parent Company                                      | 45,766,821   | 37,862,001   | 7,904,820                                  | 21%    | 41%                  | 36%   |
| Non-controlling Interest                            | 5,582,066    | 5,072,828    | 509,238                                    | 10%    | 5%                   | 5%    |
| Total Equity                                        | 51,348,887   | 42,934,829   | 8,414,058                                  | 20%    | 46%                  | 41%   |
|                                                     | ₱110,914,257 | ₱104,932,142 | ₱5,982,115                                 | 6%     | 100%                 | 100%  |

Total assets as of December 31, 2024 amounted to ₱110,914.3 million from ₱104,932.1 million in December 31, 2023.

Cash and cash equivalents amounted to ₱17,279.6 million, 58% higher than ₱10,964.1 million in 2023 due to higher toll collection.

Restricted cash amounted to ₱9,884.4 million, 17% higher from ₱8,463.3 million in 2023 due to higher cash balance required by loan covenants and higher toll revenue.

Receivables increased from ₱183.9 million to ₱239.1 million mainly due to higher credit card transactions.

Input VAT posted a decrease of ₱817.4 million or 22% due to higher output VAT from toll revenue claimed against input VAT.

Other current assets decreased to ₱332.8 million from ₱341.2 million or 2% due to lower advances to contractors to be applied within one-year.

Service concession rights posted a net decrease of ₱1,224.5 million or 2% due to amortization of service concession rights.

Property and equipment posted a net increase of ₱59.0 million or 41% due to acquisition of various fixed assets to be used in operation.

Other noncurrent assets increased by ₱182.5 million or 84% mainly due to additional payment for contractors, net of recoupment.

Accounts payable and other current liabilities increased by ₱1,075.0 million or 22% due to increase in the current portion of retention payable and increase in refundable toll replenishments due to a higher prepaid RFID load.

Dividends payable decreased by ₱187.3 million due to the settlement of dividends.

Income tax payable increased by ₱74.0 million or 26% due to higher taxable income compared to last year.

Current and non-current portion of long term-debt - net of debt issue costs, posted a net decrease of ₱3,381.8 million due to principal payments.

Total equity as of December 31, 2024 amounted to ₱51,348.9 million, higher by 20% from December 31, 2023 balance of ₱42,934.8 million, mainly due to the net income generated for the year.

### III. SOURCES AND USES OF CASH

A brief summary of cash flow movement is shown below.

| (Amounts in Thousands)                    | December 31        |              |              |
|-------------------------------------------|--------------------|--------------|--------------|
|                                           | 2025               | 2024         | 2023         |
| Net cash provided by operating activities | <b>₱17,726,953</b> | ₱18,911,860  | ₱16,363,762  |
| Net cash used in investing activities     | <b>(5,082,446)</b> | (2,332,105)  | (1,838,152)  |
| Net cash used in financing activities     | <b>(6,764,611)</b> | (10,266,463) | (14,686,448) |

Net cash provided by operating activities consists of income for the year and changes in noncash current assets, certain current liabilities and others working capital items.

Net cash used in investing activities includes the following:

| (Amounts in Thousands)                           | December 31  |              |             |
|--------------------------------------------------|--------------|--------------|-------------|
|                                                  | 2025         | 2024         | 2023        |
| Additions to:                                    |              |              |             |
| Service concession rights                        | (P2,462,217) | (P2,217,585) | (P953,695)  |
| Due from related parties                         | (2,217,800)  | -            | -           |
| Property and equipment                           | (121,603)    | (113,648)    | (42,411)    |
| Computer software                                | (5,980)      | -            | -           |
| Net additions to (payments of) retention payable | (407,066)    | 171,404      | (1,869,426) |
| Decrease (increase) in other noncurrent assets   | 124,792      | (185,868)    | 1,026,188   |
| Proceeds from disposal of property and equipment | 7,428        | 1,763        | 1,192       |
| Proceeds from insurance claims                   | -            | 11,829       | -           |

Net cash used in investing activities pertains to capital expenditures for MMSS3 Quirino SB on and off ramp, MMSS3 Section 2A Prime and SKYWAY Widening projects, and acquisition of property and equipment.

Net cash used in financing activities includes the following:

| (Amounts in Thousands)                                              | December 31  |               |              |
|---------------------------------------------------------------------|--------------|---------------|--------------|
|                                                                     | 2025         | 2024          | 2023         |
| Payments of:                                                        |              |               |              |
| Long-term debt                                                      | (P5,555,200) | (P38,249,815) | (P7,320,477) |
| Interest                                                            | (3,812,888)  | (4,110,339)   | (4,389,709)  |
| Dividends to non-controlling interest                               | (364,234)    | (1,006,818)   | (908,386)    |
| Lease liabilities                                                   | (1,744)      | (3,602)       | (3,520)      |
| Net additions to (reductions from) in restricted cash               | 2,969,455    | (1,421,087)   | (2,064,356)  |
| Proceeds from availment of long-term debt – net of debt issue costs | -            | 34,525,198    | -            |

The effect of exchange rate changes on cash and cash equivalents amounted to P0.2 million, P2.2 million and (P2.4 million) for the years ended December 31, 2025, 2024 and 2023, respectively.

#### IV. ADDITIONAL INFORMATION ON UNAPPROPRIATED RETAINED EARNINGS

As at December 31, 2025, 2024 and 2023, the Parent Company's retained earnings is in excess of its paid-in capital stock by P28,848.0 million, P28,363.9 million, and P24,934.7 million, respectively. The management is planning to use the excess retained earnings for future business opportunities.

The Group's unappropriated retained earnings include accumulated earnings in subsidiaries, which are not available for declaration as dividends until declared by the respective investees.

#### EVENTS AFTER THE REPORTING DATE

On March 9, 2026, the Board of Directors (BOD) approved the appropriation of retained earnings amounting to P32,071.0 million to fund the New Decongestion Facilities, expected to be utilized until 2031.

#### V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of the previous year. Please refer to Items I "Financial Performance" and II "Financial Position" for the discussion of certain Key Performance Indicators.

| Ratio                           | Formula                                                                 | December 31        |             |
|---------------------------------|-------------------------------------------------------------------------|--------------------|-------------|
|                                 |                                                                         | 2025               | 2024        |
| <b>Current ratio</b>            | Total Current Assets                                                    | <b>32,944,629</b>  | 30,717,320  |
|                                 | Divided by: Total Current Liabilities                                   | <b>10,905,522</b>  | 12,125,211  |
|                                 | Current ratio                                                           | <b>3.02</b>        | 2.53        |
| <b>Acid test ratio</b>          | Total Current Assets                                                    | <b>32,944,629</b>  | 30,717,320  |
|                                 | Less: Other current assets                                              | <b>(143,754)</b>   | (332,780)   |
|                                 | Quick assets                                                            | <b>32,800,875</b>  | 30,384,540  |
|                                 | Divided by: Total Current Liabilities                                   | <b>10,905,522</b>  | 12,125,211  |
|                                 | Acid test ratio                                                         | <b>3.01</b>        | 2.51        |
| <b>Net Debt-to-equity ratio</b> | Total liabilities                                                       | <b>11,419,622</b>  | 17,249,123  |
|                                 | Divided by: Total equity                                                | <b>30,537,775</b>  | 25,575,963  |
|                                 | Net debt-to-equity ratio                                                | <b>0.37</b>        | 0.67        |
| <b>Asset-to-equity ratio</b>    | Total assets                                                            | <b>114,332,979</b> | 110,914,257 |
|                                 | Divided by: Total equity                                                | <b>60,931,544</b>  | 51,348,887  |
|                                 | Asset-to-equity ratio                                                   | <b>1.88</b>        | 2.16        |
| <b>Solvency ratio</b>           | Net income before depreciation and amortization                         | <b>13,502,475</b>  | 12,737,258  |
|                                 | Divided by: Total liabilities                                           | <b>53,401,435</b>  | 59,565,370  |
|                                 | Solvency ratio                                                          | <b>0.25</b>        | 0.21        |
| <b>Profitability</b>            |                                                                         |                    |             |
| <b>Return on equity</b>         | Net income attributable to equity holders of the Parent Company         | <b>8,591,124</b>   | 7,907,168   |
|                                 | Divided by: Equity attributable to equity holders of the Parent Company | <b>54,360,102</b>  | 45,766,821  |
|                                 | Return on equity                                                        | <b>15.80%</b>      | 17.28%      |
| <b>Return on assets</b>         | Net income                                                              | <b>9,942,867</b>   | 9,237,646   |
|                                 | Divided by: Total assets                                                | <b>114,332,979</b> | 110,914,257 |
|                                 | Return on assets                                                        | <b>8.70%</b>       | 8.33%       |
| <b>Net profit margin</b>        | Net income                                                              | <b>9,942,867</b>   | 9,237,646   |
|                                 | Divided by: Total revenue                                               | <b>22,432,247</b>  | 21,174,042  |
|                                 | Net profit margin                                                       | <b>44.32%</b>      | 43.63%      |
| <b>Interest coverage ratio</b>  | Earnings before interest, taxes depreciation and amortization           | <b>10,726,592</b>  | 12,225,499  |
|                                 | Divided by: Interest expense                                            | <b>2,428,516</b>   | 2,544,953   |
|                                 | Interest coverage                                                       | <b>4.42</b>        | 4.80        |
|                                 |                                                                         |                    |             |
|                                 |                                                                         |                    |             |

| Ratio          | Formula                              | December 31 |            |
|----------------|--------------------------------------|-------------|------------|
|                |                                      | 2025        | 2024       |
| Revenue Growth | ( Current period revenue )           | 22,432,247  | 21,174,042 |
|                | ( Divided by: Prior period revenue ) | 21,174,042  | 20,265,979 |
|                | Revenue growth                       | 6%          | 4%         |

## V. OFF-BALANCE SHEET ARRANGEMENTS

The Group does not have material off-balance sheet arrangements with other entities.

## VI. OTHER MATTERS

### a. Commitments

The outstanding purchase commitments of the Group amounted to ₱4,719.4 million as at December 31, 2025.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business, and ongoing infrastructure projects, and will be funded by available cash and long-term debt.

- b. There are no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position, Financial Performance and Cash Flows.
- c. There were no material changes in estimates of amounts reported in prior interim periods of the current year or changes in estimates of amounts reported in prior financial years.
- d. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amount of the Group's trade payables that have not been paid within the stated trade terms.
- e. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on revenues or income from continuing operation.
- f. There were no known events that will trigger a direct or contingent financial obligation that is material to the Group, including any defaults or acceleration of an obligations. No material contingencies and any events or transactions exist that are material to an understanding of the current period.
- g. There are no significant elements of income or loss that did not arise from continuing operations.
- h. The effects of seasonality or cyclicity on the operations of the business of the Group are not material.
- i. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

# COVER SHEET

ANNEX "B"

## for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 3 1 0 6 9 4

### COMPANY NAME

S M C T O L L W A Y S C O R P O R A T I O N A N D S U B S I D I A R I  
E S ( A W h o l l y - O w n e d S u b s i d i a r y o f A t l a n t  
i c A u r u m I n v e s t m e n t s B . V . )

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

1 1 / F , S a n M i g u e l P r o p e r t i e s C e n t r e , 7 S  
t . F r a n c i s S t . , M a n d a l u y o n g C i t y , M e t r o  
M a n i l a , P h i l i p p i n e s

Form Type

A A C F S

Department Requiring the Report

C R M D

Secondary License Type, If Applicable

N / A

### COMPANY INFORMATION

Company's Email Address

corsec.mrst@sanmiguel.com.ph

Company's Telephone Number/s

(02) 8 702 - 4833

Mobile Number

0917-1010354

No. of Stockholders

8

Annual Meeting (Month / Day)

First Tuesday of May

Fiscal Year (Month / Day)

December 31

### CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Ms. Mary Rose Tan

Email Address

mrtan@sanmiguel.com.ph

Telephone Number/s

(02) 8 632-3866

Mobile Number

0917-8871555

### CONTACT PERSON'S ADDRESS

No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila Philippines

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

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

**SMC TOLLWAYS CORPORATION**  
*(formerly Atlantic Aurum Investments Philippines Corporation)*  
11<sup>th</sup> Floor San Miguel Properties Centre, 7 Saint Francis St., Mandaluyong City

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

The Management of **SMC Tollways Corporation** *(formerly Atlantic Aurum Investments Philippines Corporation)* is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein as at **December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Reyes Tacandong & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, have expressed its opinion on the fairness of presentation upon completion of such audit.

  
\_\_\_\_\_  
RAMON S. ANG  
Chairman of the Board and President

  
\_\_\_\_\_  
JOSEPH N. PINEDA  
Treasurer

Signed this 9<sup>th</sup> day of March 2026

## ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES )  
MANDALUYONG CITY ) ss.

Before me, a notary public for Mandaluyong City, Philippines, this 30 MAR 2026  
personally appeared:

| Name             | Competent Evidence of Identity | Date/Place Issued              |
|------------------|--------------------------------|--------------------------------|
| Ramon S. Ang     | Passport No. P2247867B         | May 22, 2019<br>DFA Manila     |
| Joseph N. Pineda | Passport No. P7419331A         | June 03, 2018<br>DFA NCR SOUTH |

Known to me to be the same persons who executed the foregoing Statement of Management's Responsibility consisting of two (2) pages including this page on which this acknowledgment is written and that they acknowledged to me that the same is their free and voluntary act and deed and that of the principals they represent.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal at the date and place first above written.

Doc No. 24 ;  
Page No. 6 ;  
Book No. III ;  
Series of 2026.



  
ANGELA ISABEL C. EVANGELISTA  
Commission No. 0767-25  
Notary Public of Mandaluyong City  
Until December 31, 2026  
19th Floor San Miguel Properties Centre  
No. 7 Saint Francis St. Ortigas Center, Mandaluyong City  
Roll No. 89266  
PTR No. 5925510; 01/05/2026; Mandaluyong City  
IBP No. 535401; 12/16/2025; Calmana  
MCLE Compliance No. VIII-0018075; 04/14/2028



## INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors  
SMC Tollways Corporation and Subsidiaries  
11/F, San Miguel Properties Centre  
7 St. Francis St., Mandaluyong City  
Metro Manila, Philippines

### *Opinion*

We have audited the accompanying consolidated financial statements of SMC Tollways Corporation (a wholly-owned subsidiary of Atlantic Aurum Investments B.V.) and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2025, 2024 and 2023 and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2025, 2024 and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

### *Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the consolidated financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in the auditors' professional judgment, were of most significance in our audits of the consolidated financial statements of the current period. These matters were addressed in the context of our audits of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Recognition and Measurement of Earned and Unearned Toll Revenues

The Group has earned toll revenue amounting to ₱22,027.2 million in 2025, while the refundable toll replenishment amounted to ₱3,335.2 million as at December 31, 2025. The recognition and measurement of earned and unearned toll revenue is considered a key audit matter because of significant amounts involved and large volumes of data being processed through its information technology (IT) environment in determining the amount of toll revenue to be recognized.



We obtained an understanding of the Group's toll revenue recognition process and performed a thorough examination of its IT system general controls, such as user access and program change, and the application controls over the recognition and measurement process for the earned and unearned toll revenue. We selected sample journal entries related to revenue recognition and inspected the underlying documentation. We also performed analytical procedures on the Group's toll revenues. Refer to Note 3, *Material Accounting Policy Information*, Note 4, *Use of Significant Judgements, Estimates and Assumptions*, and Note 12, *Accounts Payable and Other Current Liabilities* and Note 16, *Revenue* to the consolidated financial statements for the relevant accounting policies, discussion of significant judgments and estimates and details of related account balance.

#### Accounting for Service Concession Rights

The Group's service concession rights, which represent 68% of its total assets as at December 31, 2025, is accounted for in accordance with Philippine Interpretations from International Financial Reporting Interpretations Committee 12, *Service Concession Arrangements* (PI IFRIC 12). Based on management's assessment, the arrangement under the Supplemental Toll Operation Agreement (STOA) for the operation of the toll roads at the Metro Manila Skyway is covered by PI IFRIC 12 and is accounted for using the intangible asset model. These matters require the use of significant judgments and estimates and hence, are significant to our audit.

We reviewed the specific provisions of the STOA and assessed the appropriateness of the application of PI IFRIC 12. We reviewed the significant additions during the year and ascertained that the additions met the criteria for capitalization of service concession rights. Further, we reviewed the related disclosures, which are included in Note 3 and Note 8, *Service Concession Rights*.

#### Provision for Infrastructure and Restoration Obligation

The Group's concession agreement includes, among others, the periodic maintenance and restoration of the concession asset. PI IFRIC 12 requires that these contractual obligations related to the concession be recognized and measured in accordance with Philippine Accounting Standard (PAS) 37, *Provisions, Contingent Liabilities and Contingent Assets*. The recognition and measurement of the obligation involve the use of significant management assumptions and estimates.

We reviewed and assessed the reasonableness of assumptions used by management in determining the obligation. Further, we reviewed the related disclosures which are included in Note 3, Note 4 and Note 14, *Provision for Infrastructure and Restoration Obligation*.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We have nothing to report in this regard.



*Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Darryll Reese Q. Salangad.

**REYES TACANDONG & Co.**

  
DARRYLL REESE Q. SALANGAD  
Partner

CPA Certificate No. 107615

Tax Identification No. 227-770-760-000

BOA Accreditation No. 4782/P-019; Valid until June 6, 2026

SEC Accreditation No. 107615-SEC Group A

Issued October 2, 2025

Valid for Financial Periods 2025 to 2029

BIR Accreditation No. 08-005144-016-2025

Valid until January 16, 2028

PTR No. 10764039

Issued January 2, 2026, Makati City

March 9, 2026

Makati City, Metro Manila

**SMC TOLLWAYS CORPORATION AND SUBSIDIARIES**  
**(A Wholly-owned Subsidiary of Atlantic Aurum Investments B.V.)**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(Amounts in Thousands)**

|                                                     |      | December 31         |                     |
|-----------------------------------------------------|------|---------------------|---------------------|
|                                                     | Note | 2025                | 2024                |
| <b>ASSETS</b>                                       |      |                     |                     |
| <b>Current Assets</b>                               |      |                     |                     |
| Cash and cash equivalents                           | 5    | P23,159,616         | P17,279,552         |
| Restricted cash                                     | 13   | 6,914,936           | 9,884,391           |
| Receivables                                         | 6    | 463,375             | 239,148             |
| Input value-added tax (VAT)                         |      | 2,190,545           | 2,981,449           |
| Other current assets                                | 7    | 216,157             | 332,780             |
| Total Current Assets                                |      | 32,944,629          | 30,717,320          |
| <b>Noncurrent Assets</b>                            |      |                     |                     |
| Service concession rights                           | 8    | 78,056,505          | 79,084,191          |
| Due from related parties                            | 18   | 2,217,800           | –                   |
| Goodwill                                            | 10   | 483,452             | 483,452             |
| Property and equipment                              | 9    | 254,168             | 204,361             |
| Deferred tax assets                                 | 21   | 25,837              | 26,368              |
| Other noncurrent assets                             | 11   | 350,588             | 398,565             |
| Total Noncurrent Assets                             |      | 81,388,350          | 80,196,937          |
|                                                     |      | <b>P114,332,979</b> | <b>P110,914,257</b> |
| <b>LIABILITIES AND EQUITY</b>                       |      |                     |                     |
| <b>Current Liabilities</b>                          |      |                     |                     |
| Accounts payable and other current liabilities      | 12   | P5,020,202          | P6,025,663          |
| Current portion of:                                 |      |                     |                     |
| Long-term debt - net of debt issue costs            | 13   | 5,005,655           | 5,520,340           |
| Provision for infrastructure restoration obligation | 14   | 139,743             | 126,323             |
| Lease liabilities                                   | 20   | 5,017               | 2,345               |
| Dividends payable                                   | 23   | 96,025              | 96,025              |
| Income tax payable                                  |      | 638,880             | 354,515             |
| Total Current Liabilities                           |      | P10,905,522         | P12,125,211         |

(Forward)

|                                                     |      | December 31         |              |
|-----------------------------------------------------|------|---------------------|--------------|
|                                                     | Note | 2025                | 2024         |
| <b>Noncurrent Liabilities</b>                       |      |                     |              |
| Noncurrent portion of:                              |      |                     |              |
| Long-term debt - net of debt issue costs            | 13   | <b>P41,784,228</b>  | P46,739,320  |
| Provision for infrastructure restoration obligation | 14   | <b>188,628</b>      | 172,585      |
| Retention payable                                   | 12   | <b>121,104</b>      | 78,514       |
| Lease liabilities                                   | 20   | <b>9,414</b>        | -            |
| Defined benefit retirement liabilities - net        | 19   | <b>50,598</b>       | 79,780       |
| Deferred tax liabilities - net                      | 21   | <b>341,941</b>      | 369,960      |
| <b>Total Noncurrent Liabilities</b>                 |      | <b>42,495,913</b>   | 47,440,159   |
| <b>Total Liabilities</b>                            |      | <b>53,401,435</b>   | 59,565,370   |
| <b>Equity</b>                                       |      |                     |              |
| Capital stock                                       |      | <b>6,953,846</b>    | 6,953,846    |
| Retained earnings                                   | 15   | <b>61,013,838</b>   | 52,422,714   |
| Other comprehensive loss                            |      | <b>(13,308)</b>     | (15,465)     |
| Equity reserves                                     | 2    | <b>(13,594,274)</b> | (13,594,274) |
| Equity attributable to equity holders of the        |      |                     |              |
| Parent Company                                      |      | <b>54,360,102</b>   | 45,766,821   |
| Non-controlling interest                            | 23   | <b>6,571,442</b>    | 5,582,066    |
| <b>Total Equity</b>                                 |      | <b>60,931,544</b>   | 51,348,887   |
|                                                     |      | <b>P114,332,979</b> | P110,914,257 |

See accompanying Notes to Consolidated Financial Statements.

**SMC TOLLWAYS CORPORATION AND SUBSIDIARIES**  
**(A Wholly-owned Subsidiary of Atlantic Aurum Investments B.V.)**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Amounts in Thousands except Earnings per Share)**

|                                                                                              |      | Years Ended December 31 |                    |                    |
|----------------------------------------------------------------------------------------------|------|-------------------------|--------------------|--------------------|
|                                                                                              | Note | 2025                    | 2024               | 2023               |
| <b>REVENUE</b>                                                                               |      |                         |                    |                    |
| Revenue from toll operations                                                                 | 16   | ₱22,027,247             | ₱20,769,042        | ₱19,860,979        |
| Toll operation and maintenance fee                                                           | 16   | 405,000                 | 405,000            | 405,000            |
|                                                                                              |      | <b>22,432,247</b>       | <b>21,174,042</b>  | <b>20,265,979</b>  |
| <b>COST OF SERVICES</b>                                                                      | 17   | <b>(6,261,591)</b>      | <b>(6,021,059)</b> | <b>(5,778,992)</b> |
| <b>GROSS PROFIT</b>                                                                          |      | <b>16,170,656</b>       | <b>15,152,983</b>  | <b>14,486,987</b>  |
| <b>OPERATING EXPENSES</b>                                                                    | 17   | <b>(1,410,387)</b>      | <b>(1,119,271)</b> | <b>(1,119,516)</b> |
| <b>CONSTRUCTION REVENUE (COSTS)</b>                                                          | 8    |                         |                    |                    |
| Construction revenue                                                                         |      | 2,462,217               | 2,217,585          | 953,695            |
| Construction costs                                                                           |      | (2,462,217)             | (2,217,585)        | (953,695)          |
|                                                                                              |      | <b>-</b>                | <b>-</b>           | <b>-</b>           |
| <b>OTHER INCOME (CHARGES)</b>                                                                |      |                         |                    |                    |
| Interest expense and other financing charges                                                 | 13   | (3,878,517)             | (4,507,278)        | (4,510,552)        |
| Interest income                                                                              | 5    | 1,383,215               | 1,166,975          | 961,571            |
| Rental income                                                                                | 20   | 112,741                 | 91,976             | 73,988             |
| Others - net                                                                                 |      | 66,330                  | 59,880             | 37,839             |
|                                                                                              |      | <b>(2,316,231)</b>      | <b>(3,188,447)</b> | <b>(3,437,154)</b> |
| <b>INCOME BEFORE INCOME TAX</b>                                                              |      | <b>12,444,038</b>       | <b>10,845,265</b>  | <b>9,930,317</b>   |
| <b>INCOME TAX EXPENSE</b>                                                                    | 21   | <b>2,501,171</b>        | <b>1,607,619</b>   | <b>1,522,803</b>   |
| <b>NET INCOME</b>                                                                            |      | <b>9,942,867</b>        | <b>9,237,646</b>   | <b>8,407,514</b>   |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>                                                     |      |                         |                    |                    |
| <i>Items not to be reclassified to profit or loss in subsequent periods</i>                  |      |                         |                    |                    |
| Cumulative net remeasurement gain (loss) on net retirement liabilities - net of deferred tax | 19   | 4,024                   | (4,061)            | (18,241)           |
| <b>TOTAL COMPREHENSIVE INCOME</b>                                                            |      | <b>₱9,946,891</b>       | <b>₱9,233,585</b>  | <b>₱8,389,273</b>  |
| Net income attributable to:                                                                  |      |                         |                    |                    |
| Equity holders of the Parent Company                                                         |      | ₱8,591,124              | ₱7,907,168         | ₱7,207,064         |
| Non-controlling interest                                                                     |      | 1,351,743               | 1,330,478          | 1,200,450          |
|                                                                                              |      | <b>₱9,942,867</b>       | <b>₱9,237,646</b>  | <b>₱8,407,514</b>  |
| Total comprehensive income attributable to:                                                  |      |                         |                    |                    |
| Equity holders of the Parent Company                                                         |      | ₱8,593,281              | ₱7,904,820         | ₱7,196,075         |
| Non-controlling interest                                                                     |      | 1,353,610               | 1,328,765          | 1,193,198          |
|                                                                                              |      | <b>₱9,946,891</b>       | <b>₱9,233,585</b>  | <b>₱8,389,273</b>  |
| <b>Basic/Diluted Earnings Per Share</b>                                                      | 25   | <b>₱123.55</b>          | <b>₱113.71</b>     | <b>₱103.64</b>     |

See accompanying Notes to Consolidated Financial Statements.

**SMC TOLLWAYS CORPORATION AND SUBSIDIARIES**  
**(A Wholly-owned Subsidiary of Atlantic Aurum Investments B.V.)**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(Amounts in Thousands except Per Share Data and Number of Shares)**

|                                                                                                                       |      | Years Ended December 31 |                     |                     |
|-----------------------------------------------------------------------------------------------------------------------|------|-------------------------|---------------------|---------------------|
|                                                                                                                       | Note | 2025                    | 2024                | 2023                |
| <b>CAPITAL STOCK - ₱100 par value</b>                                                                                 |      |                         |                     |                     |
| Authorized - 80,000,000 shares                                                                                        |      |                         |                     |                     |
| Issued and outstanding - 69,538,459 shares                                                                            |      | <b>₱6,953,846</b>       | <b>₱6,953,846</b>   | <b>₱6,953,846</b>   |
| <b>RETAINED EARNINGS</b>                                                                                              |      |                         |                     |                     |
|                                                                                                                       | 15   |                         |                     |                     |
| Balance at beginning of year                                                                                          |      | <b>52,422,714</b>       | <b>44,515,546</b>   | <b>37,308,482</b>   |
| Net income                                                                                                            |      | <b>8,591,124</b>        | <b>7,907,168</b>    | <b>7,207,064</b>    |
| Balance at end of year                                                                                                |      | <b>61,013,838</b>       | <b>52,422,714</b>   | <b>44,515,546</b>   |
| <b>OTHER COMPREHENSIVE LOSS</b>                                                                                       |      |                         |                     |                     |
| <i>Cumulative net remeasurement losses on net retirement liabilities</i>                                              |      |                         |                     |                     |
| Balance at beginning of year                                                                                          |      | <b>(15,465)</b>         | <b>(13,117)</b>     | <b>(2,128)</b>      |
| Net remeasurement gain (loss) - net of deferred tax                                                                   |      | <b>2,157</b>            | <b>(2,348)</b>      | <b>(10,989)</b>     |
| Balance at end of year                                                                                                |      | <b>(13,308)</b>         | <b>(15,465)</b>     | <b>(13,117)</b>     |
| <b>EQUITY RESERVES</b>                                                                                                | 2    | <b>(13,594,274)</b>     | <b>(13,594,274)</b> | <b>(13,594,274)</b> |
| <b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>                                                    |      |                         |                     |                     |
|                                                                                                                       |      | <b>54,360,102</b>       | <b>45,766,821</b>   | <b>37,862,001</b>   |
| <b>NON-CONTROLLING INTEREST</b>                                                                                       |      |                         |                     |                     |
|                                                                                                                       | 23   |                         |                     |                     |
| Balance at beginning of year                                                                                          |      | <b>5,582,066</b>        | <b>5,072,828</b>    | <b>4,682,601</b>    |
| Net income                                                                                                            |      | <b>1,351,743</b>        | <b>1,330,478</b>    | <b>1,200,450</b>    |
| Cash dividends                                                                                                        |      | <b>(364,234)</b>        | <b>(819,527)</b>    | <b>(802,971)</b>    |
| Other comprehensive income (loss) - Net remeasurement gain (loss) on net retirement liabilities - net of deferred tax |      | <b>1,867</b>            | <b>(1,713)</b>      | <b>(7,252)</b>      |
| Balance at end of year                                                                                                |      | <b>6,571,442</b>        | <b>5,582,066</b>    | <b>5,072,828</b>    |
|                                                                                                                       |      | <b>₱60,931,544</b>      | <b>₱51,348,887</b>  | <b>₱42,934,829</b>  |

See accompanying Notes to Consolidated Financial Statements.

**SMC TOLLWAYS CORPORATION AND SUBSIDIARIES**  
**(A Wholly-owned Subsidiary of Atlantic Aurum Investments B.V.)**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Amounts in Thousands)**

|                                                                       |      | Years Ended December 31 |                    |                    |
|-----------------------------------------------------------------------|------|-------------------------|--------------------|--------------------|
|                                                                       | Note | 2025                    | 2024               | 2023               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                           |      |                         |                    |                    |
| Income before income tax                                              |      | <b>₱12,444,038</b>      | <b>₱10,845,265</b> | <b>₱9,930,317</b>  |
| Adjustments for:                                                      |      |                         |                    |                    |
| Interest expense and other financing charges                          | 13   | <b>3,878,517</b>        | 4,507,278          | 4,510,552          |
| Depreciation and amortization                                         | 9    | <b>3,559,608</b>        | 3,499,612          | 3,404,858          |
| Interest income                                                       | 5    | <b>(1,383,215)</b>      | (1,166,975)        | (961,571)          |
| Retirement expense                                                    | 19   | <b>23,807</b>           | 25,829             | 18,547             |
| Provision for infrastructure restoration obligation                   | 14   | <b>14,401</b>           | 18,206             | 7,980              |
| Loss (gain) on disposal of property and equipment                     | 9    | <b>(2,248)</b>          | (1,295)            | 475                |
| Net foreign exchange loss (gain)                                      |      | <b>(168)</b>            | (2,184)            | 2,365              |
| Gain on lease modification                                            | 20   | <b>(132)</b>            | (6)                | –                  |
| Provision for expected credit losses on receivable                    | 6    | <b>–</b>                | 25,612             | 8,038              |
| Income from insurance claims                                          | 8    | <b>–</b>                | (11,829)           | –                  |
| Operating income before working capital changes                       |      | <b>18,534,608</b>       | 17,739,513         | 16,921,561         |
| Decrease (increase) in:                                               |      |                         |                    |                    |
| Receivables                                                           |      | <b>(232,246)</b>        | (70,225)           | 32,557             |
| Input VAT                                                             |      | <b>790,904</b>          | 817,435            | 591,668            |
| Other current assets                                                  |      | <b>115,604</b>          | 8,409              | 231,633            |
| Increase (decrease) in accounts payable and other current liabilities |      | <b>(516,275)</b>        | 852,201            | (753,154)          |
| Net cash generated from operations                                    |      | <b>18,692,595</b>       | 19,347,333         | 17,024,265         |
| Income taxes paid                                                     |      | <b>(2,245,829)</b>      | (1,560,000)        | (1,581,461)        |
| Interest received                                                     |      | <b>1,332,016</b>        | 1,156,346          | 945,870            |
| Contributions to retirement plan                                      | 19   | <b>(51,829)</b>         | (31,819)           | (24,912)           |
| Net cash flows provided by operating activities                       |      | <b>₱17,726,953</b>      | <b>₱18,911,860</b> | <b>₱16,363,762</b> |

(Forward)

|                                                                         |      | Years Ended December 31 |              |              |
|-------------------------------------------------------------------------|------|-------------------------|--------------|--------------|
|                                                                         | Note | 2025                    | 2024         | 2023         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |      |                         |              |              |
| Additions to:                                                           |      |                         |              |              |
| Service concession rights                                               | 8    | (P2,462,217)            | (P2,217,585) | (P953,695)   |
| Due from related parties                                                | 18   | (2,217,800)             | —            | —            |
| Property and equipment                                                  | 9    | (121,603)               | (113,648)    | (42,411)     |
| Computer software                                                       | 11   | (5,980)                 | —            | —            |
| Net additions to (payments of) retention payable                        |      | (407,066)               | 171,404      | (1,869,426)  |
| Decrease (increase) in other noncurrent assets                          |      | 124,792                 | (185,868)    | 1,026,188    |
| Proceeds from disposal of property and equipment                        |      | 7,428                   | 1,763        | 1,192        |
| Proceeds from insurance claims                                          |      | —                       | 11,829       | —            |
| Net cash flows used in investing activities                             |      | (5,082,446)             | (2,332,105)  | (1,838,152)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                             |      |                         |              |              |
| Payments of:                                                            |      |                         |              |              |
| Long-term debt                                                          | 13   | (5,555,200)             | (38,249,815) | (7,320,477)  |
| Interest                                                                |      | (3,812,888)             | (4,110,339)  | (4,389,709)  |
| Dividends to non-controlling interest                                   | 23   | (364,234)               | (1,006,818)  | (908,386)    |
| Lease liabilities                                                       | 20   | (1,744)                 | (3,602)      | (3,520)      |
| Net additions to (reductions from) restricted cash                      |      | 2,969,455               | (1,421,087)  | (2,064,356)  |
| Proceeds from availment of long-term debt, net of debt issue cost       | 13   | —                       | 34,525,198   | —            |
| Net cash flows used in financing activities                             |      | (6,764,611)             | (10,266,463) | (14,686,448) |
| <b>NET EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b> |      |                         |              |              |
|                                                                         |      | 168                     | 2,184        | (2,365)      |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>             |      |                         |              |              |
|                                                                         |      | 5,880,064               | 6,315,476    | (163,203)    |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                   |      |                         |              |              |
|                                                                         |      | 17,279,552              | 10,964,076   | 11,127,279   |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                         |      |                         |              |              |
|                                                                         | 5    | P23,159,616             | P17,279,552  | P10,964,076  |
| <b>NONCASH FINANCIAL INFORMATION</b>                                    |      |                         |              |              |
| Additions to ROU assets                                                 | 20   | P16,057                 | P—           | P—           |
| Additions to lease liabilities                                          | 20   | 15,039                  | —            | —            |

See accompanying Notes to Consolidated Financial Statements.

**SMC TOLLWAYS CORPORATION AND SUBSIDIARIES**  
**(A Wholly-owned Subsidiary of Atlantic Aurum Investments B.V.)**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 and 2023**  
**(Amounts in Thousands except as Otherwise Stated)**

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**1. Reporting Entity**

**General Information**

SMC Tollways Corporation (Tollways or the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on June 7, 2013 to deal with real and personal property of every kind and description, including securities or obligations of any corporation or association engaged in any business, including but not limited to those engaged in the logistics, tollways, infrastructure and similar businesses.

The Parent Company has a corporate life of 50 years pursuant to its articles of incorporation. However, under the Revised Corporation Code of the Philippines, the Parent Company shall have a perpetual corporate life.

The Parent Company is a wholly-owned subsidiary of Atlantic Aurum Investments B.V. (AAIBV), a holding company incorporated in the Netherlands. The ultimate parent of the Parent Company is Top Frontier Investment Holdings, Inc., a holding company incorporated in the Philippines and listed on the Philippine Stock Exchange.

The registered office address of the Parent Company is 11/F San Miguel Properties Centre, 7 St. Francis St., Mandaluyong City.

**Retail Bond Issue**

The Parent Company has issued public bonds (the Bonds) with aggregate principal amount of ₱35,000.0 million in three (3) tranches. The Bonds were listed at the Philippine Dealing System Holdings Corp. & Subsidiaries (PDS) on December 5, 2024 (see Note 13).

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**2. Basis of Preparation**

**Statement of Compliance**

The consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC, including SEC pronouncements.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively referred to as the Group) were approved and authorized for issue in accordance with a resolution by the BOD, as endorsed and approved by the Audit Committee, on March 9, 2026.

### **Basis of Measurement**

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for provision for infrastructure restoration obligation, lease liabilities, and net retirement liabilities which are measured at the present value of the estimated amount of costs that are expected to be incurred. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of consideration received in exchange of incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Further information about the assumptions made in measuring fair value are included in Note 24, *Fair Value of Financial Instruments*.

### **Functional and Presentation Currency**

The consolidated financial statements are presented in Philippine Peso, which is the functional currency of the Group. All financial information is rounded off to the nearest thousand (P'000), except when otherwise indicated.

### **Basis of Consolidation**

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, SMC Skyway Corporation (SMC SKYWAY), Skyway Stage 3 Connector Tollway Holdings Corporation (S3CTHC), SMC Skyway Stage 3 Corporation (MMSS3), Toll Road Operation & Maintenance Venture Corporation (TROMV) and Skyway O&M Corporation (SOMCO).

*Business Combination of SMC SKYWAY, S3CTHC and MMSS3*

The acquisitions by the Parent Company of the equity interests in the SMC SKYWAY, S3CTHC and MMSS3 were accounted for as group reorganization. The Group reorganization has no economic substance since there is no real alteration to the composition and/or ownership of the Parent Company over the subsidiaries. These acquisitions qualify for the common control exemption under PFRS 3, *Business Combinations*, and were accounted for similar to pooling-of-interests method. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values at the stand-alone financial statements of the investee companies.

The Group elected a policy to restate the financial information in the consolidated financial statements for periods prior to the combination of the entities under common control to reflect the combination as if it had occurred from the beginning of the earliest period presented in the consolidated financial statements, regardless of the actual date of the combination. However, financial information in the consolidated financial statements for periods prior to the combination is restated only for the period that the entities were under common control.

In connection with the acquisition of shares in SMC SKYWAY from AAIBV in 2013, the Group recognized "Equity reserves" amounting to ₱3,047.1 million upon the issuance of shares to AAIBV of the Parent Company. On the other hand, the acquisition of additional shares in SMC SKYWAY from Terramino Holdings, Inc. (THI) in 2013 is treated as a separate transaction and is considered as an acquisition of a non-controlling interest (NCI). These transactions resulted to 87.84% interest in SMC SKYWAY. Accordingly, the difference between the purchase price and the NCI acquired was recognized as part of "Equity reserves" amounting to ₱7,585.1 million.

In 2016, the acquisition of 100% interest in S3CTHC from AAIBV of the Parent Company for a total consideration of ₱16,300.0 million resulted to an equity reserve amounting to ₱2,962.1 million. The equity reserve pertains to the excess of consideration over the consolidated net assets of S3CTHC and its subsidiary, MMSS3, which was also recognized as part of "Equity reserves" in the consolidated statements of financial position. As at December 31, 2025 and 2024, S3CTHC owns 90% of MMSS3.

*Business Combination of TROMV and SOMCO*

The acquisitions by the Parent Company of the equity interests in the TROMV and SOMCO were accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree pertaining to instruments that represent present ownership interests and entitle the holders to a proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of NCI are measured at fair value unless another measurement basis is required by PFRS Accounting Standards. Acquisition-related costs incurred are expensed and included in operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held interest is remeasured at its acquisition date fair value and any resulting gain and loss is recognized in the consolidated statements of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PFRS 9, *Financial Instruments*, either in the consolidated statements of comprehensive income or as a change in other comprehensive income (OCI). If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with appropriate PFRS Accounting Standards. Contingent consideration that is classified as equity is not remeasured until it is finally settled and accounted for within equity.

If necessary information, such as fair value of assets and liabilities acquired, is not available by the end of the reporting period in which the business combination occurs, provisional amounts are used for a period not exceeding one year from the date of acquisition or the measurement period. During this period, provisional amounts recognized for a business combination may be retrospectively adjusted if relevant information has been obtained or becomes available.

In 2020, the Parent Company acquired 53.37% interest in TROMV from Padma Investment PTE. Ltd. for a total consideration of ₱0.1 million. The acquisition resulted to an increase in indirect ownership from 35.14% to 57.88% interest in SOMCO (see Note 10).

#### **Subsidiaries**

A subsidiary is an entity that is controlled by the Parent Company. A subsidiary is consolidated from the date on which control is transferred to the Parent Company directly or through the holding companies. Control is achieved when the Parent Company is exposed or has rights to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee. A subsidiary is deconsolidated from the date on which control ceases.

The subsidiaries as at December 31, 2025, 2024, and 2023 are as follows:

| <u>Subsidiaries</u> | <u>Type of Ownership</u> | <u>Percentage of Ownership</u> |
|---------------------|--------------------------|--------------------------------|
| SMC SKYWAY          | Direct                   | 87.84                          |
| S3CTHC              | Direct                   | 100.00                         |
| MMSS3               | Indirect                 | 90.00                          |
| TROMV               | Direct                   | 53.37                          |
| SOMCO               | Indirect                 | 57.88                          |

The financial statements of the subsidiaries are prepared for the same reporting year as that of the Parent Company using uniform accounting policies. Significant intercompany transactions and balances, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in ownership interest of a subsidiary, without a change in control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, the Group: (a) derecognizes the assets and liabilities of the subsidiary; (b) derecognizes the carrying amounts of any NCI; (c) derecognizes the cumulative translation differences recorded in equity; (d) recognizes the fair value of consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in profit or loss; and (g) reclassifies the share of components of the Parent Company previously recognized in other comprehensive income to profit or loss.

#### **NCI**

NCI represents the portion of profit or loss and net assets not attributable to the Parent Company and is presented in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the equity attributable to equity holders of the Parent Company.

NCI represents the following interest in SMC SKYWAY, MMSS3, TROMV and SOMCO as at December 31, 2025, 2024, and 2023 not owned, directly or indirectly, by the Parent Company.

| Subsidiaries | Percentage |
|--------------|------------|
| SMC SKYWAY   | 12.16      |
| MMSS3        | 10.00      |
| TROMV        | 46.63      |
| SOMCO        | 42.12      |

The NCI shares in the losses of a subsidiary even if that result in a deficit balance (see Note 23).

#### **Information about the Subsidiaries**

**SMC SKYWAY.** SMC SKYWAY was incorporated and registered with the SEC on November 27, 1995 to design, construct and finance, pursuant to a build-and-transfer or other scheme duly approved by the appropriate Philippine authorities, toll road infrastructure projects of the Republic of the Philippines (ROP) and other entities, including but not limited to those designated as “flagship” or preferred infrastructure projects, namely: (1) the proposed Metro Manila Skyway (MMS), which is a system of elevated roadway, commencing at the end-point of the South Luzon Expressway in Alabang, Muntinlupa, and culminating at the end-point of the North Luzon Expressway in Balintawak, Caloocan City, thereby serving as an inter-connection of the above-mentioned Expressways; and (2) the proposed Metro Manila Expressway (MME).

On June 10, 1994, the Philippine National Construction Corporation (PNCC), the franchise holder for the construction, operation and maintenance (O&M) of the proposed MMS, including any and all extensions, linkages or stretches thereof, such as the proposed MMS, and PT Citra Lamtoro Gung Persada (CLGP), as joint proponents, submitted to ROP through the Toll Regulatory Board (TRB), the Joint Investment Proposal (JIP) covering not only the proposed MMS but also the planned MME. The said proposal embodied, among others, that CLGP in cooperation with PNCC committed itself to finance, design and construct the MMS in three stages, consisting of the South Metro Manila Skyway (SMMS) as Stage 1 and Stage 2, and the North Metro Manila Skyway and Central Metro Manila Skyway (collective referred to as Skyway Stage 3) as Stage 3, as well as MME as Stage 4. The JIP was approved by the TRB on November 27, 1995 and the Supplemental Toll Operation Agreement (STOA) for SMMS was executed on the same date by and among SMC SKYWAY, PNCC and the ROP acting through the TRB. Under the STOA for SMMS, the design and the construction of the SMMS and the financing thereof, shall be the primary and exclusive privilege, responsibility and obligation of SMC SKYWAY as investor. On the other hand, the O&M of the SMMS shall be the primary and exclusive privilege, responsibility and obligation of PNCC, through its wholly owned subsidiary, the PNCC Skyway Corporation (PSC).

On July 18, 2007, the STOA for SMMS was amended, to cover among others, the implementation of Stage 2 of the SMMS (Stage 2); the functional and financial integration of Stage 1 of the SMMS (Stage 1) and Stage 2 upon the completion of the construction of Stage 2; and the grant of right to SMC SKYWAY to nominate to the TRB a qualified party to perform the O&M of the SMMS to replace PSC. SMC SKYWAY, PNCC and PSC then entered into a memorandum of agreement for the successful and seamless turnover of the O&M responsibilities for the SMMS from PSC to SOMCO.

The SMMS shall be owned by the ROP, without prejudice to the rights and entitlement of the investor and the operator under the STOA for SMMS. The legal transfer of ownership of the SMMS to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of construction. The toll revenues are shared or distributed among SMC SKYWAY, SOMCO for the O&M of SMMS, and PNCC.

The 30-year franchise period for the Integrated Stage 1 and Stage 2 commenced on April 25, 2011.

SMC SKYWAY's registered office address is 11/F San Miguel Properties Centre, 7 St. Francis Street, Ortigas Center, Mandaluyong City, Metro Manila.

*S3CTHC.* S3CTHC was incorporated and registered with the SEC on February 28, 2014 to invest in shares of stock, bonds, debentures, evidence of indebtedness, and other securities or obligations of any corporation or association for whatever lawful purpose or purposes the same may have been organized, including but not limited to those engaged in the logistics, tollways, infrastructure and similar businesses.

S3CTHC's registered office address is No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila, Philippines.

*MMSS3.* MMSS3 was incorporated with the SEC on November 16, 2012 to engage in the construction of toll roads and its facilities, including Stage 3, and its linkages and extensions pursuant to a build and transfer or other scheme duly approved by ROP, except the construction of locally-funded government projects or defense related structures.

On July 8, 2013, the STOA for Stage 3 was executed by and among the ROP as the Grantor, acting by and through TRB, PNCC, MMSS3 as the Investor, and Skyway Stage 3 O&M Corporation (SOMCO 3) (formerly Central Metro Manila Skyway Corporation) as the Operator, wherein MMSS3 was granted the primary and exclusive privilege, responsibility, and obligation to design and construct Stage 3, and to finance the same, while SOMCO 3 was granted the primary and exclusive privilege, responsibility, and obligation to operate and maintain Stage 3 (Project Road).

MMSS3's registered office address is 11/F San Miguel Properties Centre, 7 St. Francis Street, Ortigas Center, Mandaluyong City, Metro Manila.

*TROMV.* TROMV was incorporated on October 25, 2007 primarily to engage in toll road operation and maintenance activity in the Philippines; and to purchase, own, lease, hold, acquire or otherwise accept such property real and personal or may be necessary, convenient or appropriate, for any of the foregoing purposes or activities; and likewise to engage in any and all activities and business understandings as may be necessary or incidental to accomplish the primary purpose and objective of the corporation.

TROMV's registered office address is 11/F San Miguel Properties Centre, 7 St. Francis Street, Ortigas Center, Mandaluyong City, Metro Manila.

*SOMCO.* SOMCO was incorporated and registered with the SEC on December 13, 2007, primarily to maintain and operate toll roads and toll facilities appurtenant thereto, as well as any and all such extensions, linkages or stretches as may be authorized by the TRB or other appropriate government agency.

SOMCO's registered address is Toll Operations Complex, Doña Soledad Avenue, Better Living Subdivision, Parañaque City.

Summarized financial information of the subsidiaries as at and for the years ended December 31, 2025, 2024, and 2023 are as follows:

|                                   | 2025        |            |             |       |           |
|-----------------------------------|-------------|------------|-------------|-------|-----------|
|                                   | SMC SKYWAY  | S3CTHC     | MMSS3       | TROMV | SOMCO     |
| Current assets                    | P11,708,695 | P3,146,979 | P10,699,908 | P135  | P306,068  |
| Noncurrent assets                 | 20,793,983  | 43,208,268 | 56,207,473  | 1,065 | 170,732   |
| Current liabilities               | 5,513,413   | 5,071      | 5,805,327   | 1,887 | 204,452   |
| Noncurrent liabilities            | 276,983     | 32,660,000 | 30,708,283  | —     | 50,146    |
| Equity (capital deficiency)       | 26,712,282  | 13,690,176 | 30,393,771  | (687) | 222,202   |
| Revenue                           | 11,456,940  | —          | 9,670,307   | —     | 1,373,111 |
| Net Income (loss)                 | 7,347,199   | 166,081    | 4,620,720   | (61)  | 1,932     |
| Total comprehensive income (loss) | 7,348,333   | 166,081    | 4,620,847   | (61)  | 6,539     |

|                                   | 2024       |            |             |       |           |
|-----------------------------------|------------|------------|-------------|-------|-----------|
|                                   | SMC SKYWAY | S3CTHC     | MMSS3       | TROMV | SOMCO     |
| Current assets                    | P6,316,245 | P253,311   | P17,029,581 | P226  | P320,574  |
| Noncurrent assets                 | 21,652,226 | 45,931,250 | 56,379,045  | 1,065 | 164,959   |
| Current liabilities               | 5,340,253  | 466        | 6,914,479   | 1,918 | 189,001   |
| Noncurrent liabilities            | 269,012    | 32,660,000 | 40,721,223  | —     | 80,869    |
| Equity (capital deficiency)       | 22,359,206 | 13,524,095 | 25,772,924  | (627) | 215,663   |
| Revenue                           | 11,049,151 | —          | 8,824,014   | —     | 1,348,778 |
| Net income (loss)                 | 7,251,253  | 11,486     | 4,507,323   | (69)  | 6,078     |
| Total comprehensive income (loss) | 7,249,470  | 11,486     | 4,507,478   | (69)  | 2,021     |

|                                   | 2023       |            |             |       |           |
|-----------------------------------|------------|------------|-------------|-------|-----------|
|                                   | SMC SKYWAY | S3CTHC     | MMSS3       | TROMV | SOMCO     |
| Current assets                    | P5,242,078 | P241,591   | P17,429,318 | P267  | P298,172  |
| Noncurrent assets                 | 22,419,826 | 45,931,250 | 56,565,911  | 1,065 | 134,147   |
| Current liabilities               | 5,550,504  | 232        | 6,467,769   | 1,890 | 140,393   |
| Noncurrent liabilities            | 262,335    | 32,660,000 | 46,262,014  | —     | 78,284    |
| Equity (capital deficiency)       | 21,849,065 | 13,512,609 | 21,265,446  | (558) | 213,642   |
| Revenue                           | 10,746,072 | —          | 8,264,907   | —     | 1,255,000 |
| Net income (loss)                 | 6,938,867  | 10,085     | 3,596,106   | (62)  | 3,884     |
| Total comprehensive income (loss) | 6,930,674  | 10,085     | 3,596,138   | (62)  | (12,916)  |

### 3. Material Accounting Policy Information

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for the changes in accounting policies as explained below.

The FSRSC approved the adoption of a number of new and amendments to standards as part of PFRS Accounting Standards.

#### Adoption of Amendments to PFRS Accounting Standards

The Group has adopted the Lack of Exchangeability (Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*) effective January 1, 2025. The amendments clarify that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, an entity needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the entity because the currency is not exchangeable.

The adoption of the amendments to PFRS Accounting Standards did not have a material effect on the consolidated financial statements.

**New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective or Adopted**

A number of new and amendments to standards are effective for annual reporting periods beginning after December 31, 2025, and have not been applied in preparing the consolidated financial statements. Unless otherwise indicated, none of these are expected to have a significant effect on the consolidated financial statements.

The Group will adopt the following new and amendments to standards on the respective effective dates:

- Disclosures about Uncertainties in the Financial Statements (Amendments to Illustrative Examples on PFRS 7, PFRS 18, *Presentation and Disclosure in Financial Statements*, PAS 1, *Presentation of Financial Statements*, PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, PAS 36, *Impairment of Assets* and PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). The amendments provide illustrative examples demonstrating how entities can apply PFRS Accounting Standards when reporting the effects of uncertainties in their financial statements. The examples use climate-related scenarios as practical illustrations, but the underlying principles apply more broadly to all uncertainties.

The illustrative examples are not an integral part of the PFRS Accounting Standards and do not have an effective date or transition requirements. Entities are expected to consider these examples in applying the disclosure requirements of the relevant standards on a timely basis.

- Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and PFRS 7). The amendments clarify that financial assets and financial liabilities are recognized and derecognized on the settlement date, except for regular way purchases or sales of financial assets and financial liabilities that meet the conditions for an exception. The exception allows entities to elect to derecognize certain financial liabilities settled through an electronic payment system before the settlement date.

The amendments also provide guidelines for assessing the contractual cash flow characteristics of financial assets that include environmental, social, and governance-linked features and other similar contingent features.

Entities are required to disclose additional information about financial assets and financial liabilities with contingent features, and equity instruments classified at fair value through other comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted.

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to standards, of which the following amendments are relevant to the Company:
  - Gain or Loss on Derecognition (Amendments to PFRS 7). The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.
  - Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9). The amendments:
    - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in statement of comprehensive income; and
    - replaced the term 'their transaction price (as defined in PFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying PFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.
  - Amendments to PFRS 10, *Consolidated Financial Statements - Determination of a 'de facto agent'* – The amendments remove inconsistencies by clarifying that an entity must use judgment to determine whether other parties are acting as de facto agents. Earlier application is permitted.
  - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term 'cost method' with 'at cost' following the deletion of the definition of 'cost method'. Earlier application is permitted.

The amendments apply for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

- PFRS 18 replaces PAS 1. The new standard introduces the following key requirements:
  - Entities are required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, income tax, and discontinued operations. Subtotals and totals are presented in the statement of income for operating profit or loss, profit or loss before financing and income taxes, and profit or loss.
  - Management-defined performance measures are disclosed in a single note to the financial statements.
  - Enhanced guidance is provided on how to group information in the financial statements.

Consequential amendments to PAS 7, require the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

PFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with retrospective application required. Early adoption is permitted.

The Group continues to assess the impact of the above new and amendments to PFRS Accounting Standards effective subsequent to 2025 on the consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

#### **Current versus Noncurrent Classification**

The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when it is: (a) expected to be settled in the normal operating cycle; (b) held primarily for trading; (c) due to be settled within 12 months after the reporting period; or (d) there is no right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other assets and liabilities as noncurrent. Deferred tax assets and deferred tax liabilities are classified as noncurrent.

#### **Financial Instruments**

*Recognition and Initial Measurement.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for financial assets and financial liabilities at fair value through profit or loss (FVPL), includes transaction cost.

### **Financial Assets**

**Classification.** The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (FVOCI) and (c) financial assets at FVPL. The classification of a financial asset depends on the business model of the Group and its contractual cash flow characteristics.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to management:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Group considers the contractual terms of the financial asset in assessing whether the contractual cash flows are solely payments of principal and interest. For purposes of this assessment, "Principal" is defined as the fair value of the financial asset on initial recognition, "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

As at December 31, 2025 and 2024, the Group does not have financial assets measured at FVPL and FVOCI.

**Financial Assets at Amortized Cost.** A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:

- it is held within a business model with the objective of holding the financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the profit or loss when the financial asset is derecognized, modified or impaired.

As at December 31, 2025 and 2024, cash and cash equivalents, restricted cash, receivables, due from related parties, security deposits (included under "Other current assets" and "Other noncurrent assets" account), and interest receivable and miscellaneous deposits (included under "Other noncurrent assets" account) of the Group are classified under this category (see Notes 5, 6, 7, 11, 13 and 18).

### **Financial Liabilities**

**Classification.** The Group classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost and (b) financial liabilities at FVPL.

As at December 31, 2025 and 2024, the Group does not have financial liabilities measured at FVPL.

**Financial Liabilities at Amortized Cost.** Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

Debt issue costs are shown as contra account against the long-term debt and are amortized over the terms of the related borrowings using the effective interest rate method.

As at December 31, 2025 and 2024, accounts payable and other current liabilities (excluding statutory payables), retention payable, long-term debt, dividends payable, and lease liabilities of the Group are classified under this category (see Notes 12, 13, 18, 20 and 23).

### **Impairment of Financial Assets**

The Group recognizes allowance for expected credit loss (ECL) on financial assets at amortized costs.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECL for receivables that do not contain significant financing component. The Group uses provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether the financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of financial asset by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of comprehensive income.

#### **Classification of Financial Instrument between Liability and Equity**

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

#### **Derecognition of Financial Assets and Financial Liabilities**

*Financial Assets.* A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

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

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

#### **Other Current Assets**

This account mainly consists of prepayments, advances to suppliers, and deferred input value-added tax (VAT).

*Prepayments.* Prepayments are expenses paid in advance and recorded as asset before these are utilized. Prepayments are stated at cost less any impairment in value. This account comprises insurance premiums and other prepaid items. Prepayments are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred.

*Advances to Suppliers.* Advances to suppliers represent advance payments for services to be incurred in connection with the operations of the Group. These are charged to expense or capitalized to projects in the consolidated statements of financial position, upon actual receipt of services or supplies. These are considered as nonfinancial instruments as these will be applied against future billings from suppliers normally within one year.

**Deferred Input VAT.** Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of purchased goods and availed services.

In accordance with Revenue Regulations (RR) No. 16-2005, input VAT on purchases or imports of the Group of capital goods (depreciable assets for income tax purposes) made prior to January 1, 2022 with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million made is claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million or if the purchase was made on or after January 1, 2022, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

#### **Service Concession Arrangements**

The Group accounts for its concession arrangement under the intangible asset model as it receives the right to charge users of public service. Under Philippine Interpretation IFRIC 12, *Service Concession Arrangements*, the Group in substance, provides construction services in exchange for an intangible asset (the right to charge the users of the toll roads). During the construction of the toll road, construction revenue is recognized by reference to the percentage of completion measured on the basis of the proportion of costs incurred as of reporting date over the total estimated cost of construction. The Group estimates that the aggregate amount of the construction costs paid to the outside contractors approximates the fair value of the intangible asset. Thus, the construction revenue recognized in the consolidated statements of comprehensive income approximates the construction costs recognized.

#### **Service Concession Rights**

Service concession rights represent the construction costs, including borrowing costs during the construction period. Service concession rights are recognized initially at the fair value of the construction services. Following initial recognition, the concession right is carried at cost less accumulated amortization and any impairment losses. Subsequent expenditures or replacement of part of it, are normally recognized in profit or loss as these are incurred to maintain the expected future economic benefits embodied in the service concession rights unless it can be demonstrated that the expenditures will contribute to the increase in revenue from toll operations which meet the definition of an intangible asset.

The service concession rights are amortized using the straight-line method over the 30-year concession period. The amortization period and method are reviewed at least at each financial year-end or more frequently when an indication of impairment arises during the reporting year. Changes in the term of the contract or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period and method, as appropriate, and treated as changes in accounting estimates. The amortization expense is recognized in the profit or loss in the expense category consistent with the function of the intangible assets.

The service concession rights will be derecognized upon turnover to the ROP with no consideration. There will be no gain or loss upon derecognition of the concession rights as these are expected to be fully amortized by then.

**Advances to Contractors**

Advances to contractors represent advance payments made for the design and construction of Skyway Stage 3, Alabang-Sucac Skyway Connection and Ramp Extensions (Skyway Extension) and other projects (Skyway Widening, New Bicutan and New Sucac Toll Plaza Project) and are measured at transaction price less impairment of value, if any. These are charges capitalized to projects in the consolidated statements of financial position, upon actual receipt of services or supplies. These are considered as nonfinancial instruments as these will be applied against future billings from contractors and are classified as noncurrent assets.

**Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Depreciation which commences when the assets are available for their intended use, is computed using the straight-line method over the following estimated useful lives of the assets.

| <u>Asset Type</u>                        | <u>Number of Years</u> |
|------------------------------------------|------------------------|
| Transportation equipment                 | 3 - 5                  |
| Machineries and equipment                | 10                     |
| Office equipment, furniture and fixtures | 2 - 5                  |
| Building improvements                    | 5 - 10                 |

The remaining useful lives and depreciation method are reviewed regularly and adjusted accordingly to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the profit or loss in the period of retirement and disposal.

### **Computer Software**

Computer software is stated at cost less accumulated amortization and any impairment in value. The Group capitalizes computer software licensing costs which are being amortized using the straight-line method over three (3) years, the estimated finite useful life of the software. The amortization of the computer software is included under the "Depreciation and amortization" account. The useful lives and amortization method are reviewed regularly to ensure that the periods and method of amortization are consistent with the expected pattern of economic benefits from the computer software.

The remaining useful lives and amortization method are reviewed regularly to ensure that the periods and method of amortization are consistent with the expected pattern of economic benefits from the computer software.

Fully amortized computer software is retained in the accounts until they are no longer in use.

An item of computer software is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of comprehensive income in the year the asset is derecognized.

### **Investment Properties**

Investment properties consist of condominium units that are held for rental and is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment loss.

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

Investment properties are derecognized when either it has been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal. Any resulting gain or loss is credited to or charged against current operations.

Fully depreciated investment properties are retained in the accounts until it is no longer in use.

### **Goodwill**

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree of the Group. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the entity's cash-generating units (CGU) or group of CGU that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the entity are assigned to those units or groups of units. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

Where goodwill forms part of a CGU (or group of CGU) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation in determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative exchange differences arising from the translation and goodwill is recognized in profit or loss.

#### **Impairment of Nonfinancial Assets**

At each reporting date, nonfinancial assets are reviewed to determine whether there is any indication that those assets maybe impaired. If there is an indication of possible impairment, the recoverable amount of any asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the consolidated statements of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to sell), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in consolidated statements of comprehensive income.

The recoverable amount of an asset is the greater of its value in use or its fair value less cost to sell. Value in use is the present value of future cash flows expected to be derived from an asset while fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less costs of disposal.

#### **Equity**

*Capital Stock.* Capital stock is classified as equity. Incremental costs directly attributable to the issuances of common shares are recognized as deduction from equity, net of any tax effects.

*Retained Earnings.* Retained earnings represent the cumulative balance of net income or loss, dividend distributions and other capital adjustments. Appropriated retained earnings represent that portion which has been restricted and are not available for any dividend declaration. Unappropriated retained earnings represent that portion which can be declared as dividends to shareholders.

*Dividend Distribution.* Dividends are recognized as a liability and deducted from equity when declared by the BOD and shareholders of the Parent Company. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

*Other Comprehensive Income (Loss).* Other comprehensive income (loss) comprises items of income and expenses (including items previously presented under the consolidated statements of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS Accounting Standards. Other comprehensive income (loss) represents the cumulative balance of remeasurement gain (loss) on net retirement liabilities and share in other comprehensive income of an associate. These will not be reclassified to profit or loss in subsequent periods.

*Equity Reserves.* Equity reserves consist of the difference between the equity of SMC SKYWAY and S3CTHC attributable to the interest and the purchase price and the excess of purchase price over the net assets of non-controlling interests acquired by the Parent Company (see Note 2).

### **Earnings Per Share**

Basic earnings per share is calculated by dividing consolidated net income by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividend declared.

Diluted earnings per share is calculated in the same manner, adjusted for the effects of all dilutive potential common shares.

### **Revenue Recognition**

#### **Revenue from Contracts with Customers**

Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group perform its obligations; (b) the performance of the Group creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

The Group recognized revenue from contracts with customers when it has met the following specific performance obligations:

*Revenue from Toll Operations.* Revenue from toll operations represents the share of the Group in the toll road revenues of the SMMS. Performance obligation is satisfied when motorists have exited the toll roads. Toll fees are set and regulated by the TRB and are collected by way of cash or charged against Radio Frequency Identification (RFID) accounts. Collections from RFID accounts are made by the Group and initially accounted under "Refundable toll replenishment", and are regularly settled. This is reclassified to revenue upon consumption by the motorist.

*Toll Operations and Maintenance Fee.* This account consists of operation and maintenance fee for SMC NAIAX Corporation (NAIAX) and Skyway Stage 3 which is recognized when the related services are rendered.

*Construction Revenue.* Revenue is recognized by reference to the stage of completion of the construction activity at reporting date. In measuring the progress of its performance obligation over time, the Group uses input method. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

#### **Revenue from Other Sources**

*Interest Income.* Income is recognized as it accrues using the effective interest method.

*Rental Income.* Income is recognized on a straight-line basis over the lease term.

*Other Income.* Income is recognized when there is an incidental economic benefit that will flow to the Group through an increase in asset or reduction in liability and that can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

### **Cost and Expense Recognition**

Costs and expenses are decreases in economic benefits during the reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

*Costs of Services.* Costs of services significantly represent operations and maintenance fee, amortization of service concession rights, PNCC share, provision for infrastructure restoration, and costs to operate and maintain toll roads and toll facilities of SMMS, Skyway Stage 3 and NAIAX. These are expensed as incurred.

*Operating Expenses.* Operating expenses constitute costs of administering the business and costs to operate and maintain toll roads and toll facilities. These are charged to profit or loss as incurred.

*Construction Costs.* Construction costs include all direct materials and labor costs and those indirect costs related to the performance of incidental services under the construction contract. Construction costs are recognized by reference to the stage of completion of the construction activity as of the reporting date. The Group assessed that the costs of subcontracted work to third parties approximates the fair value of the intangible asset acquired in exchange for the construction services. Thus, construction costs are equal to the construction revenue.

*Interest Expense and Other Financing Charges.* Interest expense and other financing charges are recognized as it accrues. Interest expense and other financing charges include the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

### **Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether, throughout the period use:

- the Group has the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- the Group has the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

*The Group as a Lessee.* The Group recognizes right-of-use (ROU) assets and lease liabilities at the lease commencement date (i.e., the date the underlying asset is available for use). The ROU assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

**ROU Assets.** At commencement date, the Group measures ROU assets at cost. The cost comprises:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

The ROU assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU assets or the end of the lease term.

In addition, the ROU assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

**Lease Liabilities.** The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest method. The carrying amount of the lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liabilities are remeasured, a corresponding adjustment is made to the carrying amount of the ROU assets, or is recognized in profit or loss if the carrying amount of the ROU assets have been reduced to zero.

The Group has elected not to recognize ROU assets and lease liabilities for short-term leases (i.e., lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. The Group recognizes the lease payments associated with these leases as expense on a straight-line basis over the lease term.

*The Group as a Lessor.* The Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as finance lease; if not, it is classified as an operating lease. As part of the assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies PFRS 15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as rent income on a straight-line basis over the lease term.

#### **Borrowing Costs**

Borrowing costs are capitalized as part of "Service concession rights" if they are directly attributable to the construction of the qualifying asset. Capitalization of borrowing costs commences when the activities to prepare for the assets are in progress and expenditures and borrowing costs are incurred. Borrowing costs are capitalized until the asset is substantially ready for its intended use.

Borrowing costs include interest expense, amortization of debt issuance costs and other costs incurred in connection with the borrowing of funds. Borrowing costs not qualified for capitalization are expensed as incurred.

#### **Foreign Currency Translations**

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of the reporting date. Exchange rate differences arising from the translation or settlement of monetary items at rates different from those at which these were initially recorded during the period are recognized in profit or loss in the period these arise.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the period such are realized.

#### **Taxes**

*Current Tax.* Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

**Deferred Tax.** Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

- where the deferred tax assets relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax are recognized in the consolidated statements of comprehensive income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

## **VAT**

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from or payable to the taxation authority is recognized as "Input VAT" or included under "Accounts payable and other current liabilities" as part of "Statutory payables" account in the consolidated statements of financial position.

## **Employee Benefits**

*Short-term Employee Benefits.* Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Net Retirement Liabilities.* The Group has a funded, non-contributory defined benefit retirement plan covering all qualified employees. The retirement expense is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The net retirement benefit liability or asset is the aggregate of the present value of the retirement liability and the fair value of plan assets (FVPA) on which the obligations are to be settled directly. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on the curtailments and non-routine settlements, and net interest expense or income in the consolidated statements of comprehensive income. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

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

Plan assets are assets that are held by the long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can these be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to the consolidated statements of comprehensive income in subsequent periods.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

#### **Related Parties**

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

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Transactions with related parties are accounted for at arm's length prices or terms similar to those offered to non-related entities in an economically comparable market.

Material related party transactions are related party transactions, either individually or in aggregate, over a twelve-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total assets based on its latest consolidated financial statements.

#### **Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

*Provision for Infrastructure Restoration Obligation.* Provision for infrastructure restoration obligation pertains to the obligation of the Group under the concession agreement to maintain the toll roads such that the toll road can deliver the specified standard of service at all times. Provision for infrastructure restoration obligation requires an estimation of the periodic cost, generally estimated to be every eight to ten years or the expected schedule of major maintenance to maintain the toll roads such that the toll road can deliver the specified standard of service at all times and to restore the assets to a level of serviceability during the concession term and in good condition before turnover to the Philippine Government. This is based on the best estimate of management to be the amount expected to be incurred to settle the obligation at every maintenance date discounted using a pre-tax rate that reflects the current market assessment of the time value of money. On the other hand, routine repairs and maintenance costs are expensed as incurred.

### **Contingencies**

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

### **Segment Reporting**

The Group's operating business are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services. Operating results of reportable segments are regularly reviewed by senior management to make decisions about resources to be allocated to the segment and assess its performance for which discrete financial information is available.

The measurement policies the Group used for segment reporting under PFRS 8 are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

The Group has one geographical segment and derives principally all its revenue from domestic operations.

### **Events After the Reporting Date**

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

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## **4. Use of Significant Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

### **Judgments**

In the process of applying the accounting policies, the Group has made the following judgments, apart from those involving estimations, which have significant effect on the amounts recognized in the consolidated financial statements.

**Establishing the Control over Subsidiaries.** The Parent Company determined that it has control over its subsidiary by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following were also considered:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual agreements; and
- The Parent Company's voting rights and potential voting rights.

Management has assessed that the Parent Company has control over SMC SKYWAY, S3CTHC, MMSS3, TROMV, and SOMCO as at and for the years ended December 31, 2025, 2024, and 2023 and identified these entities as subsidiaries.

**Determining whether the STOA for SMMS and Stage 3 is covered under Philippine Interpretation IFRIC 12.** Management has assessed that it is covered by Philippine Interpretation IFRIC 12, under the intangible asset model, with respect to the operation of the toll roads and toll facilities as it has (a) the right (license) to collect toll from toll roads users availing of a public service; (b) the grantor controls or regulates the price; (c) the Group will transfer significant residual interest of the toll roads and its facilities at the end of the STOA.

**Recognizing Construction Revenue and Costs.** The Group recognizes construction revenue and costs in accordance with PFRS 15, *Revenue from Contract with Customers*. It measures contract revenue at the fair value of the consideration received or receivable. The Group assessed that the costs of subcontracted work to third parties approximate the fair value of the intangible asset acquired in exchange for the construction services, thus construction revenue recognized is equal to the construction costs. Construction revenue and costs recognized in profit or loss amounted to ₱2,462.2 million, ₱2,217.6 million and ₱953.7 million in 2025, 2024 and 2023, respectively (see Note 8).

**Revenue from Contracts with Customers.** The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- **Identifying performance obligation** - The Group provides toll concession and operations and maintenance fee service to its customers. The Group has determined that each of the services is capable of being distinct.
- **Determining the transaction price** - The Group determined that the transaction price is in accordance with the rates published by TRB or agreed rates with the customers.
- **Determining the timing of satisfaction of the toll service and operations and maintenance services** - The Group concluded that the revenue from toll concession is recognized at a point in time and when the motorists have exited the toll roads. Meanwhile, operations and maintenance services are recognized over time or when the services are rendered.

**Classifying Financial Instruments.** The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

*Classifying Lease Commitments - The Group as a Lessee.* The Group has entered into a lease agreement with a lessor for office space and parking lots. For the Group's non-cancellable lease, the Group recognizes ROU assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Group's incremental borrowing rate.

The carrying amount of the ROU assets amounted to ₱14.9 million and ₱2.7 million as at December 31, 2025 and 2024, respectively. Lease liabilities amounted to ₱14.4 million and ₱2.3 million as at December 31, 2025 and 2024, respectively (see Note 20).

*Assessing the Lease Commitments - The Group as a Lessor.* The Group assessed that it retains substantially all the risks and rewards of ownership of the asset under operating lease. Operating lease receivables are recognized as income in profit or loss on a straight-line basis over the lease term.

Rental income from lease arrangements amounted to ₱112.7 million, ₱92.0 million and ₱74.0 million, in 2025, 2024 and 2023, respectively (see Note 20).

*Assessing the Extension Options of Lease Commitments.* The Group's lease commitments contain extension options exercisable by the Group prior the end of the non-cancelable contract period. Where practicable, the Group seeks to include the extension options to provide operational flexibility. The Group assessed at lease commencement that it is reasonably certain that the Group will exercise the extension options. A reassessment is made whether it is reasonable certain to exercise the extension options if there is a significant event or significant change in circumstances within its control.

*Determining the Appropriate Discount Rate for Lease Payments.* The Group's ROU assets and lease liabilities are initially measured at the present value of lease payments. In determining the appropriate discount rate, the Group considered readily available interest rate implicit in the lease agreements, interest rate on its borrowings and the term of each lease commitment. The Group determined that the implicit rate in the lease agreements is not readily available. The Group used the incremental borrowing rate to determine the present value of ROU assets and lease liabilities.

*Determining the Classification of Property.* The Group determines whether a property is classified as investment property or property and equipment:

- Investment properties comprise condominium units which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily for rental income and capital appreciation.
- Property and equipment include transportation equipment, machineries and equipment, office equipment, furniture and fixtures and building improvements. These properties and equipment are intended for operations or administrative purposes.

*Evaluating Adequacy of Tax Liabilities.* The Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

*Assessing Contingencies.* Management's assessment of the potential outcome of legal claims has been developed in consultation with its external counsels handling the defense of the Group in these matters and is based upon an analysis of potential results. The Group is a party to certain claims arising from the ordinary course of business. Based on Management's and legal counsel's assessments, the eventual liabilities from such claims are not yet determinable. Accordingly, no provisions for legal claims have been recognized in 2025, 2024 and 2023 (see Note 20).

#### **Estimates and Assumptions**

The key estimates and assumptions used in the consolidated financial statements are based upon the Group's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

*Assessing the ECL of Toll Receivables and Other Financial Assets at Amortized Cost.* The allowance for ECL of toll receivables and other financial assets at amortized cost are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### *Estimating the ECL of Toll Receivables*

The Group applies the PFRS 9 simplified approach in measuring ECL of toll receivables which uses a lifetime expected loss allowance for all toll receivables. The Group estimates ECL on receivables using a provision matrix that is based on days past due for groupings of various customer segments that have similar loss patterns. Depending on the diversity of its debtor's base, the Group uses its historical credit loss experience adjusted for forward-looking factors, as appropriate.

#### *Assessing the ECL of Other Financial Assets at Amortized Cost*

The Group determines the allowance for ECL of other financial assets at amortized cost using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

Provision for ECL recognized in profit or loss amounted to nil, ₱25.6 million and ₱8.0 million in 2025, 2024, and 2023, respectively (see Note 6). The carrying amounts of financial assets are as follows:

|                            | Note  | 2025               | 2024        |
|----------------------------|-------|--------------------|-------------|
| Cash and cash equivalents* | 5     | <b>₱23,157,014</b> | ₱17,276,370 |
| Restricted cash            | 13    | <b>6,914,936</b>   | 9,884,391   |
| Due from related parties   | 18    | <b>2,217,800</b>   | –           |
| Receivables                | 6     | <b>463,375</b>     | 239,148     |
| Interest receivable        | 11    | <b>59,218</b>      | –           |
| Security deposits          | 7, 11 | <b>1,018</b>       | 595         |
| Miscellaneous deposits     | 11    | <b>2,147</b>       | 2,206       |

\*Excludes cash on hand amounting to ₱2.6 million and ₱3.2 million as at December 31, 2025 and 2024, respectively

*Estimating the Useful Lives of Service Concession Rights.* The estimated useful lives of the service concession rights is approximately 30 years from the start of operations until the end of the concession period, as provided in the amended STOA. The estimated useful lives of concession rights is reviewed periodically and updated if expectations differ materially from previous estimates due to changes in the term of the STOA, pattern of consumption of future economic benefits and legal or other limitations on the use of the concession right. The amounts and timing of recording of expenses for any period would be affected by changes in these factors and circumstances.

There are no changes in the estimated useful lives of service concession rights in 2025, 2024 and 2023. The carrying amount of the service concession rights amounted to ₱78,056.5 million and ₱79,084.2 million as at December 31, 2025 and 2024, respectively (see Note 8).

*Estimating the Useful Lives of Property and Equipment, Computer Software and ROU Assets.* The Group estimates the useful lives of its property and equipment, computer software and ROU assets (included under “Other noncurrent assets” account) based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of property and equipment, computer software and ROU assets (included under “Other noncurrent assets” account) based on factors that include asset utilization, internal technical evaluation, technological and environmental changes and anticipated use of the assets.

There were no changes in the estimated useful lives of property and equipment, computer software and ROU assets (included under “Other noncurrent assets” account) in 2025, 2024 and 2023. The carrying amounts of the property and equipment, computer software and ROU assets of the Group are as follows:

|                        | Note | 2025            | 2024     |
|------------------------|------|-----------------|----------|
| Property and equipment | 9    | <b>₱254,168</b> | ₱204,361 |
| ROU assets             | 20   | <b>14,885</b>   | 2,702    |
| Computer software      | 11   | <b>5,414</b>    | –        |

**Assessing the Impairment of Service Concession Rights and Other Nonfinancial Assets.** The Group assesses at each reporting date whether there is an indication that the service concession rights and other nonfinancial assets may be impaired. The factors that would trigger an impairment review of service concession rights include the following, among others:

- decline in toll rates as a result of government imposition or other events;
- significant decline in number of motorists passing through the toll roads; and
- significant change in foreign exchange rate of Peso versus US dollar since this will affect the toll rate adjustments.

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

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

The recoverable value of service concession rights and other nonfinancial assets represents the higher of value-in-use or fair value less cost of disposal. Estimating the value-in-use requires the Group to make an assessment of the expected future cash flows from the use of the service concession rights and other nonfinancial assets and allows it to choose a suitable discount rate in order to calculate the present value of those cash flows.

There are no indications that the service concession rights and other nonfinancial assets may be impaired. Accordingly, no impairment loss was recognized in 2025, 2024 and 2023. The carrying amounts of the nonfinancial assets of the Group are as follows:

|                           | Note | 2025               | 2024        |
|---------------------------|------|--------------------|-------------|
| Service concession rights | 8    | <b>₱78,056,505</b> | ₱79,084,191 |
| Input VAT                 |      | <b>2,190,545</b>   | 2,981,449   |
| Property and equipment    | 9    | <b>254,168</b>     | 204,361     |
| Other current assets*     | 7    | <b>215,707</b>     | 332,185     |
| Other noncurrent assets** | 11   | <b>288,655</b>     | 396,359     |

\*Excluding security deposits

\*\*Excluding interest receivable, security deposits, and miscellaneous deposits

**Assessing the Impairment of Goodwill.** The Group tests annually whether any impairment in goodwill is to be recognized, in accordance with the related accounting policy in Note 3. The recoverable amounts of CGUs have been determined based on the higher of fair value less costs of disposal and value in use calculations which require the use of estimates. Based on the impairment testing conducted, the recoverable amounts of the CGUs as at December 31, 2025 and 2024 calculated based on value in use are greater than the corresponding carrying amounts (including goodwill) of the CGUs as at the same dates. The carrying amount of goodwill amounted to ₱483.5 million as at December 31, 2025 and 2024 (see Note 10).

*Determining the Provision for Infrastructure Restoration Obligation.* The Group recognizes provisions based on estimates of whether it is probable that an outflow of resources will be required to settle an obligation. Where the final outcome of these matters is different from the amounts that were initially recognized, such differences will impact the financial performance in the current period in which such determination is made.

The provision for infrastructure restoration obligation requires an estimation of the periodic cost over the expected period to restore the roads to a level of serviceability and to maintain its good condition before turnover to the Philippine Government. This is based on the best estimate of management of the amount expected to be incurred to settle the obligation, discounted using a pre-tax rate that reflects the current market assessment of the time value of money. The key assumptions used to determine the infrastructure restoration obligation are further explained in Note 14.

Provision for infrastructure restoration obligation amounted to ₱328.4 million and ₱298.9 million as at December 31, 2025 and 2024, respectively (see Note 14).

*Determining the Defined Benefit Retirement Liabilities.* The determination of the liability and cost of retirement expense is dependent on the selection of certain assumptions provided to actuaries in calculating such amounts. Actual results that differ from the assumptions of the Group are accumulated and recorded in OCI. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement liability.

The retirement expense recognized in the comprehensive income amounted to ₱23.8 million, ₱25.8 million, and ₱18.5 million in 2025, 2024, and 2023, respectively (see Note 19). Net interest expense on net retirement liabilities recognized in the profit or loss amounted to ₱4.4 million, ₱4.3 million and ₱3.0 million in 2025, 2024 and 2023, respectively (see Note 19). The defined benefit retirement liabilities amounted to ₱50.6 million and ₱79.8 million as at December 31, 2025 and 2024, respectively (see Note 19).

*Assessing the Realizability of Deferred Tax Assets.* The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets recognized by the Group amounted to ₱75.1 million and ₱71.2 million as at December 31, 2025 and 2024, respectively (see Note 21).

The unrecognized deferred tax assets of the Group amounted to ₱2,490.5 million and ₱2,814.4 million as at December 31, 2025 and 2024, respectively. Management has assessed that it is not probable that sufficient taxable profit will be available in the future against which the benefit from the deferred tax assets can be utilized (see Note 21).

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## 5. Cash and Cash Equivalents

Cash and cash equivalents consist of:

|                           | 2025               | 2024               |
|---------------------------|--------------------|--------------------|
| Cash on hand and in banks | ₱2,176,131         | ₱2,558,451         |
| Cash equivalents          | 20,983,485         | 14,721,101         |
|                           | <b>₱23,159,616</b> | <b>₱17,279,552</b> |

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Cash in banks earn interest at bank's deposit rates. Cash equivalents are short-term investments that are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at short-term investment rates.

Interest income recognized in the consolidated statements of comprehensive income is earned from the following:

|                           | Note | 2025              | 2024              | 2023            |
|---------------------------|------|-------------------|-------------------|-----------------|
| Cash and cash equivalents |      | <b>₱926,307</b>   | ₱612,254          | ₱550,360        |
| Restricted cash           | 13   | <b>394,240</b>    | 554,721           | 411,211         |
| Due from related parties  | 18   | <b>62,668</b>     | —                 | —               |
|                           |      | <b>₱1,383,215</b> | <b>₱1,166,975</b> | <b>₱961,571</b> |

Interest receivable from cash and cash equivalents and restricted cash amounted to ₱57.9 million and ₱65.9 million as at December 31, 2025 and 2024, respectively (see Note 6). Interest receivable from related parties amounted to ₱59.2 million and nil as at December 31, 2025 and 2024, respectively (see Note 11).

## 6. Receivables

Receivables consist of:

|                                                                | Note | 2025             | 2024            |
|----------------------------------------------------------------|------|------------------|-----------------|
| Receivable from Export and Industry Bank ("EIB")               |      | <b>₱511,243</b>  | ₱511,243        |
| Toll receivables from:                                         |      |                  |                 |
| Third parties                                                  |      | <b>335,703</b>   | 206,183         |
| PSC                                                            |      | <b>92,470</b>    | 92,470          |
| Related parties                                                | 18   | <b>40,284</b>    | 10,493          |
| Rent receivables:                                              |      |                  |                 |
| Related parties                                                | 18   | <b>30,545</b>    | 14,420          |
| Third parties                                                  |      | <b>10,157</b>    | 7,887           |
| Interest receivable                                            | 5    | <b>57,891</b>    | 65,910          |
| Receivable from Department of Public Works and Highways (DPWH) |      | <b>15,531</b>    | 15,531          |
| O&M fee receivables                                            |      |                  |                 |
| Third party                                                    | 20   | <b>39,200</b>    | —               |
| Related parties                                                | 18   | <b>13,963</b>    | 4,349           |
| Others                                                         |      | <b>50,037</b>    | 44,311          |
|                                                                |      | <b>1,197,024</b> | 972,797         |
| Less allowance for ECL                                         |      | <b>(733,649)</b> | (733,649)       |
|                                                                |      | <b>₱463,375</b>  | <b>₱239,148</b> |

### Receivable from EIB

On April 27, 2012, EIB was placed under the Philippine Deposit Insurance Corporation receivership by the Bangko Sentral ng Pilipinas. Based on the developments affecting the EIB, SMC SKYWAY recognized full allowance for ECL as at December 31, 2025 and 2024.

### **Toll Receivables**

Toll receivables from third parties pertain to amount due from merchants for the e-load of motorists' RFID account and due from motorists from the use of toll roads through ETC system and receivable from PSC from its former operation of Stage 1 and 2. Toll receivables are unsecured, non-interest bearing and are normally collected within 30 days.

### **Rent Receivables**

Rent receivables pertain to lease of advertising spaces which are unsecured, non-interest bearing and are normally collected within 10 to 30 days. Provision for ECL on rent receivables amounting to ₱3.3 million was also written off in 2024. The management assessed that these receivables can no longer be collected (see Note 20).

### **Receivable from DPWH**

On October 12, 2009, SMC SKYWAY entered into a Memorandum of Agreement with the ROP, as Grantor, acting by and through DPWH wherein the Grantor shall reimburse the funds advanced by SMC SKYWAY for the right of way requirements for Stage 2 immediately after the availability of Grantor funds and the execution of a Reimbursement Agreement. These are unsecured and non-interest-bearing receivables.

### **O&M Fee Receivables**

O&M fee receivables pertain to the outstanding monthly fee from the agreement with NAIAX, to manage, operate and maintain the toll roads and toll road facilities, interchanges, and related facilities of the entire NAIAX. These also includes reimbursable expenses incurred for NAIAX and SMC SLEX Inc. (SLEX). O&M fee receivables are unsecured, non-interest bearing and are normally due and demandable upon receipt of billings.

### **Other Receivables**

Others mainly pertain to advances to third parties which were fully provided by allowance for impairment losses. It also includes advances to officers and employees which are normally settled within the next reporting year.

Movements in allowance for ECL are as follows:

| December 31, 2025                    |  |          |                  |                  |         |          |
|--------------------------------------|--|----------|------------------|------------------|---------|----------|
|                                      |  | EIB      | Toll Receivables | Rent Receivables | Others  | Total    |
| Balance at beginning and end of year |  | ₱511,243 | ₱198,641         | ₱—               | ₱23,765 | ₱733,649 |

| December 31, 2024            |      |          |                  |                  |         |          |
|------------------------------|------|----------|------------------|------------------|---------|----------|
|                              | Note | EIB      | Toll Receivables | Rent Receivables | Others  | Total    |
| Balance at beginning of year |      | ₱511,243 | ₱176,329         | ₱—               | ₱23,765 | ₱711,337 |
| Provision                    | 17   | —        | 22,312           | 3,300            | —       | 25,612   |
| Write-off                    |      | —        | —                | (3,300)          | —       | (3,300)  |
| Balance at end of year       |      | ₱511,243 | ₱198,641         | ₱—               | ₱23,765 | ₱733,649 |

| December 31, 2023            |      |          |                  |                  |         |          |
|------------------------------|------|----------|------------------|------------------|---------|----------|
|                              | Note | EIB      | Toll Receivables | Rent Receivables | Others  | Total    |
| Balance at beginning of year |      | ₱511,243 | ₱168,291         | ₱—               | ₱23,765 | ₱703,299 |
| Provision                    | 17   | —        | 8,038            | —                | —       | 8,038    |
| Balance at end of year       |      | ₱511,243 | ₱176,329         | ₱—               | ₱23,765 | ₱711,337 |

## 7. Other Current Assets

Other current assets consist of:

|                       | 2025            | 2024            |
|-----------------------|-----------------|-----------------|
| Prepayments           | <b>P143,755</b> | <b>P140,296</b> |
| Advances to suppliers | <b>35,653</b>   | <b>59,435</b>   |
| Deferred input VAT    | <b>31,804</b>   | <b>127,049</b>  |
| Security deposits     | <b>450</b>      | <b>595</b>      |
| Others                | <b>4,495</b>    | <b>5,405</b>    |
|                       | <b>P216,157</b> | <b>P332,780</b> |

Prepayments mainly consist of prepaid insurance, which pertains to insurance premiums relating to the toll road construction and will be applied throughout the remaining term of the related contracts, and prepaid taxes and licenses.

Advances to suppliers represent advance payments on services to be incurred in connection with the operations of the Group.

Deferred input VAT is composed of current portion of the unamortized input VAT on purchase of capital goods and unpaid portion of purchased services. Deferred input VAT is presented as follows:

|            | Note | 2025           | 2024            |
|------------|------|----------------|-----------------|
| Current    |      | <b>P31,804</b> | <b>P127,049</b> |
| Noncurrent | 11   | <b>35</b>      | <b>610</b>      |
|            |      | <b>P31,839</b> | <b>P127,659</b> |

Security deposits pertain to lease which are to be refunded upon termination of the agreements (see Notes 18 and 20). Security deposits are presented as follows:

|            | Note | 2025          | 2024        |
|------------|------|---------------|-------------|
| Current    |      | <b>P450</b>   | <b>P595</b> |
| Noncurrent | 11   | <b>568</b>    | <b>—</b>    |
|            |      | <b>P1,018</b> | <b>P595</b> |

## 8. Service Concession Rights

Service concession rights consist of:

|                                 | Note | 2025               |                    |                    |                    |                     |
|---------------------------------|------|--------------------|--------------------|--------------------|--------------------|---------------------|
|                                 |      | Stage 1            | Stage 2            | Stage 3            | Skyway Extension   | Total               |
| <b>Cost</b>                     |      |                    |                    |                    |                    |                     |
| Balance at beginning of year    |      | <b>P18,751,948</b> | <b>P10,589,930</b> | <b>P64,867,698</b> | <b>P10,384,719</b> | <b>P104,594,295</b> |
| Additions                       |      | <b>213,678</b>     | <b>46,409</b>      | <b>1,921,320</b>   | <b>280,810</b>     | <b>2,462,217</b>    |
| Balance at end of year          |      | <b>18,965,626</b>  | <b>10,636,339</b>  | <b>66,789,018</b>  | <b>10,665,529</b>  | <b>107,056,512</b>  |
| <b>Accumulated Amortization</b> |      |                    |                    |                    |                    |                     |
| Balance at beginning of year    |      | <b>12,463,811</b>  | <b>4,699,474</b>   | <b>7,181,208</b>   | <b>1,165,611</b>   | <b>25,510,104</b>   |
| Amortization                    | 9    | <b>383,095</b>     | <b>344,012</b>     | <b>2,141,278</b>   | <b>621,518</b>     | <b>3,489,903</b>    |
| Balance at end of year          |      | <b>12,846,906</b>  | <b>5,043,486</b>   | <b>9,322,486</b>   | <b>1,787,129</b>   | <b>29,000,007</b>   |
| <b>Carrying Amount</b>          |      | <b>P6,118,720</b>  | <b>P5,592,853</b>  | <b>P57,466,532</b> | <b>P8,878,400</b>  | <b>P78,056,505</b>  |

|                                 |      | 2024        |             |             |                  |              |
|---------------------------------|------|-------------|-------------|-------------|------------------|--------------|
|                                 | Note | Stage 1     | Stage 2     | Stage 3     | Skyway Extension | Total        |
| <b>Cost</b>                     |      |             |             |             |                  |              |
| Balance at beginning of year    |      | ₱18,721,031 | ₱10,318,329 | ₱63,122,891 | ₱10,214,459      | ₱102,376,710 |
| Additions                       |      | 30,917      | 271,601     | 1,744,807   | 170,260          | 2,217,585    |
| Balance at end of year          |      | 18,751,948  | 10,589,930  | 64,867,698  | 10,384,719       | 104,594,295  |
| <b>Accumulated Amortization</b> |      |             |             |             |                  |              |
| Balance at beginning of year    |      | 12,080,717  | 4,355,462   | 5,078,086   | 553,730          | 22,067,995   |
| Amortization                    | 9    | 383,094     | 344,012     | 2,103,122   | 611,881          | 3,442,109    |
| Balance at end of year          |      | 12,463,811  | 4,699,474   | 7,181,208   | 1,165,611        | 25,510,104   |
| Carrying Amount                 |      | ₱6,288,137  | ₱5,890,456  | ₱57,686,490 | ₱9,219,108       | ₱79,084,191  |

Service concession rights mainly consist of costs incurred for the construction of the toll roads. The service concession rights related to the Project Road during construction are not amortized until such time that the toll road is completed and put into operational use.

On November 21, 2020, an accident occurred during the construction of the Skyway Extension. Income from the insurance claims amounted to ₱11.8 million in 2024, which is presented as part of "Other - net" account under "Other income (charges)" account in the consolidated statements of comprehensive income.

#### **Construction Revenue and Construction Costs**

The Group recognized construction revenue and construction cost amounting to ₱2,462.2 million, ₱2,217.6 million and ₱953.7 million in 2025, 2024 and 2023, respectively, in reference to the stage of completion of the construction. The outstanding contracts of the Group with the third parties amounted to ₱4,576.1 million as at December 31, 2025.

### **9. Property and Equipment and Investment Properties**

#### **Property and Equipment**

Property and equipment consist of:

|                                 | 2025                        |                              |                                                   |                          |          |
|---------------------------------|-----------------------------|------------------------------|---------------------------------------------------|--------------------------|----------|
|                                 | Transportation<br>Equipment | Machineries and<br>Equipment | Office<br>Equipment,<br>Furniture and<br>Fixtures | Building<br>Improvements | Total    |
| <b>Cost</b>                     |                             |                              |                                                   |                          |          |
| Balance at beginning of year    | ₱329,695                    | ₱165,693                     | ₱112,445                                          | ₱29,690                  | ₱637,523 |
| Additions                       | 30,381                      | 85,905                       | 4,714                                             | 603                      | 121,603  |
| Disposals                       | (21,586)                    | –                            | (1,166)                                           | (5,181)                  | (27,933) |
| Balance at end of year          | 338,490                     | 251,598                      | 115,993                                           | 25,112                   | 731,193  |
| <b>Accumulated Depreciation</b> |                             |                              |                                                   |                          |          |
| Balance at beginning of year    | 210,997                     | 112,711                      | 96,245                                            | 13,209                   | 433,162  |
| Depreciation                    | 34,183                      | 21,410                       | 8,168                                             | 2,855                    | 66,616   |
| Disposals                       | (21,586)                    | –                            | (1,167)                                           | –                        | (22,753) |
| Balance at end of year          | 223,594                     | 134,121                      | 103,246                                           | 16,064                   | 477,025  |
| <b>Carrying Amount</b>          | ₱114,896                    | ₱117,477                     | ₱12,747                                           | ₱9,048                   | ₱254,168 |

|                                 | 2024                        |                              |                                                   |                          |                 |
|---------------------------------|-----------------------------|------------------------------|---------------------------------------------------|--------------------------|-----------------|
|                                 | Transportation<br>Equipment | Machineries and<br>Equipment | Office<br>Equipment,<br>Furniture and<br>Fixtures | Building<br>Improvements | Total           |
| <b>Cost</b>                     |                             |                              |                                                   |                          |                 |
| Balance at beginning of year    | ₱293,202                    | ₱116,265                     | ₱102,953                                          | ₱17,285                  | ₱529,705        |
| Additions                       | 40,553                      | 49,428                       | 11,262                                            | 12,405                   | 113,648         |
| Disposals                       | (4,060)                     | —                            | (1,770)                                           | —                        | (5,830)         |
| Balance at end of year          | 329,695                     | 165,693                      | 112,445                                           | 29,690                   | 637,523         |
| <b>Accumulated Depreciation</b> |                             |                              |                                                   |                          |                 |
| Balance at beginning of year    | 184,100                     | 98,981                       | 89,974                                            | 11,301                   | 384,356         |
| Depreciation                    | 30,489                      | 13,730                       | 8,041                                             | 1,908                    | 54,168          |
| Disposals                       | (3,592)                     | —                            | (1,770)                                           | —                        | (5,362)         |
| Balance at end of year          | 210,997                     | 112,711                      | 96,245                                            | 13,209                   | 433,162         |
| <b>Carrying Amount</b>          | <b>₱118,698</b>             | <b>₱52,982</b>               | <b>₱16,200</b>                                    | <b>₱16,481</b>           | <b>₱204,361</b> |

The total cost of fully depreciated property and equipment still in use amounted to ₱307.9 million and ₱274.2 million as at December 31, 2025 and 2024, respectively.

The Group disposed property and equipment with total cost of ₱27.9 million, ₱5.8 million and ₱14.6 million in 2025, 2024 and 2023, respectively, which resulted to gain (loss) on disposal of ₱2.2 million, ₱1.3 million and (₱0.5 million) in 2025, 2024 and 2023, respectively. Gain or loss on disposal of property and equipment were presented as part of "Others - net" account under "Other income (charges)" account in the consolidated statements of comprehensive income.

Depreciation and amortization charged to cost of services and operating expenses are as follows:

|                           | Note | 2025              | 2024              | 2023              |
|---------------------------|------|-------------------|-------------------|-------------------|
| Service concession rights | 8    | ₱3,489,903        | ₱3,442,109        | ₱3,342,914        |
| Property and equipment    |      | 66,616            | 54,168            | 58,591            |
| ROU assets                | 20   | 2,523             | 3,335             | 3,353             |
| Computer software         | 11   | 566               | —                 | —                 |
|                           |      | <b>₱3,559,608</b> | <b>₱3,499,612</b> | <b>₱3,404,858</b> |

Depreciation and amortization are allocated as follows:

|                    | Note | 2025              | 2024              | 2023              |
|--------------------|------|-------------------|-------------------|-------------------|
| Cost of services   | 17   | ₱3,541,383        | ₱3,485,150        | ₱3,385,816        |
| Operating expenses | 17   | 18,225            | 14,462            | 19,042            |
|                    |      | <b>₱3,559,608</b> | <b>₱3,499,612</b> | <b>₱3,404,858</b> |

There are no property and equipment that are pledged as security or collateral to the Group's liabilities as at December 31, 2025 and 2024.

### **Investment Properties**

The Group also has investment properties consisting of condominium units being leased out to third parties. The property has been fully depreciated with a cost and accumulated depreciation of ₱249.4 million as at December 31, 2025 and 2024.

The fair value of the investment properties amounted to ₱179.9 million as at December 31, 2025 and 2024. The fair values of the investment properties were determined by an independent appraiser in 2022. The Group did not obtain an appraisal report as at December 31, 2025 as management believes that there is no evidence that the investment properties have either significantly increased or decreased in value between the reporting dates and the appraisal report dates.

The fair value of the investment properties was determined based on the published selling prices of similar properties of the same vicinity as of the reporting date for market approach. The appraisal of the properties gave due consideration to the highest and best use of the property. As defined, highest and best use is the most profitable likely use to which the property can be put. The fair value measurement for investment properties has been categorized under Level 2.

Description of valuation techniques used and key inputs to valuation on investment properties follows:

|                   | Valuation Approach | Significant Inputs                           | Range (weighted average) |
|-------------------|--------------------|----------------------------------------------|--------------------------|
| Condominium units | Market Approach    | Average selling price per square meter (sqm) | ₱72 to ₱85/sq.m          |
|                   |                    | Valuation adjustment                         | 0% to 34%                |

Sensitivity Analysis. The following factors were considered in determining the market value of the subject property:

- property location and neighborhood data
- present use of the property is either commercial/residential/agricultural
- quantitative market value adjustments based on external and internal factors
- highest and best use (commercial and residential building/resort and its allied development)

Significant increase (decrease) in price per square meter would result in a significantly higher (lower) fair value measurement. Significant increase (decrease) in value adjustments would result in a lower (higher) fair value measurement.

Rental income related to the investment properties amounted to ₱3.3 million in 2025, 2024 and 2023 (see Note 20). The direct expense related to the investment properties are real property taxes and association dues amounting to ₱2.1 million, ₱1.9 million and ₱1.8 million in 2025, 2024 and 2023, respectively.

There are no investment properties that are pledged as security or collateral to the Group's liabilities as at December 31, 2025 and 2024.

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## 10. Accounting for Business Combination

On September 5, 2014, S3CTHC subscribed to 55% interest in MMSS3 for ₱200.0 million. Prior to S3CTHC's subscription, MMSS3 was a wholly-owned subsidiary of CLGP, a company domiciled in Jakarta, Indonesia. S3CTHC and CLGP executed an agreement assigning CLGP's beneficial interest in MMSS3 to the S3CTHC equivalent to 25%. Also, on September 8, 2014, S3CTHC deposited ₱7,800.0 million to MMSS3 which is intended to be converted to common stock of MMSS3. Accordingly, the total purchase considerations transferred amounted to ₱8,000.0 million which resulted to a goodwill amounting to ₱483.4 million. None of the goodwill recognized is expected to be deductible for income tax purposes. The recoverable amount of goodwill has been determined based on the value in use computation covering the 30-year definite life of the toll concession rights in 2025, 2024 and 2023. The discount rate applied to the cash flow projections ranges from 4% to 5% in 2025, 2024 and 2023. Management assessed that no reasonably possible change in any of the assumptions would cause the carrying amount of the related investment to exceed its recoverable amount. The carrying amount of goodwill is allocated to MMSS3.

S3CTHC has elected to measure the NCI in the acquiree at proportionate share of 20% of the fair value of the identifiable net assets. In 2019, S3CTHC subscribed to additional shares issued by MMSS3 resulting to a decrease in the ownership of the non-controlling interest from 20% to 10%.

Prior to 2020, the Group has 40% equity investment of SOMCO through SMC SKYWAY or effective interest ownership of 35.14%. In 2020, the Parent Company acquired a total of 53.37% interest in TROMV from Padma Investments PTE. Ltd. The total consideration of the acquisition amounting to ₱0.1 million resulted to a recognition of NCI of ₱0.2 million and goodwill of ₱4.0 (see Note 2). The indirect ownership in SOMCO increased to 57.88% and resulted to recognition of gain from bargain purchase amounting to ₱2.5 million. The Group believes it was able to acquire the net assets of SOMCO for less than the fair values as negotiated by the shareholders.

The above transactions resulted to a recognition of deferred income tax liability on the fair value adjustment amounting to ₱326.4 million, non-controlling interest of ₱1,960.7 million and goodwill of ₱483.5 million. The remaining deferred tax liability on the fair value adjustment on service concession rights amounted to ₱258.4 million and ₱273.5 million as at December 31, 2025 and 2024, respectively (see Note 21).

The calculations of value in use of goodwill are most sensitive to the following assumptions:

- a. Discount rates - Discount rates were derived from the Group's weighted average cost of capital and reflect management's estimate of risks within the CGUs. This is the benchmark used by the management to assess operating performance and to evaluate future investment proposals.
- b. Income growth rate - The long-term rate used to extrapolate the budget is based on average income received from in the three years preceding the beginning of the budget period.

# 11. Other Noncurrent Assets

Other noncurrent assets consist of:

|                         | Note | 2025            | 2024     |
|-------------------------|------|-----------------|----------|
| Advances to contractors |      | <b>P262,026</b> | P360,009 |
| Interest receivable     | 18   | <b>59,218</b>   | —        |
| ROU assets              | 20   | <b>14,885</b>   | 2,702    |
| Computer software       |      | <b>5,414</b>    | —        |
| Deposits:               |      |                 |          |
| Miscellaneous deposits  |      | <b>2,147</b>    | 2,206    |
| Security deposit        | 7    | <b>568</b>      | —        |
| Deferred input VAT      | 7    | <b>35</b>       | 610      |
| Others                  |      | <b>6,295</b>    | 33,038   |
|                         |      | <b>P350,588</b> | P398,565 |

## Advances to Contractors

This account represents advance payments made to various contractors for the construction of the Stage 3, Skyway Extension Project, Skyway Widening, and New Bicutan and New Sucat Toll Plaza Project. These are recouped at each progress billing depending on the agreement with the contractors.

## Computer Software

Computer software pertains to the computer software license and related consultancy service obtained by the Group pursuant to the service agreement.

Movements in computer software are as follows:

|                                 | Note | 2025           | 2024    |
|---------------------------------|------|----------------|---------|
| <b>Cost</b>                     |      |                |         |
| Balance at beginning of year    |      | <b>P17,685</b> | P17,685 |
| Additions                       |      | <b>5,980</b>   | —       |
| Balance at end of year          |      | <b>23,665</b>  | 17,685  |
| <b>Accumulated Amortization</b> |      |                |         |
| Balance at beginning of year    |      | <b>17,685</b>  | 17,685  |
| Amortization                    | 9    | <b>566</b>     | —       |
| Balance at end of year          |      | <b>18,251</b>  | 17,685  |
| <b>Carrying Amount</b>          |      | <b>P5,414</b>  | P—      |

No amortization was recognized in 2024 and 2023.

Fully amortized computer software still being used amounted to P17.7 million as at December 31, 2025 and 2024.

## Others

Others pertain mainly to advances to suppliers and prepayments.

## 12. Accounts Payable and Other Current Liabilities

Accounts payable and other current liabilities consist of:

|                               | Note | 2025              | 2024              |
|-------------------------------|------|-------------------|-------------------|
| Refundable toll replenishment |      | <b>₱3,335,211</b> | <b>₱3,064,565</b> |
| Payable to contractors        | 20   | <b>522,746</b>    | <b>1,048,039</b>  |
| Payable to related parties    | 18   | <b>313,327</b>    | <b>229,789</b>    |
| Statutory payables            |      | <b>270,335</b>    | <b>481,980</b>    |
| Accrued interest payable      | 13   | <b>224,381</b>    | <b>263,911</b>    |
| Accrued expenses              |      | <b>141,090</b>    | <b>107,338</b>    |
| Due to a related party        | 18   | <b>61,844</b>     | <b>61,844</b>     |
| Retention payable             |      | <b>45,678</b>     | <b>495,334</b>    |
| Others                        |      | <b>105,590</b>    | <b>272,863</b>    |
|                               |      | <b>₱5,020,202</b> | <b>₱6,025,663</b> |

Refundable toll replenishment pertains to advance toll payments made by RFID users. These are noninterest-bearing and applied against revenue from toll operations and are also refundable in nature as stated under the Terms and Conditions of RFID Agreement with the Group.

Payable to contractors relates to construction and development costs. These are noninterest-bearing and are paid based on a payment schedule ranging from 15 to 30 days upon receipt of the corresponding invoice.

Statutory payables consist of VAT payable, withholding taxes on compensation, final and expanded withholding taxes, Social Security System, Home Development Mutual Fund and Philippine Health Insurance Corporation contributions that are remitted to the government within the next reporting period.

Accrued expenses consist mainly of utilities, contracted services, taxes, and repairs and maintenance expenses. These are normally settled within one year.

Retention payable pertains to the amounts withheld by the Group from payments made to contractors. These are deducted as a percentage of the amount certified as due to the contractor and will be released upon completion of the construction.

Retention payable is presented as follows:

|            | 2025            | 2024            |
|------------|-----------------|-----------------|
| Current    | <b>₱45,678</b>  | <b>₱495,334</b> |
| Noncurrent | <b>121,104</b>  | <b>78,514</b>   |
|            | <b>₱166,782</b> | <b>₱573,848</b> |

Other payables are normally settled within one year.

### 13. Long-term Debt

Long-term debt consists of:

|                                                    | 2025               | 2024        |
|----------------------------------------------------|--------------------|-------------|
| Retail Bond Issue                                  | <b>₱34,579,238</b> | ₱34,528,675 |
| Omnibus Loan and Security Agreement (OLSA) - MMSS3 | <b>12,210,645</b>  | 17,730,985  |
|                                                    | <b>46,789,883</b>  | 52,259,660  |
| Less current portion                               | <b>5,005,655</b>   | 5,520,340   |
| Noncurrent portion                                 | <b>₱41,784,228</b> | ₱46,739,320 |

Movements in this account are as follows:

|                                    | 2025               | 2024         |
|------------------------------------|--------------------|--------------|
| <b>Principal</b>                   |                    |              |
| Balance at beginning of year       | <b>₱52,797,099</b> | ₱56,046,914  |
| Availments                         | —                  | 35,000,000   |
| Payments                           | <b>(5,555,200)</b> | (38,249,815) |
| Balance at end of year             | <b>47,241,899</b>  | 52,797,099   |
| <b>Unamortized debt issue cost</b> |                    |              |
| Balance at beginning of year       | <b>537,439</b>     | 405,437      |
| Additions                          | —                  | 474,802      |
| Amortization                       | <b>(85,423)</b>    | (342,800)    |
| Balance at end of year             | <b>452,016</b>     | 537,439      |
|                                    | <b>₱46,789,883</b> | ₱52,259,660  |

#### **Retail Bond Issue**

As discussed in Note 1, in December 2024, the Parent Company issued the Bonds to the public with aggregate principal amount of ₱35,000.0 million in three (3) tranches.

The fund-raising exercise generated net proceeds of ₱34,525.2 million, after deducting fees, taxes, commissions and related expenses.

The Bonds were issued in three (3) series as follows:

|                | Principal   | Interest Rate | Term                        |
|----------------|-------------|---------------|-----------------------------|
| Series A Bonds | ₱10,560,100 | 6.4783% p.a.  | Five years and three months |
| Series B Bonds | 5,898,950   | 6.7026% p.a.  | Seven years                 |
| Series C Bonds | 18,540,950  | 6.9331% p.a.  | Ten years                   |

Interest on the Bonds shall be payable quarterly in arrears starting on March 5, 2025 for the first interest payment date, and every quarter thereafter as long as the Bonds remain outstanding.

The Parent Company may (but shall not be obliged to) redeem all (and not a part only) of any series of the outstanding Bonds on the following relevant dates (each an "Optional Redemption Date"). The amount payable to the Bondholders in respect of such redemptions shall be calculated based on the principal amount of the Bonds being redeemed, as the sum of:

- a. accrued interest on the Bonds computed from the last interest payment date up to the relevant Optional Redemption Date; and
- b. the product of the principal amount and the applicable optional redemption price in accordance with the following schedule:

| Years from Issue Date | Series A Bonds | Series B Bonds | Series C Bonds |
|-----------------------|----------------|----------------|----------------|
| Three years           | 100.5%         | —              | —              |
| Five years            | —              | 101.0%         | —              |
| Six years             | —              | 100.5%         | —              |
| Seven years           | —              | —              | 101.5%         |
| Eight years           | —              | —              | 101.0%         |
| Nine years            | —              | —              | 100.5%         |

Unless previously redeemed, purchased and cancelled, the Series A Bonds, Series B Bonds and Series C Bonds will be redeemed at par or 100.00% of their face value on their respective maturity dates.

Unless the Majority Bondholders shall otherwise consent in writing, the Parent Company shall comply with the following financial covenants:

- a. Debt-to-equity ratio (ratio of interest-bearing debt to equity, as defined in the bond offering prospectus of the Company dated November 13, 2024) of not more than 3.0x; and
- b. Interest coverage ratio of not less than 2.0x so long as any of the Bonds remain outstanding.

The Parent Company is in compliance with the financial covenants as at December 31, 2025 and 2024.

The unamortized debt issue cost on the drawn loan balance amounting to ₱420.8 million and ₱471.3 million as at December 31, 2025 and 2024, respectively, is amortized using the effective interest rate method over the term of the loan. Effective interest rate ranges from 5.75% to 7.12% in 2025 and 2024.

#### **Loan Facility**

On December 9, 2019, the Parent Company entered into a Loan Facility with local banks for a loanable amount of ₱41,200.0 million to refinance existing debt obligations and acquisition of investments for infrastructure projects. As at December 31, 2024, the Loan Facility was fully paid.

The long-term debt bears interest rate of higher of a Benchmark Rate plus 1.75% per annum or a floor rate of 5.5% per annum divided by the interest premium factor, subject to repricing on the fifth year of the term. Effective interest rates range from 5.75% to 6.20% in 2024 and 2023. The loan has a term of 10 years. Principal and interest are payable quarterly starting March 16, 2020.

The Parent Company is subject to loan covenants, such as but not limited to: (a) the Parent Company shall not declare, make or pay any dividend, charge, fee or other distribution; (b) certain financial ratios such as net debt of the Parent Company and SMC SKYWAY divided by EBITDA ratio of SMC SKYWAY, not to exceed 4.50x.

The security of the Loan Facility includes the assignment of the rights title and interest of the Parent Company over its shareholding in SMC SKYWAY.

#### **OLSA**

On December 15, 2014, MMSS3 entered into a Loan Facility Agreement with various local banks for a loanable amount of up to ₱31,000.0 million. As at December 31, 2025, the Loan Facility is fully drawn.

The term of the Loan Facility is 12 years. The Loan Facility bears interest rate equal to the higher of the sum of the base rate and the margin or 6.25%, subject to repricing at the seventh year of the term of the loan.

The Loan Facility is payable in 35 unequal consecutive quarterly installments starting on the earlier of March 30, 2020 or one calendar quarter after issuance of toll operation certificate by TRB. MMSS3 may, at its option, prepay the loans in part or in full on any interest payment date after the 5th anniversary of the initial drawdown date, together with accrued interest thereon to the date of prepayment, subject to certain conditions.

The unamortized debt issue cost on the drawn loan balance amounting to ₱31.3 million and ₱66.1 million as at December 31, 2025 and 2024, respectively, is amortized using the effective interest rate method over the term of the loan. Effective interest rate ranges from 7.43% to 10.40% in 2025 and 2024. As a security for the timely payment, discharge, observance and performance of all the provisions of the Loan Facility, S3CTHC, acting as the Sponsor/Pledgor in the Loan Facility, grants the Security Trustee for the benefit of the Secured Parties, a continuing security interest of first priority in, all of its rights, title and interests in and to the common and preferred stock of the Group held by S3CTHC whether now owned or existing or hereafter acquired.

The Loan Facility amounting to ₱12,241.9 million and ₱17,797.1 million as at December 31, 2025 and 2024, respectively, represent syndicated project financing loans, of which corresponding service concession rights are assigned to the extent of the balance of the long-term debt.

The Loan Facility provides for certain general covenants and financial ratios. As at December 31, 2025 and 2024, MMSS3 has complied with the required financial ratios. In 2025, MMSS3 obtained a waiver from creditor banks for the partial payment of advances from S3CTHC.

#### **Maturity Schedule**

The annual maturities of long-term debt are as follows:

|                     | Gross Amount       | Debt Issue Costs | Net                |
|---------------------|--------------------|------------------|--------------------|
| 2026                | ₱5,084,000         | ₱78,345          | ₱5,005,655         |
| 2027                | 7,157,899          | 65,809           | 7,092,090          |
| 2028 and thereafter | 35,000,000         | 307,862          | 34,692,138         |
|                     | <b>₱47,241,899</b> | <b>₱452,016</b>  | <b>₱46,789,883</b> |

### **Interest Expense and Other Financing Charges**

Interest incurred by the Group follows:

|                                                                | Note | 2025              | 2024              | 2023              |
|----------------------------------------------------------------|------|-------------------|-------------------|-------------------|
| Interest on long-term debt                                     |      | <b>P3,773,358</b> | <b>P4,143,685</b> | <b>P4,354,046</b> |
| Amortization of debt issue cost                                |      | <b>85,423</b>     | <b>342,800</b>    | <b>138,892</b>    |
| Accretion of interest on infrastructure restoration obligation | 14   | <b>15,062</b>     | <b>16,332</b>     | <b>14,210</b>     |
| Net interest cost on retirement liabilities                    | 19   | <b>4,400</b>      | <b>4,254</b>      | <b>3,026</b>      |
| Interest on lease liabilities                                  | 20   | <b>274</b>        | <b>207</b>        | <b>378</b>        |
|                                                                |      | <b>P3,878,517</b> | <b>P4,507,278</b> | <b>P4,510,552</b> |

Accrued interest amounted to P224.4 million and P263.9 million as at December 31, 2025 and 2024, respectively (see Note 12).

### **Restricted Cash**

#### **OLSA**

The OLSA requires the Group to open and maintain the following Security Trustee-Controlled Cash Flow Waterfall Accounts: Revenue Account, Debt Service Reserve Account and Debt Service Payment Account.

Restricted cash presented in the consolidated statements of financial position amounted to P6,914.9 million and P9,884.4 million as at December 31, 2025 and 2024, respectively.

Interest income from the restricted cash amounted to P394.2 million, P554.7 million and P411.2 million in 2025, 2024 and 2023, respectively (see Note 5).

### **Cash Flows Arising from Financing Activities**

The reconciliation of the Group's liabilities arising from financing activities as at December 31 are presented below:

|                                       | Cash flows         |            |                     |                   |                 | 2025               |
|---------------------------------------|--------------------|------------|---------------------|-------------------|-----------------|--------------------|
|                                       | 2024               | Availments | Payments            | Interest Expense  | Noncash Item    |                    |
| Long-term debt                        | <b>P52,259,660</b> | <b>P-</b>  | <b>(P5,555,200)</b> | <b>P-</b>         | <b>P85,423</b>  | <b>P46,789,883</b> |
| Accrued interest payable              | <b>263,911</b>     | <b>-</b>   | <b>(3,812,888)</b>  | <b>3,773,358</b>  | <b>-</b>        | <b>224,381</b>     |
| Dividends to non-controlling interest | <b>96,025</b>      | <b>-</b>   | <b>(364,234)</b>    | <b>-</b>          | <b>364,234</b>  | <b>96,025</b>      |
| Lease liabilities                     | <b>2,345</b>       | <b>-</b>   | <b>(1,744)</b>      | <b>274</b>        | <b>13,556</b>   | <b>14,431</b>      |
|                                       | <b>P52,621,941</b> | <b>P-</b>  | <b>(P9,734,066)</b> | <b>P3,773,632</b> | <b>P463,213</b> | <b>P47,124,720</b> |

|                                       | Cash flows         |                    |                      |                   |                   | 2024               |
|---------------------------------------|--------------------|--------------------|----------------------|-------------------|-------------------|--------------------|
|                                       | 2023               | Availments         | Payments             | Interest Expense  | Noncash Item      |                    |
| Long-term debt                        | <b>P55,641,477</b> | <b>P34,525,198</b> | <b>(P38,249,815)</b> | <b>P-</b>         | <b>P342,800</b>   | <b>P52,259,660</b> |
| Accrued interest payable              | <b>230,565</b>     | <b>-</b>           | <b>(4,110,339)</b>   | <b>4,143,685</b>  | <b>-</b>          | <b>263,911</b>     |
| Dividends to non-controlling interest | <b>283,316</b>     | <b>-</b>           | <b>(1,006,818)</b>   | <b>-</b>          | <b>819,527</b>    | <b>96,025</b>      |
| Lease liabilities                     | <b>5,828</b>       | <b>-</b>           | <b>(3,602)</b>       | <b>207</b>        | <b>(88)</b>       | <b>2,345</b>       |
|                                       | <b>P56,161,186</b> | <b>P34,525,198</b> | <b>(P43,370,574)</b> | <b>P4,143,892</b> | <b>P1,162,239</b> | <b>P52,621,941</b> |

#### 14. Provision for Infrastructure Restoration Obligation

Provision for infrastructure restoration obligation pertains to the present value of the contractual obligation of SMC SKYWAY to restore the roads to a specified level of serviceability and to maintain these in good condition during the concession period before turnover to the Philippine Government.

Provision for infrastructure restoration obligation as at December 31 as follows:

|                                                     | Note | 2025            | 2024     |
|-----------------------------------------------------|------|-----------------|----------|
| Balance at beginning of year                        |      | <b>₱298,908</b> | ₱264,370 |
| Accretion of interest                               | 13   | <b>15,062</b>   | 16,332   |
| Provision for infrastructure restoration obligation | 17   | <b>14,401</b>   | 18,206   |
| Balance at end of year                              |      | <b>328,371</b>  | 298,908  |
| Less current portion                                |      | <b>139,743</b>  | 126,323  |
| Noncurrent portion                                  |      | <b>₱188,628</b> | ₱172,585 |

Key assumptions used to determine the provision for infrastructure restoration obligation are as follows:

|                     | 2025                  | 2024           |
|---------------------|-----------------------|----------------|
| Replacement period: |                       |                |
| At-grade            | <b>8 years</b>        | 8 years        |
| Elevated            | <b>10 years</b>       | 10 years       |
| Discount rate range | <b>5.04% to 6.07%</b> | 6.05% to 6.18% |
| Price increase      | <b>1.70%</b>          | 3.20%          |

Discount rates represent the interest rates of government bonds that are denominated in Philippine currency in which the obligation will be paid, with extrapolated maturities corresponding to the expected payment of resurfacing obligation.

Price increase rate is based on the published general inflation rates for the Philippines.

#### 15. Retained Earnings

Under the Philippine Revised Corporation Code, stock corporations are generally prohibited from retaining surplus profits in excess of 100% of their paid up capital.

In 2023, the Parent Company was restricted from declaring, making and paying any dividends, charge, fee or other distribution whether in cash or in kind or in respect of its share capital under the Loan Facility (see Note 13). As discussed in Note 13, the Loan Facility was fully settled in 2024.

As at December 31, 2025 and 2024, the retained earnings of the Parent Company is in excess of its paid-in capital stock by ₱28,848.0 million and ₱28,363.9 million, respectively.

##### **Event After the Reporting Date**

On March 9, 2026, the BOD approved the appropriation of retained earnings amounting to ₱32,071.0 million to fund the New Decongestion Facilities, expected to be utilized until 2031.

## 16. Revenue

### Revenue from Contracts with Customers

Disaggregation of the Group's revenue from contracts with customers is as follows:

|                                         | Note   | 2025               | 2024               | 2023               |
|-----------------------------------------|--------|--------------------|--------------------|--------------------|
| Revenue recognized at a point in time - |        |                    |                    |                    |
| Revenue from toll operations            |        | <b>₱22,027,247</b> | <b>₱20,769,042</b> | <b>₱19,860,979</b> |
| Revenue recognized over time:           |        |                    |                    |                    |
| Construction revenue                    | 8      | <b>2,462,217</b>   | <b>2,217,585</b>   | <b>953,695</b>     |
| Toll operations and maintenance fee     | 18, 20 | <b>405,000</b>     | <b>405,000</b>     | <b>405,000</b>     |
|                                         |        | <b>2,867,217</b>   | <b>2,622,585</b>   | <b>1,358,695</b>   |
|                                         |        | <b>₱24,894,464</b> | <b>₱23,391,627</b> | <b>₱21,219,674</b> |

## 17. Cost of Services and Operating Expenses

Cost of services and operating expenses consist of:

|                                                     | Note | 2025              | 2024              | 2023              |
|-----------------------------------------------------|------|-------------------|-------------------|-------------------|
| <b>Cost of Services</b>                             |      |                   |                   |                   |
| Depreciation and amortization                       | 9    | <b>₱3,541,383</b> | <b>₱3,485,150</b> | <b>₱3,385,816</b> |
| Government fees                                     | 20   | <b>692,249</b>    | <b>631,838</b>    | <b>606,384</b>    |
| Contracted services                                 |      | <b>636,005</b>    | <b>478,239</b>    | <b>408,126</b>    |
| Personnel                                           |      | <b>622,126</b>    | <b>611,202</b>    | <b>589,012</b>    |
| Operations and maintenance fee                      | 20   | <b>322,164</b>    | <b>322,164</b>    | <b>322,164</b>    |
| Repairs and maintenance                             |      | <b>197,457</b>    | <b>226,887</b>    | <b>241,692</b>    |
| Insurance                                           |      | <b>92,210</b>     | <b>93,635</b>     | <b>81,678</b>     |
| Provision for infrastructure restoration obligation | 14   | <b>14,401</b>     | <b>18,206</b>     | <b>7,980</b>      |
| Taxes and licenses                                  |      | <b>238</b>        | <b>269</b>        | <b>286</b>        |
| Others                                              |      | <b>143,358</b>    | <b>153,469</b>    | <b>135,854</b>    |
|                                                     |      | <b>₱6,261,591</b> | <b>₱6,021,059</b> | <b>₱5,778,992</b> |
| <b>Operating Expenses</b>                           |      |                   |                   |                   |
| Management fees                                     | 18   | <b>₱579,759</b>   | <b>₱363,218</b>   | <b>₱327,578</b>   |
| Taxes and licenses                                  |      | <b>284,220</b>    | <b>184,986</b>    | <b>174,139</b>    |
| Contracted services                                 |      | <b>151,660</b>    | <b>95,073</b>     | <b>105,634</b>    |
| Personnel                                           |      | <b>112,573</b>    | <b>129,419</b>    | <b>106,434</b>    |
| Merchant fees                                       |      | <b>75,836</b>     | <b>72,219</b>     | <b>69,393</b>     |
| Corporate communication                             |      | <b>29,594</b>     | <b>20,027</b>     | <b>66,386</b>     |
| Depreciation and amortization                       | 9    | <b>18,225</b>     | <b>14,462</b>     | <b>19,042</b>     |
| Repairs and maintenance                             |      | <b>18,000</b>     | <b>103,700</b>    | <b>117,213</b>    |
| Transportation and travel                           |      | <b>9,065</b>      | <b>11,391</b>     | <b>11,479</b>     |
| Office supplies                                     |      | <b>7,690</b>      | <b>17,964</b>     | <b>17,808</b>     |
| Communication, light and water                      |      | <b>4,860</b>      | <b>6,932</b>      | <b>10,531</b>     |
| Representation and entertainment                    |      | <b>3,679</b>      | <b>17,508</b>     | <b>19,045</b>     |
| Insurance                                           |      | <b>1,041</b>      | <b>990</b>        | <b>321</b>        |
| ECL on receivables                                  | 6    | <b>-</b>          | <b>25,612</b>     | <b>8,038</b>      |
| Others                                              |      | <b>114,185</b>    | <b>55,770</b>     | <b>66,475</b>     |
|                                                     |      | <b>₱1,410,387</b> | <b>₱1,119,271</b> | <b>₱1,119,516</b> |

Personnel are composed of the following:

|                         | Note | 2025            | 2024            | 2023            |
|-------------------------|------|-----------------|-----------------|-----------------|
| Salaries and wages      |      | <b>P416,515</b> | <b>P450,212</b> | <b>P428,169</b> |
| Retirement expense      | 19   | <b>23,807</b>   | <b>25,829</b>   | <b>18,547</b>   |
| Other employee benefits |      | <b>294,377</b>  | <b>264,580</b>  | <b>248,730</b>  |
|                         |      | <b>P734,699</b> | <b>P740,621</b> | <b>P695,446</b> |

Other employee benefits represent employees' transportation allowances and medical insurance, among others.

## 18. Related Party Disclosures

The Parent Company and related parties purchase products and services from one another in the normal course of business. The Parent Company requires approval of the BOD for related party transactions amounting to at least ten percent (10%) of the total consolidated assets based on its latest audited financial statements. Amounts owed by/owed to related parties are collectible/will be settled in cash.

The following are the transactions with related parties and the outstanding balances as at December 31:

|                                                       | Note      | Amount of Transactions |                    |                    | Outstanding Balance |                 | Terms and Conditions                                                            |
|-------------------------------------------------------|-----------|------------------------|--------------------|--------------------|---------------------|-----------------|---------------------------------------------------------------------------------|
|                                                       |           | 2025                   | 2024               | 2023               | 2025                | 2024            |                                                                                 |
| <b>Receivables</b>                                    | <b>6</b>  |                        |                    |                    |                     |                 |                                                                                 |
| Entities under common control                         |           | <b>P352,768</b>        | <b>P573,373</b>    | <b>P1,890,134</b>  | <b>P84,792</b>      | <b>P29,262</b>  | 30 days; noninterest-bearing, unsecured                                         |
| <b>Due from Related Parties</b>                       |           |                        |                    |                    |                     |                 |                                                                                 |
| Entities under common control                         |           | <b>P2,667,800</b>      | <b>P-</b>          | <b>P-</b>          | <b>P2,217,800</b>   | <b>P-</b>       | Interest bearing ranging from 7.35% to 7.73%, unsecured and collectible in 2045 |
| <b>Interest Receivable</b>                            | <b>11</b> |                        |                    |                    |                     |                 |                                                                                 |
| Entities under common control                         |           | <b>P62,668</b>         | <b>P-</b>          | <b>P-</b>          | <b>P59,218</b>      | <b>P-</b>       | Noninterest-bearing, unsecured and collectible until 2045                       |
| <b>ROU Assets</b>                                     | <b>20</b> |                        |                    |                    |                     |                 |                                                                                 |
| Entity under common control                           |           | <b>P2,523</b>          | <b>P3,335</b>      | <b>P3,353</b>      | <b>P14,885</b>      | <b>P-</b>       | Lease of office and parking spaces                                              |
| <b>Security Deposits</b>                              | <b>7</b>  |                        |                    |                    |                     |                 |                                                                                 |
| Entities under common control                         |           | <b>P1,018</b>          | <b>P17</b>         | <b>P17</b>         | <b>P1,018</b>       | <b>P595</b>     | Refundable upon termination of lease                                            |
| <b>Accounts Payable and Other Current Liabilities</b> | <b>12</b> |                        |                    |                    |                     |                 |                                                                                 |
| Entities under common control                         |           | <b>P17,529,733</b>     | <b>P16,141,590</b> | <b>P12,662,243</b> | <b>P312,311</b>     | <b>P185,256</b> | Five -30 days; noninterest-bearing, unsecured                                   |
| Intermediate Parent                                   |           | <b>579,759</b>         | <b>372,623</b>     | <b>327,578</b>     | <b>1,016</b>        | <b>44,533</b>   | Five -30 days; noninterest-bearing, unsecured                                   |
|                                                       |           |                        |                    |                    | <b>P313,327</b>     | <b>P229,789</b> |                                                                                 |
| <b>Due to a Related Party</b>                         |           |                        |                    |                    |                     |                 |                                                                                 |
| Intermediate Parent                                   | 12        | <b>P-</b>              | <b>P-</b>          | <b>P-</b>          | <b>P61,844</b>      | <b>P61,844</b>  | On demand, noninterest-bearing, unsecured                                       |
| <b>Lease Liabilities</b>                              | <b>20</b> |                        |                    |                    |                     |                 |                                                                                 |
| Entity under common control                           |           | <b>P1,744</b>          | <b>P3,602</b>      | <b>P3,520</b>      | <b>P14,431</b>      | <b>P2,345</b>   | Lease of office and parking spaces                                              |
| <b>Fair Value of Plan Assets</b>                      | <b>19</b> |                        |                    |                    |                     |                 |                                                                                 |
| Entities under common control                         |           | <b>P52,699</b>         | <b>P29,975</b>     | <b>P32,385</b>     | <b>P134,003</b>     | <b>P116,052</b> | Under SMHC Multi-Employer Plan                                                  |

In 2025, 2024, and 2023, the Group has not provided ECL on receivables from related parties. This assessment is undertaken at each financial year by examining the financial position of the related party and market in which the related party operates. There have been no guarantees provided or received for any related party receivables or payables as at December 31, 2025 and 2024.

#### **Receivables**

- a. On June 14, 2023, the Group with NAIAX, SLEX, STAR Infrastructure Development Corporation (SIDC), Manila Toll Expressway Systems, Inc. (MATES), STAR Tollway Corporation (STC), SMC TPLEX Corporation (SMC TPLEX) and TPLEX Operations and Maintenance Corporation (TOMCO), entered into a MOA on Inter-operability of Toll Collection System to ensure the inter-operability of toll collection system (TCS) and traffic operations in accordance with the TRB guidelines for seamless traffic system and improved quality of service to the motorists throughout the toll roads. Total related cash transactions amounted to ₱150.4 million, ₱367.1 million and ₱1,705.7 million in 2025, 2024 and 2023, respectively. The Group has toll receivable amounting to ₱40.3 million and ₱10.5 million as at December 31, 2025 and 2024, respectively (see Note 6).
- b. SOMCO received reimbursement on expenses incurred for SLEX. Total reimbursement amounted to nil in 2025 and 2024 and ₱6.3 million in 2023. No outstanding receivable as at December 31, 2025 and 2024.
- c. SMC SKYWAY entered into a lease contract with other related parties as lessees, for the right to lease the advertising areas and spaces within the area of responsibility of the SMC SKYWAY at the SMMS. Total rental income amounted to ₱38.6 million, ₱35.1 million and ₱30.3 million in 2025, 2024 and 2023, respectively. The outstanding rental receivable amounted to ₱17.5 million and ₱9.5 million as at December 31, 2025 and 2024, respectively (see Note 6).
- d. MMSS3 entered into lease contracts with other related parties as lessees, for the right to lease the advertising areas and spaces within the area of responsibility of the Group at the Skyway Stage 3. Total rental income amounted to ₱36.5 million, ₱23.4 million and ₱22.8 million in 2025, 2024 and 2023, respectively. The outstanding rental receivable amounted to ₱13.0 million and ₱4.9 million as at December 31, 2025 and 2024, respectively (see Note 6).
- e. SOMCO entered into an agreement with NAIAX to manage, operate and maintain the toll roads and toll road facilities, interchanges, and related facilities of the entire NAIAX. Revenue from toll operation and maintenance amounted to ₱125.0 million in 2025, 2024 and 2023. Moreover, SOMCO received reimbursement on expenses incurred for NAIAX amounting to ₱2.3 million, ₱22.8 million and nil in 2025, 2024 and 2023, respectively, which is presented as part of "Others - net" account under "Other income (charges)" in the consolidated statements of comprehensive income. Outstanding receivable amounted to ₱14.0 million and ₱4.3 million as at December 31, 2025 and 2024, respectively (see Note 6).

#### **Due from Related Parties**

The Company entered into loan agreements with related parties to finance upcoming infrastructure projects and other financing requirements. The loans have term of 20 years and bear an annual interest ranging from 7.35% to 7.73% subject to repricing. The loans and interest shall be collectible in full and in cash on maturity date.

In 2025, the Company has extended advances to related parties amounting to ₱2,667.8 million. Moreover, the Company has collected ₱450.0 million of advances during the year.

Interest income generated from the loan amounted to ₱62.7 million in 2025 (see Note 5). Outstanding interest receivable amounted to ₱59.2 million as at December 31, 2025 (see Note 11).

### **Security Deposits**

The Group also entered into lease agreements with entities under common control for the lease of office and parking spaces. The lease agreement is for a period of one year and renewable every year thereafter unless terminated by either party. Security deposits amounting to ₱1.0 million and ₱0.6 million as at December 31, 2025 and 2024, respectively, will be refunded upon termination of the lease agreement (see Note 20).

### **Accounts Payable and Other Current Liabilities**

#### *Entities under Common Control*

- a. In relation to the interoperability arrangement between SMC SKYWAY and SLEX, total related transactions pertaining to ETC transactions amounted to ₱10,482.5 million, ₱9,308.7 million and ₱7,183.1 million in 2025, 2024 and 2023, respectively. The Group has toll payable to SLEX amounting to ₱76.0 million and ₱47.0 million as at December 31, 2025 and 2024, respectively.
- b. Pursuant to a MOA entered into by SMC SKYWAY and NAIAX, the Group shall collect and remit to NAIAX all toll fees collected from the ETC users of NAIAX Expressway. Total related transactions amounted to ₱1,682.2 million, ₱1,615.4 million and ₱1,419.3 million in 2025, 2024 and 2023, respectively. Outstanding payable to NAIAX amounted to ₱14.3 million and ₱6.0 million as at December 31, 2025 and 2024, respectively.
- c. Pursuant to a MOA entered into by SMC SKYWAY and SIDC dated August 20, 2018, the Group shall collect and remit to SIDC all toll fees collected from the ETC users of STAR Tollways. Total related transactions amounted to ₱1,926.0 million, ₱1,816.6 million and ₱1,490.9 million in 2025, 2024 and 2023, respectively. Outstanding payable to SIDC amounted to ₱16.5 million and ₱1.2 million as at December 31, 2025 and 2024, respectively.
- d. The Group entered into a one-year lease agreement, renewable for another year with MATES for the lease of machinery and equipment used for construction and road repairs. Total related transaction amounted to ₱0.8 million, ₱2.2 million and ₱16.5 million in 2025, 2024 and 2023, respectively. Outstanding payable to MATES amounted to ₱0.8 million and ₱0.1 million as at December 31, 2025 and 2024, respectively.
- e. Pursuant to a MOA entered into by SMC SKYWAY and SMC TPLEX, dated February 27, 2019, the Group shall collect and remit to SMC TPLEX all toll fees collected from the ETC users of Tarlac-Pangasinan-La Union Expressway (TPLEX). Total related transactions amounted to ₱2,817.5 million, ₱2,670.5 million and ₱1,864.9 million in 2025, 2024 and 2023, respectively. Outstanding payable to SMC TPLEX amounted to ₱39.7 million and ₱46.0 million as at December 31, 2025 and 2024, respectively.
- f. The Group and Intelligent E-Processes Technologies Corp. (IETC) entered into service agreements for non-exclusive and nontransferable license to use the toll collection system, preventive and corrective maintenance of Intelligent Transportation System and RFID management and customer services. IETC charges a monthly fixed fee for the above services rendered. The agreement is renewable on a yearly basis. Total related transactions amounted to ₱383.2 million, ₱377.7 million and ₱303.1 million 2025, 2024 and 2023, respectively. Outstanding payable to IETC amounted to ₱76.5 million and ₱39.8 million as at December 31, 2025 and 2024, respectively.

- g. The Group also purchased other goods and services from various related parties. These are settled within the respective related parties' normal settlement period. Total related transactions amounted to ₱237.5 million, ₱350.5 million and ₱384.4 million in 2025, 2024 and 2023, respectively. Outstanding payable for these transactions amounted to ₱88.5 million and ₱45.2 million as at December 31, 2025 and 2024, respectively.

*Intermediate Parent*

- a. In 2021, the Group and San Miguel Holdings Corp. (SMHC) entered into a Shared Services Agreement wherein the Group agreed to pay SMHC an annual fee for the Shared Services rendered by SMHC on behalf of the Group. The Group also agreed to reimburse SMHC for all out-of-pocket expenses, incurred by SMHC in the performance of the Shared Services and all costs and expenses incurred by SMHC in rendering any service, at the request of the Group not covered by the Shared Services Agreement.

Management fee charged by SMHC amounted to ₱579.8 million, ₱363.2 million and ₱327.6 million in 2025, 2024 and 2023, respectively (see Note 17). Outstanding payable to SMHC amounted to ₱1.0 million and ₱35.1 million as at December 31, 2025 and 2024, respectively.

- b. In 2024, the Parent Company received advances from SMHC intended for the payment of SEC registration fees amounting to ₱9.4 million. Outstanding payable for this transaction amounted to nil and ₱9.4 million as at December 31, 2025 and 2024, respectively.

**Fair Value of Plan Assets**

The Plan will provide, through a retirement fund, the payment of the benefits to each participating company's regular employees when they are retired, disabled or separated from service, or in the event of death at definite amounts to their beneficiaries.

The Group has contributions to the Plan amounting to ₱51.8 million, ₱31.8 million, and ₱24.9 million in 2025, 2024 and 2023, respectively. Moreover, the Group transfer to (from) the plan amounted to ₱0.8 million, (₱1.8 million), and ₱7.5 million in 2025, 2024, and 2023, respectively (see Note 19).

**Due to a Related Party**

Due to a related party represents the transaction costs incurred in obtaining the loan facilities which were paid by a related party on behalf of the Group.

**Key Management Personnel Compensation**

The compensation of key management personnel in 2025, 2024 and 2023 follows:

|                              | 2025           | 2024           | 2023           |
|------------------------------|----------------|----------------|----------------|
| Short-term employee benefits | <b>₱13,619</b> | ₱25,437        | ₱26,864        |
| Post-employment benefits     | <b>1,147</b>   | 1,876          | 18,483         |
|                              | <b>₱14,766</b> | <b>₱27,313</b> | <b>₱45,347</b> |

There are no share-based payments, termination benefits and other long-term benefits provided to the key management personnel of the Group.

## 19. Defined Benefit Retirement Liabilities - Net

The Group joined the SMHC Multi-Employer Retirement Plan (the Plan). The Plan will provide, through a retirement fund, the payment of the benefits to each participating company's qualified employees when they are retired, disabled or separated from service, or in the event of death at definite amounts to their beneficiaries. The latest actuarial valuation report is for the year ended December 31, 2025.

The following tables summarize the retirement expense recognized in the consolidated statements of comprehensive income and retirement plan liabilities recognized in the consolidated statements of financial position.

The components of retirement expense charged to operations are as follows:

|                     | Note | 2025           | 2024           | 2023           |
|---------------------|------|----------------|----------------|----------------|
| Retirement expense* | 17   | <b>P23,807</b> | <b>P25,829</b> | <b>P18,547</b> |
| Net interest cost   | 13   | <b>4,400</b>   | <b>4,254</b>   | <b>3,026</b>   |
|                     |      | <b>P28,207</b> | <b>P30,083</b> | <b>P21,573</b> |

\*including current service cost and settlement loss

Components of the net retirement liabilities recognized in the consolidated statements of financial position as at December 31 as follows:

|                                                   | 2025             | 2024             |
|---------------------------------------------------|------------------|------------------|
| Present value of defined benefit obligation (DBO) | <b>P184,576</b>  | <b>P195,634</b>  |
| Fair value of plan assets (FVPA)                  | <b>(134,003)</b> | <b>(116,052)</b> |
| Effect of asset ceiling                           | <b>25</b>        | <b>198</b>       |
|                                                   | <b>P50,598</b>   | <b>P79,780</b>   |

Changes in the present value of DBO are as follows:

|                                 | 2025            | 2024            |
|---------------------------------|-----------------|-----------------|
| Balance at beginning of year    | <b>P195,634</b> | <b>P173,714</b> |
| Benefits paid                   | <b>(37,622)</b> | <b>(16,585)</b> |
| Current service cost            | <b>23,807</b>   | <b>23,404</b>   |
| Interest cost                   | <b>11,915</b>   | <b>10,647</b>   |
| Remeasurement loss (gain):      |                 |                 |
| Change in financial assumptions | <b>(9,375)</b>  | <b>947</b>      |
| Experience adjustment           | <b>(623)</b>    | <b>2,926</b>    |
| Transfer to (from) the plan     | <b>840</b>      | <b>(1,844)</b>  |
| Settlement loss                 | <b>—</b>        | <b>2,425</b>    |
| Balance at end of year          | <b>P184,576</b> | <b>P195,634</b> |

Changes in the FVPA are as follows:

|                                                       | 2025            | 2024            |
|-------------------------------------------------------|-----------------|-----------------|
| Balance at beginning of year                          | <b>P116,052</b> | <b>P98,007</b>  |
| Contributions                                         | <b>51,829</b>   | <b>31,819</b>   |
| Benefits paid                                         | <b>(37,622)</b> | <b>(16,585)</b> |
| Interest income                                       | <b>7,527</b>    | <b>6,417</b>    |
| Remeasurement loss arising from return on plan assets | <b>(4,623)</b>  | <b>(1,762)</b>  |
| Transfer to (from) the plan                           | <b>840</b>      | <b>(1,844)</b>  |
| Balance at end of year                                | <b>P134,003</b> | <b>P116,052</b> |

Changes in the effect of asset ceiling are as follows:

|                              | 2025  | 2024  |
|------------------------------|-------|-------|
| Balance at beginning of year | P198  | P396  |
| Remeasurement gain           | (185) | (222) |
| Interest cost                | 12    | 24    |
| Balance at end of year       | P25   | P198  |

The cumulative amount of remeasurement losses recognized in the OCL as at December 31 as follows:

|                              | 2025                                  |                                         |           |
|------------------------------|---------------------------------------|-----------------------------------------|-----------|
|                              | Cumulative<br>Remeasurement<br>Losses | Deferred<br>Income Tax<br>(see Note 21) | Net       |
| Balance at beginning of year | (P30,489)                             | P6,367                                  | (P24,122) |
| Remeasurement gain           | 5,560                                 | (1,536)                                 | 4,024     |
| Balance at end of year       | (P24,929)                             | P4,831                                  | (P20,098) |

|                              | 2024                                  |                                         |           |
|------------------------------|---------------------------------------|-----------------------------------------|-----------|
|                              | Cumulative<br>Remeasurement<br>Losses | Deferred<br>Income Tax<br>(see Note 21) | Net       |
| Balance at beginning of year | (P25,076)                             | P5,015                                  | (P20,061) |
| Remeasurement loss           | (5,413)                               | 1,352                                   | (4,061)   |
| Balance at end of year       | (P30,489)                             | P6,367                                  | (P24,122) |

|                              | 2023                                  |                                         |           |
|------------------------------|---------------------------------------|-----------------------------------------|-----------|
|                              | Cumulative<br>Remeasurement<br>Losses | Deferred<br>Income Tax<br>(see Note 21) | Net       |
| Balance at beginning of year | (P1,235)                              | (P585)                                  | (P1,820)  |
| Remeasurement loss           | (23,841)                              | 5,600                                   | (18,241)  |
| Balance at end of year       | (P25,076)                             | P5,015                                  | (P20,061) |

Amounts recognized in OCL were included within items that will not be reclassified subsequently to profit or loss.

The principal assumptions used to determine retirement expense and obligation are as follows:

|                                   | 2025  | 2024  | 2023  |
|-----------------------------------|-------|-------|-------|
| Discount rate                     | 6.47% | 6.10% | 6.12% |
| Rates of increase in compensation | 5.00% | 5.00% | 5.00% |

The sensitivity analyses below has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

|               | Change in Basis Points | Effect to present value of DBO |           |
|---------------|------------------------|--------------------------------|-----------|
|               |                        | 2025                           | 2024      |
| Discount rate | +100                   | (P20,246)                      | (P22,035) |
|               | -100                   | 24,378                         | 26,716    |
| Salary rate   | +100                   | 24,495                         | 26,740    |
|               | -100                   | (20,690)                       | (22,438)  |

Assumptions regarding future mortality are based on published statistics and mortality tables. The average duration of the defined benefit obligation is 12.0 years and 12.7 years as at December 31, 2025 and 2024, respectively.

The expected future benefit payments are as follows:

|                               | 2025    | 2024    |
|-------------------------------|---------|---------|
| Less than 1 year              | P15,980 | P20,732 |
| More than 1 year to 5 years   | 51,265  | 41,491  |
| More than 5 years to 10 years | 84,886  | 100,281 |

#### **Risks Associated with the Retirement Plan**

- *Investment and Interest Rate Risks.* The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, equity and debt securities. Due to the long-term nature of the plan obligation, diversifying its investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.
- *Longevity and Salary Risks.* The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

#### **Asset-liability Matching Strategies**

To efficiently manage the retirement plan, the Group ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

As at December 31, 2025 and 2024, plan assets consist of equity and debt securities and cash and cash equivalents. There has been no change in the Group's strategies to manage its risks from previous periods.

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

|                                     | 2025    | 2024    |
|-------------------------------------|---------|---------|
| Equity securities                   | 65.71%  | 57.67%  |
| Cash and cash equivalents           | 9.89%   | 14.42%  |
| Debt instruments - government bonds | 23.63%  | 27.24%  |
| Others                              | 0.77%   | 0.67%   |
|                                     | 100.00% | 100.00% |

The control and administration of the Plan is vested in the Board of Trustees (BOT). The BOT on the Plan who exercises voting rights over the shares and approves material transactions are employees and/or officers of SMHC. The Plan's accounting and administrative functions are undertaken by the Retirement Funds Office of SMHC.

The Group does not expect to contribute to the plan assets in the next reporting year.

## 20. Significant Contracts, Commitments and Contingencies

### The Group as a Lessor

The Group has cancellable lease agreements with related parties and third parties for its advertising areas and spaces at SMMS for a period of one (1) to two (2) years, renewable or extended upon mutual consent of the parties.

The Group also leases its investment properties to third party for three (3) years and is renewable upon mutual agreement of parties. The lease contracts do not provide for any contingent rent.

Sources of rental income earned are as follow:

|                       | Note | 2025     | 2024    | 2023    |
|-----------------------|------|----------|---------|---------|
| Advertising spaces    |      | ₱109,418 | ₱88,653 | ₱70,665 |
| Investment properties | 9    | 3,323    | 3,323   | 3,323   |
|                       |      | ₱112,741 | ₱91,976 | ₱73,988 |

Rent receivables amounted to ₱40.7 million and ₱22.3 million as at December 31, 2025 and 2024, respectively. Rent receivables that were fully provided with allowance amounting to ₱3.3 million were written off in 2024 (see Note 6).

The minimum future operating lease commitments as at December 31 follows:

|                                          | 2025           | 2024           | 2023           |
|------------------------------------------|----------------|----------------|----------------|
| Within one year                          | <b>P14,079</b> | <b>P25,052</b> | <b>P14,188</b> |
| More than one year but less than 5 years | <b>–</b>       | <b>1,939</b>   | <b>–</b>       |
|                                          | <b>P14,079</b> | <b>P26,991</b> | <b>P14,188</b> |

**The Group as Lessee**

The Group entered into several lease agreements for its office and parking spaces ranging from one (1) to three (3) years with 3% annual escalation and an option to renew subject to mutually agreeable terms and conditions.

The Group recognized ROU assets and lease liabilities for its lease agreements on its office spaces and parking spaces because management has assessed that the Group is reasonably certain to exercise its option to extend the related lease agreements.

Security deposits amounted to P1.0 million and P0.6 million as at December 31, 2025 and 2024, respectively, and are to be refunded upon termination of the agreements (see Note 7). In 2025, the Group paid advance rental amounting to P1.0 million which will be applied as payment for the last two months of the lease period.

The balance of and movements in ROU assets as follows:

|                                 | Note | 2025            | 2024           |
|---------------------------------|------|-----------------|----------------|
| <b>Cost</b>                     |      |                 |                |
| Balance at beginning of year    |      | <b>P18,539</b>  | <b>P19,492</b> |
| Additions                       |      | <b>16,057</b>   | <b>–</b>       |
| Effect of lease modifications   |      | <b>(18,539)</b> | <b>(953)</b>   |
| Balance at the end of year      |      | <b>16,057</b>   | <b>18,539</b>  |
| <b>Accumulated Amortization</b> |      |                 |                |
| Balance at beginning of year    |      | <b>15,837</b>   | <b>13,373</b>  |
| Amortization                    | 9    | <b>2,523</b>    | <b>3,335</b>   |
| Effect of lease modifications   |      | <b>(17,188)</b> | <b>(871)</b>   |
| Balance at end of year          |      | <b>1,172</b>    | <b>15,837</b>  |
| <b>Carrying Amount</b>          |      | <b>P14,885</b>  | <b>P2,702</b>  |

The balance and movements in lease liabilities are as follows:

|                               | Note | 2025           | 2024           |
|-------------------------------|------|----------------|----------------|
| Balance at beginning of year  |      | <b>P2,345</b>  | <b>P5,828</b>  |
| Additions                     |      | <b>15,039</b>  | <b>–</b>       |
| Lease payments                |      | <b>(1,744)</b> | <b>(3,602)</b> |
| Interest on lease liabilities | 13   | <b>274</b>     | <b>207</b>     |
| Effect of lease modifications |      | <b>(1,483)</b> | <b>(88)</b>    |
| Balance at end of year        |      | <b>14,431</b>  | <b>2,345</b>   |
| Less current portion          |      | <b>5,017</b>   | <b>2,345</b>   |
| <b>Noncurrent portion</b>     |      | <b>P9,414</b>  | <b>P–</b>      |

In 2025 and 2024, MMSS3 pre-terminated lease agreement on its parking spaces resulting to a gain on lease modification amounting to P132 and P6, respectively.

The minimum future lease payments as at December 31 follows:

|                                          | 2025           | 2024          | 2023          |
|------------------------------------------|----------------|---------------|---------------|
| Within one year                          | <b>₱5,719</b>  | <b>₱2,381</b> | <b>₱3,622</b> |
| More than one year but less than 5 years | <b>5,320</b>   | <b>–</b>      | <b>2,450</b>  |
|                                          | <b>₱11,039</b> | <b>₱2,381</b> | <b>₱6,072</b> |

The amount recognized in consolidated statements of comprehensive income related to the lease agreements follows:

|                               | Note | 2025          | 2024          | 2023          |
|-------------------------------|------|---------------|---------------|---------------|
| Amortization of ROU assets    | 9    | <b>₱2,523</b> | <b>₱3,335</b> | <b>₱3,353</b> |
| Interest on lease liabilities | 13   | <b>274</b>    | <b>207</b>    | <b>378</b>    |
| Gain on lease modification    |      | <b>132</b>    | <b>6</b>      | <b>–</b>      |

Total cash outflow amounted to ₱1.7 million, ₱3.6 million and ₱3.5 million in 2025, 2024, and 2023, respectively.

#### **Government fees**

PNCC is entitled to a 2.5% to 3.5% share of the total toll revenues from the final operation date up to the end of the concession period. PNCC share incurred amounted to ₱692.2 million, ₱631.8 million and ₱606.4 million in 2025, 2024 and 2023, respectively (see Note 17).

Outstanding payable to PNCC amounted to ₱66.7 million and ₱93.2 million as at December 31, 2025 and 2024, respectively, which is included as part of "Payable to contractors" under "Accounts payable and other current liabilities" in the consolidated statements of financial position.

#### **Operations and Maintenance Agreement**

Pursuant to the STOA of MMSS3, the ROP has granted SOMCO 3 the primary and exclusive privilege, responsibility and obligation to operate and maintain the Project Road.

Moreover, the operation and maintenance of Skyway Stage 3 was subcontracted to SOMCO by SOMCO 3. This agreement is for a period of one year, renewable annually.

Operations and maintenance fee expense incurred by MMSS3 amounted to ₱322.2 million in 2025, 2024 and 2023 (see Note 17). In 2025, SOMCO 3 billed MMSS3 for the reimbursement of expenses incurred amounting to ₱36.8 million, which is presented as part of "Contracted services" under "Cost of services" account. Outstanding payable to SOMCO 3 amounted to ₱40.4 million and nil as at December 31, 2025 and 2024, respectively, which is included as part of "Payable to contractors" under "Accounts payable and other current liabilities" in the consolidated statements of financial position.

Revenue recognized by SOMCO amounted to ₱280.0 million in 2025, 2024 and 2023, respectively, which is presented under "Toll operations and maintenance fee" in the consolidated statements of comprehensive income. Moreover, SOMCO billed reimbursement on expenses incurred amounting to ₱35.0 million in 2025, which is presented as part of "Others - net" under "Other income (charges)" account in the consolidated statements of comprehensive income. Outstanding receivables amounted to ₱39.2 million and nil as at December 31, 2025 and 2024, respectively (see Note 6).

### **Contingencies**

The Group has other pending legal cases relating to its operations that are being contested by the Group and its legal counsels. The Group has availed of the exemption under PAS 37 with respect to the disclosure of further information on such cases. Management and its legal counsels have assessed that the said cases will be resolved in favor of the Group, and in the event that any of those cases will have an adverse ruling against the Group, the effect on the consolidated financial statements will not be material.

## **21. Income Taxes**

On September 15, 2015, MMSS3 was registered on a non-pioneer status with the Board of Investments (BOI) in accordance with the provisions of the Omnibus Investments Code of 1987, otherwise known as Executive Order No. 226, as a New Operator of Tollway (Skyway Stage 3).

Under its registration, MMSS3 is entitled to certain tax and nontax incentives which include, among others, Income Tax Holiday (ITH) for a period of four years from January 2018 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

In 2018, the BOI approved its request for the amendment of the start of commercial operations and movement of ITH entitlement from January 2018 to November 2020.

In 2020, the BOI approved its request for the amendment of the start of commercial operations and movement of ITH entitlement from November 2020 to April 2021. MMSS3 started its toll operations on July 1, 2021.

ITH availment is limited only to the toll revenue of the expressway. Prior to the availment of the ITH, MMSS3 is subject to and has complied with certain requirements pursuant to the said registration.

MMSS3's ITH incentive expired in March 2025, accordingly, taxable income from April 2025 onward is subject to RCIT.

The taxable income of the Group is subject to the RCIT rate of 25% except for TROMV, which is subject to RCIT of 20%, and minimum corporate income tax rate of 2%. SMC SKYWAY and MMSS3 opted to use the Optional Standard Deduction (OSD).

The components of income tax expenses are as follows:

|          | 2025              | 2024       | 2023       |
|----------|-------------------|------------|------------|
| Current  | <b>₱2,266,085</b> | ₱1,404,075 | ₱1,356,047 |
| Final    | <b>264,109</b>    | 233,391    | 192,313    |
| Deferred | <b>(29,023)</b>   | (29,847)   | (25,557)   |
|          | <b>₱2,501,171</b> | ₱1,607,619 | ₱1,522,803 |

The net deferred tax liabilities recognized in the consolidated statements of financial position relate to the following temporary differences:

|                                                                                        | Note | 2025              | 2024              |
|----------------------------------------------------------------------------------------|------|-------------------|-------------------|
| Deferred tax liabilities on:                                                           |      |                   |                   |
| Fair value adjustment on service concession rights                                     | 10   | (P258,421)        | (P273,533)        |
| Unamortized capitalizable interest cost                                                |      | (101,302)         | (107,908)         |
| Unamortized cost of TCS                                                                |      | (31,312)          | (33,355)          |
| Excess ROU amortization and interest expense on lease liabilities over rental payments |      | (97)              | -                 |
| Unrealized foreign exchange gain                                                       |      | (65)              | -                 |
|                                                                                        |      | <b>(391,197)</b>  | <b>(414,796)</b>  |
| Deferred tax asset on -                                                                |      |                   |                   |
| Provision for infrastructure restoration obligation                                    |      | 49,256            | 44,836            |
| Net deferred tax liabilities                                                           |      | <b>(P341,941)</b> | <b>(P369,960)</b> |

The Group recognized deferred tax assets in the consolidated statements of financial position relating to the following temporary differences of SOMCO:

|                                  | 2025           | 2024           |
|----------------------------------|----------------|----------------|
| Net retirement liabilities       | P12,537        | P20,217        |
| Past service cost                | 12,316         | 6,149          |
| Excess MCIT over RCIT            | 983            | -              |
| Unrealized foreign exchange loss | 1              | 2              |
|                                  | <b>P25,837</b> | <b>P26,368</b> |

As at December 31, 2025 and 2024, the Group has the following temporary differences for which no deferred income tax assets were recognized in the consolidated statements of financial position of the Parent Company and other subsidiaries. Management has assessed that it is not probable that these temporary differences will result in a tax benefit when these reverse in the future.

|                                    | 2025              | 2024              |
|------------------------------------|-------------------|-------------------|
| NOLCO                              | P1,734,347        | P2,635,263        |
| Allowance for ECL                  | 183,412           | 183,412           |
| Unrealized foreign exchange gain   | (3,895)           | (3,956)           |
| Excess MCIT over RCIT              | 1,267             | -                 |
| Net retirement liabilities (asset) | 883               | (272)             |
| Net effect of PFRS 16              | (17)              | (89)              |
|                                    | <b>P1,915,997</b> | <b>P2,814,358</b> |

The presentation of net deferred tax assets (liabilities) as follows:

|                                  | Note | 2025       | 2024       |
|----------------------------------|------|------------|------------|
| Through profit or loss           |      | (P320,935) | (P349,959) |
| Through other comprehensive loss | 19   | 4,831      | 6,367      |
|                                  |      | (P316,104) | (P343,592) |

As mandated by Section 4 of Republic Act No. 11494 or the "Bayanihan to Recover as One Act" and implemented under RR No. 25-2020, the net operating loss of a business enterprise incurred for the taxable years 2020 and 2021 can be carried over as a deduction from taxable income for the next five consecutive taxable years following the year of such loss.

Details of the NOLCO of the Group which can be claimed as deduction from future taxable income are as follows:

| Year Incurred | Beginning Balance | Incurred | Expired      | Applied   | Ending Balance | Expiry Year |
|---------------|-------------------|----------|--------------|-----------|----------------|-------------|
| 2025          | P—                | P57,489  | P—           | P—        | P57,489        | 2028        |
| 2024          | 2,518,093         | —        | —            | —         | 2,518,093      | 2027        |
| 2023          | 2,109,647         | —        | —            | —         | 2,109,647      | 2026        |
| 2022          | 2,262,944         | —        | (2,262,944)  | —         | —              | 2025        |
| 2021          | 2,252,239         | —        | —            | —         | 2,252,239      | 2026        |
| 2020          | 1,398,286         | —        | (1,337,059)  | (61,227)  | —              | 2025        |
|               | P10,541,209       | P57,489  | (P3,600,003) | (P61,227) | P6,937,468     |             |

MCIT amounting to P2.3 million incurred in 2025 which can be claimed as deduction from future taxable payable until 2028.

The reconciliation between the statutory income tax rate on income before income tax and the effective income tax rate of the Group is as follows:

|                                                | 2025   | 2024   | 2023   |
|------------------------------------------------|--------|--------|--------|
| Income tax computed at statutory tax rate      | 25.00% | 25.00% | 25.00% |
| Change in unrecognized deferred tax assets     | (7.22) | 5.85   | 5.30   |
| Tax effects of:                                |        |        |        |
| Difference between itemized and OSD            | (7.37) | (6.74) | (7.09) |
| Expired NOLCO and MCIT                         | 7.23   | —      | —      |
| Income tax holiday                             | (2.31) | (9.21) | (7.89) |
| Nondeductible interest and other expenses      | 5.30   | 0.46   | 0.49   |
| Interest income already subjected to final tax | (0.53) | (0.54) | (0.48) |
| Nontaxable income                              | —      | (0.01) | —      |
|                                                | 20.10% | 14.83% | 15.33% |

## 22. Financial Risk and Capital Management Objectives and Policies

### General

The principal financial instruments of the Group comprise of cash and cash equivalents (excluding cash on hand), restricted cash, receivables, due from related parties, security deposits (included under "Other current assets" and "Other noncurrent assets" accounts), miscellaneous deposits (included under "Other noncurrent assets" account), accounts payable and other current liabilities (excluding statutory payables), retention payable, long-term debt, dividends payable, and lease liabilities.

The BOD has overall responsibility for the establishment and oversight of the risk management framework of the Group. The risk management policies of the Group are established to identify and manage the exposure of the Group to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the activities of the Group.

The main risks arising from the financial instruments of the Group are interest rate risk, credit risk and liquidity risk. The BOD and management review and approve policies for managing each of these risks as summarized below.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the income before income tax or value of the financial instruments of the Group.

The long-term debt of the Group is exposed to cash flow interest rate risk since it is subject to floating interest rate. The Group regularly monitors interest rate movements and, on the basis of current and projected economic and monetary data, decides on the best alternative to take to protect it from spiraling interest costs should interest rates go up.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on long-term debt, with all other variables held constant, of the income before income tax of the Group:

|          | 2025                   |                                    | 2024                   |                                    |
|----------|------------------------|------------------------------------|------------------------|------------------------------------|
|          | Change in Basis Points | Effect on Income Before Income Tax | Change in Basis Points | Effect on Income Before Income Tax |
| Increase | +0.15                  | (P58,515)                          | +0.08                  | (P211,130)                         |
| Decrease | -0.15                  | 58,515                             | -0.08                  | 211,130                            |

The assumed movement in basis points for the interest rate sensitivity analysis is based on the best estimate of expected change considering future trends of the Group, showing a significantly lower volatility than in previous years.

There is no impact on the equity of the Group other than those already affecting the consolidated statements of comprehensive income.

### Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity dates or due to adverse market conditions.

Generally, the credit risk of the Group is attributable to financial assets. The Group enters into contracts only with counterparties who have low credit risk, maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. In addition, for a significant proportion of revenue, advance payment and one-time charge and deposit are received to mitigate credit risk.

The credit quality of financial assets is being managed by the Group using internal credit ratings.

The table below shows the credit quality by class of financial asset based on the rating system of the Group:

|                            | 2025                          |                |                           |          |             |
|----------------------------|-------------------------------|----------------|---------------------------|----------|-------------|
|                            | Neither Past Due nor Impaired |                | Past due but not impaired | Impaired | Total       |
|                            | High Grade                    | Standard Grade |                           |          |             |
| Cash and cash equivalents* | P23,157,014                   | P-             | P-                        | P-       | P23,157,014 |
| Restricted cash            | 6,914,936                     | -              | -                         | -        | 6,914,936   |
| Receivables                | -                             | 447,844        | 15,531                    | 733,649  | 1,197,024   |
| Due from related parties   | 2,217,800                     | -              | -                         | -        | 2,217,800   |
| Interest receivable***     | 59,218                        | -              | -                         | -        | 59,218      |
| Security deposits**        | -                             | 1,018          | -                         | -        | 1,018       |
| Miscellaneous deposits***  | -                             | 2,147          | -                         | -        | 2,147       |
|                            | P32,348,968                   | P451,009       | P15,531                   | P733,649 | P33,549,157 |

\*Excluding cash on hand amounting to P2.6 million as at December 31, 2025

\*\* Included under "Other current assets" and "Other noncurrent assets" accounts

\*\*\*Included under "Other noncurrent assets" account

|                            | 2024                          |                |                           |          |             |
|----------------------------|-------------------------------|----------------|---------------------------|----------|-------------|
|                            | Neither Past Due nor Impaired |                | Past due but not impaired | Impaired | Total       |
|                            | High Grade                    | Standard Grade |                           |          |             |
| Cash and cash equivalents* | P17,276,370                   | P-             | P-                        | P-       | P17,276,370 |
| Restricted cash            | 9,884,391                     | -              | -                         | -        | 9,884,391   |
| Receivables                | -                             | 223,617        | 15,531                    | 733,649  | 972,797     |
| Security deposits**        | -                             | 595            | -                         | -        | 595         |
| Miscellaneous deposits***  | -                             | 2,206          | -                         | -        | 2,206       |
|                            | P27,160,761                   | P226,418       | P15,531                   | P733,649 | P28,136,359 |

\*Excluding cash on hand amounting to P3.2 million as at December 31, 2024

\*\* Included under "Other current assets" and "Other noncurrent assets" accounts

\*\*\*Included under "Other noncurrent assets" account

The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/issuer. High grade financial assets are those which collectability is assured based on past experience. Standard grade financial assets are considered moderately realizable and some accounts which would require some reminder follow-ups to obtain settlement from the counterparty. The Group determines if credit risk have increased significantly when financial assets are more than 30 days past due.

**Impairment.** An impairment analysis is performed at each reporting date using a provision matrix (or lifetime expected loss allowance, if simplified approach) to measure ECL. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

For toll receivables, the Group has adopted a lifetime expected loss allowance in estimating ECL to receivables through the use of a provisions matrix using fixed rates of credit loss provisioning based on recent historical collection rates after incorporating forward-looking information. The Group's policy in estimating ECL on other receivables are based on a 12 -month basis. Allowance for ECL amounted to ₱733.6 million as at December 31, 2025 and 2024 (see Note 6). Management assessed that the allowance is sufficient to cover the ECL of receivables.

Generally, receivables are written off if collection cannot be made despite exhausting all extrajudicial and legal means of collection. The maximum exposure to credit risk at reporting date is the carrying value of the financial assets. The Group does not hold collateral as security.

For financial assets at amortized cost which mainly comprise of cash and cash equivalents, restricted cash and deposits, it is the Group's policy to measure ECL on these instruments on a 12-month basis. However, where there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The following are considered in the assessment:

- ECL for cash and cash equivalents (excluding cash on hand) are not significant primarily because the placements are with reputable counterparty banks that possess good credit ratings.
- For due from related parties and interest receivable, ECL is not significant as the Group considered the financial capacity of the counterparty to pay.
- For deposits, the Group considered the financial capacity of the counterparty to refund the deposit once the agreement has been terminated.

#### **Liquidity Risk**

The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of cash. The Group also monitors its risk to shortage of funds through monthly evaluation of the projected and actual cash flow information.

The following tables summarize the maturity analysis of the financial liabilities of the Group as at December 31 based on contractual undiscounted payments:

| December 31, 2025                               | Carrying Amount    | Contractual Cash Flow | One Year or Less   | >One Year - Two Years | >Two Years - Five Years | Over Five Years    |
|-------------------------------------------------|--------------------|-----------------------|--------------------|-----------------------|-------------------------|--------------------|
| Accounts payable and other current liabilities* | P4,704,189         | P4,704,189            | P4,704,189         | P-                    | P-                      | P-                 |
| Long-term debt**                                | 46,789,883         | 66,822,206            | 8,606,263          | 11,252,908            | 17,099,056              | 29,863,979         |
| Retention payable                               | 166,782            | 166,782               | 45,678             | 121,104               | -                       | -                  |
| Dividends payable                               | 96,025             | 96,025                | 96,025             | -                     | -                       | -                  |
| Lease liabilities                               | 14,431             | 14,079                | 8,759              | 3,332                 | 1,988                   | -                  |
|                                                 | <b>P51,771,310</b> | <b>P71,803,281</b>    | <b>P13,460,914</b> | <b>P11,377,344</b>    | <b>P17,101,044</b>      | <b>P29,863,979</b> |

\*Excluding statutory payables amounting to P270.3 million and retention payable amounting to P45.7 million.

\*\*Including interest payable to maturity amounting to P16,693.0 million.

| December 31, 2024                               | Carrying Amount    | Contractual Cash Flow | One Year or Less   | >One Year - Two Years | >Two Years - Five Years | Over Five Years    |
|-------------------------------------------------|--------------------|-----------------------|--------------------|-----------------------|-------------------------|--------------------|
| Accounts payable and other current liabilities* | P5,048,349         | P5,048,349            | P5,048,349         | P-                    | P-                      | P-                 |
| Retention payable                               | 573,848            | 573,848               | 495,334            | 78,514                | -                       | -                  |
| Dividends payable                               | 96,025             | 96,025                | 96,025             | -                     | -                       | -                  |
| Long-term debt**                                | 52,259,660         | 74,720,331            | 9,367,974          | 8,400,294             | 14,629,936              | 42,322,127         |
| Lease liabilities                               | 2,345              | 2,381                 | 2,381              | -                     | -                       | -                  |
|                                                 | <b>P57,980,227</b> | <b>P80,440,934</b>    | <b>P15,010,063</b> | <b>P8,478,808</b>     | <b>P14,629,936</b>      | <b>P42,322,127</b> |

\*Excluding statutory payables amounting to P482.0 million and retention payable amounting to P495.3 million.

\*\*Including interest payable to maturity amounting to P21,923.2 million.

### Capital Management

The Group considers the equity in the consolidated statements of financial position as its core capital. The capital management objectives of the Group are to ensure the ability of the Group to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk. The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or do conversion of related party advances to an equity component item. The Group is not subject to any externally imposed capital requirements except for the required compliance of debt-to-equity ratio of not more than 3.0x with the loan covenants.

No changes were made in the objectives, policies or processes for managing capital in 2025, 2024 and 2023.

## 23. Non-Controlling Interest

Movements of the Group's NCI are as follows:

|                                                         | 2025              | 2024              |
|---------------------------------------------------------|-------------------|-------------------|
| Balance at beginning of year                            | P5,582,066        | P5,072,828        |
| Net income attributable to non-controlling interest     | 1,351,743         | 1,330,478         |
| Cash dividends attributable to non-controlling interest | (364,234)         | (819,527)         |
| Other comprehensive income (loss)                       | 1,867             | (1,713)           |
| Balance at end of year                                  | <b>P6,571,442</b> | <b>P5,582,066</b> |

Cash dividends declared by the SMC SKYWAY are as follows:

| Date Approved           | Per Share  | Total Amount      |
|-------------------------|------------|-------------------|
| <b>March 10, 2025</b>   | <b>₱20</b> | <b>₱1,361,480</b> |
| <b>December 2, 2025</b> | <b>24</b>  | <b>1,633,777</b>  |
| December 4, 2024        | 40         | 2,722,961         |
| August 14, 2024         | 33         | 2,246,443         |
| March 13, 2024          | 26         | 1,769,925         |
| December 4, 2023        | 52         | 3,539,850         |
| March 16, 2023          | 45         | 3,063,331         |

Total dividends paid to NCI amounted to ₱364.2 million, ₱1,006.8 million and ₱908.4 million in 2025, 2024 and 2023, respectively. Dividends payable to NCI amounted to ₱96.0 million as at December 31, 2025 and 2024.

#### 24. Fair Value of Financial Instruments

Set out below is a comparison by category of carrying amounts and fair values of the financial instruments of the Group that are carried in the consolidated financial statements.

The following methods and assumptions were used to estimate the fair value for which it is practicable to estimate such value:

|                                                   | 2025               |                    | 2024               |                    |
|---------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                   | Carrying amount    | Fair value         | Carrying amount    | Fair value         |
| <b>Financial Assets</b>                           |                    |                    |                    |                    |
| Cash and cash equivalents                         | ₱23,159,616        | ₱23,159,616        | ₱17,279,552        | ₱17,279,552        |
| Restricted cash                                   | 6,914,936          | 6,914,936          | 9,884,391          | 9,884,391          |
| Receivables                                       | 463,375            | 463,375            | 239,148            | 239,148            |
| Due from related parties                          | 2,217,800          | 2,217,800          | —                  | —                  |
| Interest receivable**                             | 59,218             | 59,218             | —                  | —                  |
| Security deposits*                                | 450                | 450                | 595                | 595                |
| Miscellaneous deposits**                          | 2,021              | 2,021              | 2,206              | 2,206              |
|                                                   | <b>₱32,817,416</b> | <b>₱32,817,416</b> | <b>₱27,405,892</b> | <b>₱27,405,892</b> |
| <b>Financial Liabilities</b>                      |                    |                    |                    |                    |
| Accounts payable and other current liabilities*** | ₱4,704,189         | ₱4,704,189         | ₱5,048,349         | ₱5,048,349         |
| Long-term debt                                    | 46,789,883         | 50,233,188         | 52,259,660         | 55,699,868         |
| Retention payable                                 | 166,782            | 166,782            | 573,848            | 573,848            |
| Dividends payable                                 | 96,025             | 96,025             | 96,025             | 96,025             |
| Lease liabilities                                 | 14,431             | 13,691             | 2,345              | 2,306              |
|                                                   | <b>₱51,771,310</b> | <b>₱55,213,875</b> | <b>₱57,980,227</b> | <b>₱61,420,396</b> |

\*Included under "Other current assets" account

\*\*Included under "Other noncurrent assets" account

\*\*\*Excludes statutory payables and retention payable totaling ₱316.0 million and ₱977.3 million as at December 31, 2025 and 2024, respectively.

The methods and assumptions used by the Group in estimating the fair values of the foregoing financial instruments are as follows:

*Cash and Cash Equivalents, Restricted Cash, Receivables, Due from Related Parties, Interest Receivable, Accounts Payable and Other Current Liabilities (excluding statutory payables), Retention Payable, and Dividends Payable.* The carrying amounts approximate the fair values at reporting dates due to the short-term maturities of these financial instruments. The fair value measurement for the current financial assets and liabilities are categorized as Level 3 (significant unobservable input).

*Security Deposits and Miscellaneous Deposits.* Due to the insignificant effect of discounting the sum of future cash flows, the amount of cash given up approximates the fair value of security deposits as at reporting date. The fair value measurement for the security deposits has been categorized as Level 3 (significant unobservable inputs).

*Lease Liabilities.* The estimated fair value of the Group's lease liabilities were determined as the sum of all remaining rental payments discounted using the prevailing market rate of interest for similar types of obligations. The fair value measurement for lease liabilities have been categorized as Level 3 (significant unobservable input).

*Long-term Debt.* The fair value of the long-term debt of the Group was computed using the prevailing market rate of similar instrument (Level 2).

There are no significant transfers between levels in the fair value hierarchy. The Group does not have financial instruments carried at fair value as at December 31, 2025 and 2024.

## 25. Basic/Diluted Earnings per Share

The computation of basic and diluted earnings per share is as follows (amounts in thousands except per share data):

|                                                                  | 2025              | 2024              | 2023              |
|------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Net income attributable to the holders of the Parent Company (a) | <b>₱8,591,124</b> | <b>₱7,907,168</b> | <b>₱7,207,064</b> |
| Divide by weighted average shares outstanding common shares (b)  | <b>69,538</b>     | <b>69,538</b>     | <b>69,538</b>     |
| Basic/diluted earnings per share (a/b)                           | <b>₱123.55</b>    | <b>₱113.71</b>    | <b>₱103.64</b>    |

The Parent Company has no potential dilutive common shares in 2025, 2024 and 2023. Accordingly, the basic and diluted earnings per share are stated at the same amount.

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## 26. Segment Information

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the services produced. The operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit.

### **Business Segments**

The Group's main businesses are as follows:

- The toll concession segments have been granted the primary and exclusive privilege, responsibility and obligation to design and construct the toll roads.
- The toll operation segment has been granted the primary and exclusive privilege, responsibility and obligation to operate and maintain the toll roads.
- Others include holding entities.

### **Geographical Segments**

The Group operates and generates revenue principally in the Philippines. Consequently, geographical business information is not applicable.

### **Inter-segment Transactions**

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

Management monitors operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

On a consolidated basis, the Group's performance is evaluated based on core net income for the year. Core net income for the year is measured as consolidated net income.

The following tables present revenue and expense information and certain assets and liabilities information regarding the different business segments as at and for the years ended December 31, 2025, 2024 and 2023:

|                                                                                 | 2025               |                    |                     |                       |                     |
|---------------------------------------------------------------------------------|--------------------|--------------------|---------------------|-----------------------|---------------------|
|                                                                                 | Toll Concession    | Toll Operation     | Others              | Eliminations          | Total               |
| <b>REVENUE</b>                                                                  | <b>P21,127,247</b> | <b>P1,305,000</b>  | <b>P2,631,023</b>   | <b>(P2,631,023)</b>   | <b>P22,432,247</b>  |
| <b>COST OF SERVICES</b>                                                         | <b>(5,069,921)</b> | <b>(1,131,221)</b> | <b>-</b>            | <b>(60,449)</b>       | <b>(6,261,591)</b>  |
| <b>GROSS PROFIT</b>                                                             | <b>16,057,326</b>  | <b>173,779</b>     | <b>2,631,023</b>    | <b>(2,691,472)</b>    | <b>16,170,656</b>   |
| <b>OPERATING EXPENSES</b>                                                       | <b>(1,163,078)</b> | <b>(229,287)</b>   | <b>(18,022)</b>     | <b>-</b>              | <b>(1,410,387)</b>  |
| <b>CONSTRUCTION REVENUE (COSTS)</b>                                             |                    |                    |                     |                       |                     |
| Construction revenue                                                            | 2,462,217          | -                  | -                   | -                     | 2,462,217           |
| Construction costs                                                              | (2,462,217)        | -                  | -                   | -                     | (2,462,217)         |
|                                                                                 | -                  | -                  | -                   | -                     | -                   |
| <b>OTHER INCOME (CHARGES)</b>                                                   |                    |                    |                     |                       |                     |
| Interest expense                                                                | (1,465,096)        | (4,467)            | (2,408,954)         | -                     | (3,878,517)         |
| Interest income                                                                 | 839,288            | 1,234              | 542,693             | -                     | 1,383,215           |
| Rental income                                                                   | 112,741            | -                  | -                   | -                     | 112,741             |
| Net foreign exchange loss                                                       | 14                 | -                  | -                   | -                     | 14                  |
| Share in net earnings of an associate                                           | 773                | -                  | -                   | (773)                 | -                   |
| Others - net                                                                    | 987                | 64,649             | 680                 | -                     | 66,316              |
|                                                                                 | (511,293)          | 61,416             | (1,865,581)         | (773)                 | (2,316,231)         |
| <b>INCOME BEFORE INCOME TAX</b>                                                 | <b>14,382,955</b>  | <b>5,908</b>       | <b>747,420</b>      | <b>(2,692,245)</b>    | <b>12,444,038</b>   |
| <b>INCOME TAX EXPENSES</b>                                                      | <b>2,415,036</b>   | <b>3,976</b>       | <b>97,271</b>       | <b>(15,112)</b>       | <b>2,501,171</b>    |
| <b>NET INCOME</b>                                                               | <b>11,967,919</b>  | <b>1,932</b>       | <b>650,149</b>      | <b>(2,677,133)</b>    | <b>9,942,867</b>    |
| <b>OTHER COMPREHENSIVE INCOME</b>                                               |                    |                    |                     |                       |                     |
| <i>Not to be reclassified to profit or loss in subsequent period</i>            |                    |                    |                     |                       |                     |
| Remeasurement gain (loss) on net retirement liabilities - net of deferred tax   | (709)              | 4,607              | 126                 | -                     | 4,024               |
| Share of other comprehensive loss of an associate                               | 1,843              | -                  | -                   | (1,843)               | -                   |
|                                                                                 | 1,134              | 4,607              | 126                 | (1,843)               | 4,024               |
| <b>TOTAL COMPREHENSIVE INCOME</b>                                               | <b>P11,969,053</b> | <b>P6,539</b>      | <b>P650,275</b>     | <b>(P2,678,976)</b>   | <b>P9,946,891</b>   |
| <b>SEGMENT ASSETS</b>                                                           | <b>P99,410,058</b> | <b>P476,801</b>    | <b>P123,992,230</b> | <b>(P109,546,110)</b> | <b>P114,332,979</b> |
| <b>SEGMENT LIABILITIES</b>                                                      | <b>P42,304,005</b> | <b>P254,599</b>    | <b>P67,547,059</b>  | <b>(P56,704,228)</b>  | <b>P53,401,435</b>  |
| <b>Other Information</b>                                                        |                    |                    |                     |                       |                     |
| Cost of services and operating expenses excluding depreciation and amortization | P2,774,369         | P1,319,979         | P18,022             | P-                    | P4,112,370          |
| Depreciation and amortization                                                   | 3,458,631          | 40,529             | -                   | -                     | 3,499,160           |
| Additions to service concession rights, property and equipment and ROU assets   | 2,538,145          | 61,733             | -                   | -                     | 2,599,878           |

|                                                                                 | 2024                |                    |                     |                       |                     |
|---------------------------------------------------------------------------------|---------------------|--------------------|---------------------|-----------------------|---------------------|
|                                                                                 | Toll Concession     | Toll Operation     | Others              | Eliminations          | Total               |
| <b>REVENUE</b>                                                                  | <b>₱19,873,165</b>  | <b>₱1,300,877</b>  | <b>₱5,919,802</b>   | <b>(₱5,919,802)</b>   | <b>₱21,174,042</b>  |
| <b>COST OF SERVICES</b>                                                         | <b>(4,870,203)</b>  | <b>(1,090,407)</b> | <b>—</b>            | <b>(60,449)</b>       | <b>(6,021,059)</b>  |
| <b>GROSS PROFIT</b>                                                             | <b>15,002,962</b>   | <b>210,470</b>     | <b>5,919,802</b>    | <b>(5,980,251)</b>    | <b>15,152,983</b>   |
| <b>OPERATING EXPENSES</b>                                                       | <b>(874,392)</b>    | <b>(242,129)</b>   | <b>(2,750)</b>      | <b>—</b>              | <b>(1,119,271)</b>  |
| <b>CONSTRUCTION REVENUE (COSTS)</b>                                             |                     |                    |                     |                       |                     |
| Construction revenue                                                            | 2,217,585           | —                  | —                   | —                     | 2,217,585           |
| Construction costs                                                              | (2,217,585)         | —                  | —                   | —                     | (2,217,585)         |
|                                                                                 | —                   | —                  | —                   | —                     | —                   |
| <b>OTHER INCOME (CHARGES)</b>                                                   |                     |                    |                     |                       |                     |
| Interest expense                                                                | (1,978,550)         | (4,313)            | (2,524,415)         | —                     | (4,507,278)         |
| Interest income                                                                 | 1,102,933           | 4,136              | 59,906              | —                     | 1,166,975           |
| Rental income                                                                   | 91,976              | —                  | —                   | —                     | 91,976              |
| Net foreign exchange loss                                                       | 2,190               | (6)                | —                   | —                     | 2,184               |
| Share in net earnings of an associate                                           | 2,431               | —                  | —                   | (2,431)               | —                   |
| Income from insurance claims                                                    | 11,829              | —                  | —                   | —                     | 11,829              |
| Others - net                                                                    | 2,102               | 43,765             | —                   | —                     | 45,867              |
|                                                                                 | (765,089)           | 43,582             | (2,464,509)         | (2,431)               | (3,188,447)         |
| <b>INCOME BEFORE INCOME TAX</b>                                                 | <b>13,363,481</b>   | <b>11,923</b>      | <b>3,452,543</b>    | <b>(5,982,682)</b>    | <b>10,845,265</b>   |
| <b>INCOME TAX EXPENSES</b>                                                      | <b>1,604,906</b>    | <b>5,845</b>       | <b>11,980</b>       | <b>(15,112)</b>       | <b>1,607,619</b>    |
| <b>NET INCOME</b>                                                               | <b>11,758,575</b>   | <b>6,078</b>       | <b>3,440,563</b>    | <b>(5,967,570)</b>    | <b>9,237,646</b>    |
| <b>OTHER COMPREHENSIVE INCOME</b>                                               |                     |                    |                     |                       |                     |
| <i>Not to be reclassified to profit or loss in subsequent period</i>            |                     |                    |                     |                       |                     |
| Remeasurement gain (loss) on net retirement liabilities - net of deferred tax   | (159)               | (4,057)            | 155                 | —                     | (4,061)             |
| Share of other comprehensive loss of an associate                               | (1,623)             | —                  | —                   | 1,623                 | —                   |
|                                                                                 | (1,782)             | (4,057)            | 155                 | 1,623                 | (4,061)             |
| <b>TOTAL COMPREHENSIVE INCOME</b>                                               | <b>₱11,756,793</b>  | <b>₱2,021</b>      | <b>₱3,440,718</b>   | <b>(₱5,965,947)</b>   | <b>₱9,233,585</b>   |
| <b>SEGMENT ASSETS</b>                                                           | <b>₱101,377,097</b> | <b>₱485,533</b>    | <b>₱123,479,905</b> | <b>(₱114,428,278)</b> | <b>₱110,914,257</b> |
| <b>SEGMENT LIABILITIES</b>                                                      | <b>₱53,244,966</b>  | <b>₱269,870</b>    | <b>₱67,684,883</b>  | <b>(₱61,634,349)</b>  | <b>₱59,565,370</b>  |
| <b>Other Information</b>                                                        |                     |                    |                     |                       |                     |
| Cost of services and operating expenses excluding depreciation and amortization | ₱2,339,270          | ₱1,298,698         | ₱2,750              | ₱—                    | ₱3,640,718          |
| Depreciation and amortization                                                   | 3,405,325           | 33,838             | —                   | 60,449                | 3,499,612           |
| Additions to service concession rights, property and equipment and ROU assets   | 2,268,093           | 63,141             | —                   | —                     | 2,331,234           |
| ECL on receivables                                                              | 25,612              | —                  | —                   | —                     | 25,612              |

|                                                                                 | 2023                |                    |                     |                       |                     |
|---------------------------------------------------------------------------------|---------------------|--------------------|---------------------|-----------------------|---------------------|
|                                                                                 | Toll Concession     | Toll Operation     | Others              | Eliminations          | Total               |
| <b>REVENUE</b>                                                                  | <b>P19,010,979</b>  | <b>P1,255,000</b>  | <b>P5,800,210</b>   | <b>(P5,800,210)</b>   | <b>P20,265,979</b>  |
| <b>COST OF SERVICES</b>                                                         | <b>(4,657,775)</b>  | <b>(1,060,768)</b> | <b>-</b>            | <b>(60,449)</b>       | <b>(5,778,992)</b>  |
| <b>GROSS PROFIT</b>                                                             | <b>14,353,204</b>   | <b>194,232</b>     | <b>5,800,210</b>    | <b>(5,860,659)</b>    | <b>14,486,987</b>   |
| <b>OPERATING EXPENSES</b>                                                       | <b>(894,991)</b>    | <b>(222,325)</b>   | <b>(2,200)</b>      | <b>-</b>              | <b>(1,119,516)</b>  |
| <b>CONSTRUCTION REVENUE (COSTS)</b>                                             |                     |                    |                     |                       |                     |
| Construction revenue                                                            | 953,695             | -                  | -                   | -                     | 953,695             |
| Construction costs                                                              | (953,695)           | -                  | -                   | -                     | (953,695)           |
|                                                                                 | -                   | -                  | -                   | -                     | -                   |
| <b>OTHER INCOME (CHARGES)</b>                                                   |                     |                    |                     |                       |                     |
| Interest expense                                                                | (2,394,642)         | (3,615)            | (2,112,295)         | -                     | (4,510,552)         |
| Interest income                                                                 | 917,896             | 6,119              | 37,556              | -                     | 961,571             |
| Rental income                                                                   | 73,988              | -                  | -                   | -                     | 73,988              |
| Net foreign exchange loss                                                       | (2,365)             | -                  | -                   | -                     | (2,365)             |
| Share in net earnings of an associate                                           | 1,554               | -                  | -                   | (1,554)               | -                   |
| Others - net                                                                    | 5,608               | 34,596             | -                   | -                     | 40,204              |
|                                                                                 | (1,397,961)         | 37,100             | (2,074,739)         | (1,554)               | (3,437,154)         |
| <b>INCOME BEFORE INCOME TAX</b>                                                 | <b>12,060,252</b>   | <b>9,007</b>       | <b>3,723,271</b>    | <b>(5,862,213)</b>    | <b>9,930,317</b>    |
| <b>INCOME TAX EXPENSES</b>                                                      | <b>1,525,282</b>    | <b>5,123</b>       | <b>7,510</b>        | <b>(15,112)</b>       | <b>1,522,803</b>    |
| <b>NET INCOME</b>                                                               | <b>10,534,970</b>   | <b>3,884</b>       | <b>3,715,761</b>    | <b>(5,847,101)</b>    | <b>8,407,514</b>    |
| <b>OTHER COMPREHENSIVE INCOME</b>                                               |                     |                    |                     |                       |                     |
| <i>Not to be reclassified to profit or loss in subsequent period</i>            |                     |                    |                     |                       |                     |
| Remeasurement gain (loss) on net retirement liabilities - net of deferred tax   | (1,441)             | (16,800)           | -                   | -                     | (18,241)            |
| Share of other comprehensive loss of an associate                               | (6,720)             | -                  | -                   | 6,720                 | -                   |
|                                                                                 | (8,161)             | (16,800)           | -                   | 6,720                 | (18,241)            |
| <b>TOTAL COMPREHENSIVE INCOME</b>                                               | <b>P10,526,809</b>  | <b>(P12,916)</b>   | <b>P3,715,761</b>   | <b>(P5,840,381)</b>   | <b>P8,389,273</b>   |
| <b>SEGMENT ASSETS</b>                                                           | <b>P101,657,133</b> | <b>P432,319</b>    | <b>P117,978,938</b> | <b>(P115,136,248)</b> | <b>P104,932,142</b> |
| <b>SEGMENT LIABILITIES</b>                                                      | <b>P58,542,622</b>  | <b>P218,677</b>    | <b>P65,624,478</b>  | <b>(P62,388,464)</b>  | <b>P61,997,313</b>  |
| <b>Other Information</b>                                                        |                     |                    |                     |                       |                     |
| Cost of services and operating expenses excluding depreciation and amortization | P2,248,633          | P1,242,817         | P2,200              | P-                    | P3,493,650          |
| Depreciation and amortization                                                   | 3,304,132           | 40,277             | -                   | 60,449                | 3,404,858           |
| Additions to service concession rights, property and equipment and ROU assets   | 965,555             | 30,551             | -                   | -                     | 996,106             |
| ECL on receivables                                                              | 8,038               | -                  | -                   | -                     | 8,038               |



**INDEPENDENT AUDITORS' REPORT ON  
SUPPLEMENTAL SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors  
SMC Tollways Corporation and Subsidiaries  
11/F, San Miguel Properties Centre  
7 St. Francis St., Mandaluyong City  
Metro Manila, Philippines

We have audited in accordance with Philippines Standards on Auditing, the accompanying consolidated financial statements of SMC Tollways Corporation (a wholly-owned subsidiary of Atlantic Aurum Investments B.V.) and its subsidiaries (the Group) as at December 31, 2025 and 2024, and for the years ended December 31, 2025, 2024 and 2023, and have issued our report dated March 9, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024, and for the years ended December 31, 2025, 2024 and 2023 and no material exceptions were noted.

**REYES TACANDONG & Co.**

  
DARRYLL REESE Q. SALANGAD  
Partner

CPA Certificate No. 107615  
Tax Identification No. 227-770-760-000  
BOA Accreditation No. 4782/P-019; Valid until June 6, 2026  
SEC Accreditation No. 107615-SEC Group A  
Issued October 2, 2025  
Valid for Financial Periods 2025 to 2029  
BIR Accreditation No. 08-005144-016-2025  
Valid until January 16, 2028  
PTR No. 10764039  
Issued January 2, 2026, Makati City

March 9, 2026  
Makati City, Metro Manila



**REPORT OF INDEPENDENT AUDITORS  
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors  
SMC Tollways Corporation and Subsidiaries  
11/F, San Miguel Properties Centre  
7 St. Francis St., Mandaluyong City  
Metro Manila, Philippines

We have audited in accordance with Philippines Standards on Auditing, the accompanying consolidated financial statements of SMC Tollways Corporation (a wholly-owned subsidiary of Atlantic Aurum Investments B.V.) and its subsidiaries (the Group) as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 and have issued our report dated March 9, 2026. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Schedule of Reconciliation of the Parent Company Retained Earnings Available for Dividend Declaration as at December 31, 2025
- Conglomerate map as at December 31, 2025
- Schedules as Required by Part II of the Revised Securities Regulation Code (SRC) Rule, as at December 31, 2025

The supplementary schedules are presented for purposes of complying with the Revised SRC Rule 68, and are not part of the basic consolidated financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

**REYES TACANDONG & Co.**

  
DARRYLL REESE Q. S. LANGAD  
Partner

CPA Certificate No. 107615

Tax Identification No. 227-770-760-000

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March 9, 2026

Makati City, Metro Manila

**SMC TOLLWAYS CORPORATION AND SUBSIDIARIES**  
**(A Wholly-owned Subsidiary of Atlantic Aurum Investments B.V.)**

**SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

**DECEMBER 31, 2025 and 2024**

**(Amounts in Thousands)**

|                                                 | 2025         | 2024         |
|-------------------------------------------------|--------------|--------------|
| Total current assets                            | P32,944,629  | P30,717,320  |
| Divided by: Total current liabilities           | 10,905,522   | 12,125,211   |
| Liquidity ratio                                 | 3.02:1       | 2.53:1       |
| Net income before depreciation and amortization | P13,502,475  | P12,737,258  |
| Divided by: Total liabilities                   | 53,401,435   | 59,565,370   |
| Solvency ratio                                  | 0.25:1       | 0.21:1       |
| Total liabilities                               | P53,401,435  | P59,565,370  |
| Divided by: Total equity                        | 60,931,544   | 51,348,887   |
| Debt-to-equity ratio                            | 0.88:1       | 1.16:1       |
| Total assets                                    | P114,332,979 | P110,914,257 |
| Divided by: Total equity                        | 60,931,544   | 51,348,887   |
| Asset-to-equity ratio                           | 1.88:1       | 2.16:1       |
| Net income                                      | P9,942,867   | P9,237,646   |
| Divided by: Total assets                        | 114,332,979  | 110,914,257  |
| Return on asset                                 | 8.70%        | 8.33%        |
| Net income                                      | P9,942,867   | P9,237,646   |
| Divided by: Total equity                        | 60,931,544   | 51,348,887   |
| Return on equity                                | 16.32%       | 17.99%       |
| EBITDA                                          | P19,812,445  | P18,869,210  |
| Divided by: Total interest cost                 | 3,878,517    | 4,507,278    |
| Interest coverage ratio                         | 5.11:1       | 4.19:1       |
| Net income                                      | P9,942,867   | P9,237,646   |
| Divided by: Revenue                             | 22,432,247   | 21,174,042   |
| Net profit margin                               | 44.32%       | 43.63%       |

**SMC TOLLWAYS CORPORATION AND SUBSIDIARIES**  
**(A Wholly-owned Subsidiary of Atlantic Aurum Investments B.V.)**

**RECONCILIATION OF THE PARENT COMPANY RETAINED EARNINGS AVAILABLE FOR  
DIVIDEND DECLARATION**  
**FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025**  
**(Amounts in Thousands)**

|                                                                                            |                    |
|--------------------------------------------------------------------------------------------|--------------------|
| Unappropriated retained earnings, beginning of reporting period                            | P35,317,710        |
| Add: Net income for the current year                                                       | 484,127            |
| Total retained earnings, end of the reporting period available for dividend<br>declaration | <u>P35,801,837</u> |

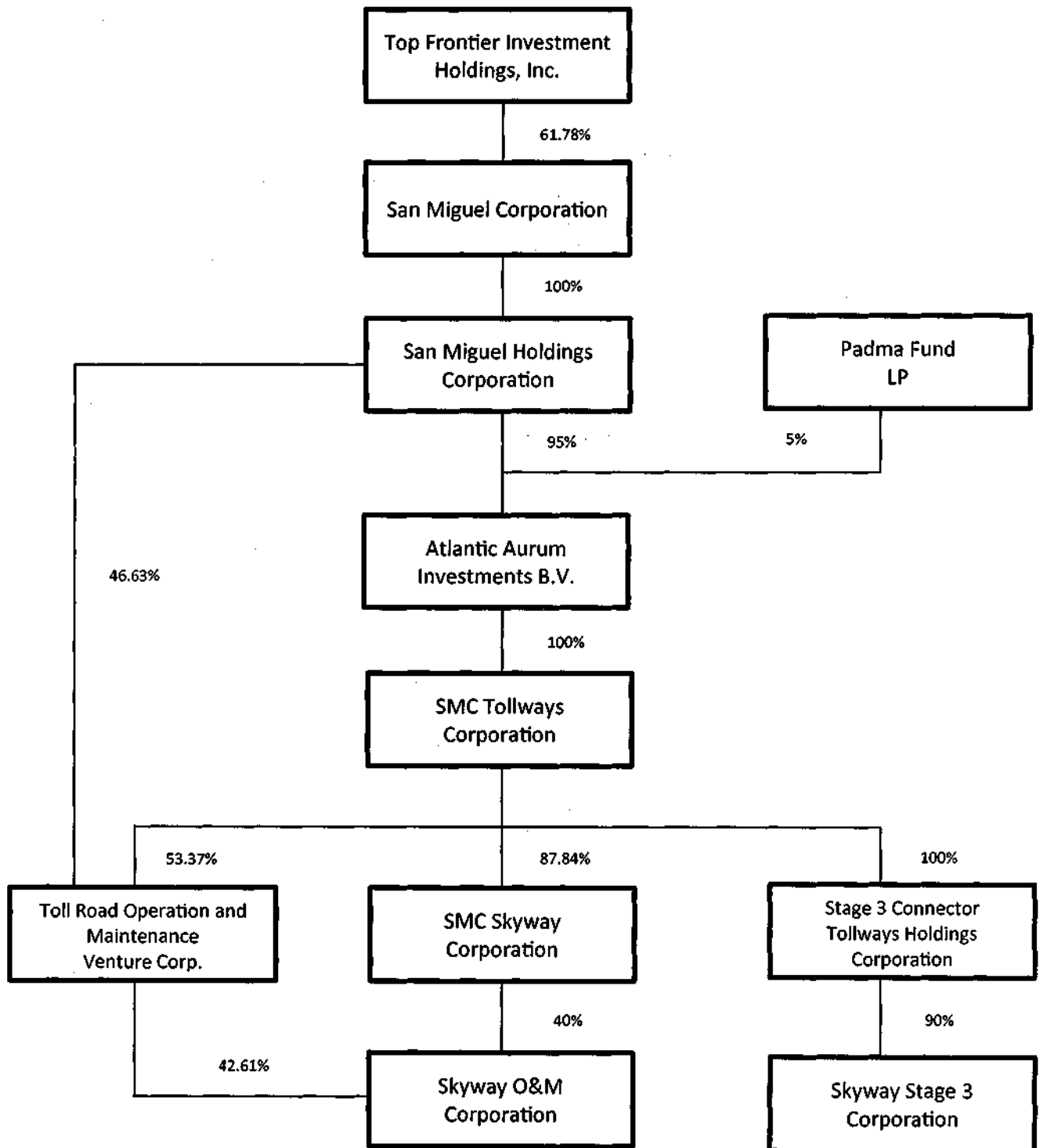
**Event After the Reporting Date**

On March 9, 2026, the BOD approved the appropriation of retained earnings amounting to P32,071.0 million to fund the New Decongestion Facilities, expected to be utilized until 2031.

**SMC TOLLWAYS CORPORATION AND SUBSIDIARIES**  
(A Wholly-owned Subsidiary of Atlantic Aurum Investments B.V.)

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**CONGLOMERATE MAP**  
**DECEMBER 31, 2025**



**SMC TOLLWAYS CORPORATION AND SUBSIDIARIES**  
**(A Wholly-owned Subsidiary of Atlantic Aurum Investments B.V.)**

**SEC Supplementary Schedule as Required by Part II of The Revised SRC Rule 68**  
**DECEMBER 31, 2025**

**Table of Contents**

| <u>Schedule</u> | <u>Description</u>                                                                                                               | <u>Page</u> |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------|-------------|
| A               | Financial Assets                                                                                                                 | <u>N/A</u>  |
| B               | Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties) | <u>N/A</u>  |
| C               | Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements                | <u>1</u>    |
| D               | Long-term Debt                                                                                                                   | <u>2</u>    |
| E               | Indebtedness to Related Parties*                                                                                                 | <u>N/A</u>  |
| F               | Guarantees of Securities of Other Issuers                                                                                        | <u>N/A</u>  |
| G               | Capital Stock                                                                                                                    | <u>3</u>    |

*\*Indebtedness to related parties are classified as current as at December 31, 2025.*

**SMC TOLLWAYS CORPORATION AND SUBSIDIARIES**  
(A Wholly-owned Subsidiary of Atlantic Aurum Investments B.V.)

**C. Amounts Receivable from Related Parties which are Eliminated**  
**During the Consolidation of the Financial Statements**  
**DECEMBER 31, 2025**

| Name and designation of debtor                 | Balance at beginning of year | Additions      | Deductions        |                       | Ending Balance   |                | Balance at end of year |
|------------------------------------------------|------------------------------|----------------|-------------------|-----------------------|------------------|----------------|------------------------|
|                                                |                              |                | Amounts collected | Reversal of write off | Current          | Not current    |                        |
| Stage 3 Connector Tollway Holdings Corporation | P32, 660,000,000             | P-             | P-                | P-                    | P32, 660,000,000 | P-             | P32, 660,000,000       |
| SMC Skyway Stage 3 Corporation                 | 28,434,664,166               | 7,870,323      | (5,007,492,203)   | -                     | 3,792,286        | 23,431,250,000 | 23,435,042,286         |
| SMC Skyway Corporation                         | 810,515,090                  | 13,420,130,701 | (13,364,242,868)  | -                     | 866,402,923      | -              | 866,402,923            |

**SMC TOLLWAYS CORPORATION AND SUBSIDIARIES**  
(A Wholly-owned Subsidiary of Atlantic Aurum Investments B.V.)

**D. Long Term Debt**  
**DECEMBER 31, 2025**

| <i>Title of Issue and Type of Obligation</i> | <i>Amount Authorized by Indenture</i> | <i>Amount shown as Current</i> | <i>Amount shown as Noncurrent</i> | <i>Total Outstanding Loans Payable</i> | <i>Interest Rate</i> |
|----------------------------------------------|---------------------------------------|--------------------------------|-----------------------------------|----------------------------------------|----------------------|
| Retail Bond Issue                            | P35,000,000,000                       | P-                             | P34,579,237,788                   | P34,579,237,788                        | 6.48% to 6.93%       |
| Omnibus Loan and Security Agreement          | 31,000,000,000                        | 5,060,152,749                  | 7,150,492,046                     | 12,210,644,795                         | 7.43% to 10.69%      |
|                                              | P66,000,000,000                       | P5,060,152,749                 | P41,729,729,834                   | P46,789,882,583                        |                      |

**SMC TOLLWAYS CORPORATION AND SUBSIDIARIES**  
**(A Wholly-owned Subsidiary of Atlantic Aurum Investments B.V.)**

**G. CAPITAL STOCK**  
**DECEMBER 31, 2025**

| Title of Issue                 | Number of shares authorized | Number of shares issued and outstanding as shown under the related statements of financial position caption | Number of shares reserved for options, warrants, conversion and other rights | Number of shares held by |                                   |        |
|--------------------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------|-----------------------------------|--------|
|                                |                             |                                                                                                             |                                                                              | Related parties          | Directors, officers and employees | Others |
| Capital Stock - P100 par value | 80,000,000                  | 69,538,459                                                                                                  | -                                                                            | 69,538,452               | 7                                 | -      |

**SMC TOLLWAYS CORPORATION AND SUBSIDIARIES**  
**(A Wholly-owned Subsidiary of Atlantic Aurum Investments B.V.)**

**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE RELATED INFORMATION**  
**December 31, 2025**

|                                                           | Current Year      | Prior Year        |
|-----------------------------------------------------------|-------------------|-------------------|
| <b>Total Audit Fees</b>                                   | <b>P5,358,000</b> | <b>P5,110,100</b> |
| Non-audit service fees:                                   |                   |                   |
| Other assurance services                                  | -                 | -                 |
| Tax services                                              | -                 | -                 |
| All other services                                        | -                 | -                 |
| <b>Total Non-audit Fees</b>                               | <b>-</b>          | <b>-</b>          |
| <b>Total Audit and Non-audit Fees</b>                     | <b>P5,358,000</b> | <b>P5,110,100</b> |
| <b>Audit and Non-audit fees of other related entities</b> |                   |                   |
| Audit fees                                                | P-                | P-                |
| Non-audit service fees:                                   |                   |                   |
| Other assurance services                                  | -                 | -                 |
| Tax services                                              | -                 | -                 |
| All other services                                        | -                 | -                 |
| <b>Total Audit and Non-audit Fees</b>                     | <b>P-</b>         | <b>P-</b>         |

# 2025 SUSTAINABILITY REPORT

# 2025 SUSTAINABILITY REPORT



# COMPANY DETAILS



|                                                                                    |                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of Organization                                                               | SMC Tollways Corporation                                                                                                                                                                                                                         |
| Location of Headquarters                                                           | 11/F San Miguel Properties Centre,<br>7 St. Francis Street, Ortigas Center,<br>Mandaluyong City, Metro Manila                                                                                                                                    |
| Location of Operations                                                             | Skyway Stage 1 runs from Bicutan, Parañaque to<br>Buendia, Makati City<br>Skyway Stage 2 covers the stretch from Bicutan,<br>Parañaque to Alabang, Muntinlupa<br>Skyway Stage 3 connects Buendia, Makati City to<br>NLEX-Balintawak, Quezon City |
| Report Boundary: Legal entities<br>(e.g. subsidiaries) included in this<br>report  | SMC Skyway Corporation<br>SMC Skyway Stage 3 Corporation<br>Skyway O&M Corporation                                                                                                                                                               |
| Business Model, including Primary<br>Activities, Brands, Products, and<br>Services | Construction, operation, and maintenance of<br>Skyway System                                                                                                                                                                                     |
| Reporting Period                                                                   | 01 January 2025 to 31 December 2025                                                                                                                                                                                                              |
| Highest Ranking Person<br>responsible for this report                              | Raoul Eduardo C. Romulo<br><i>Chief Information Officer</i><br><i>SMC Tollways Corporation</i>                                                                                                                                                   |

# MATERIALITY PROCESS

The Sustainability Accounting Standards Board (SASB), along with the Global Reporting Initiative (GRI) Standards, Task Force on Climate-Related Financial Disclosures (TCFD) Framework, and Carbon Disclosure Project (CDP) Framework, guided SMC Tollways Corporation, hereinafter referred to as the "Company," in determining its material topics. The Company's approach to materiality aligns with these frameworks and the broader materiality process established by its ultimate parent, San Miguel Corporation (SMC).

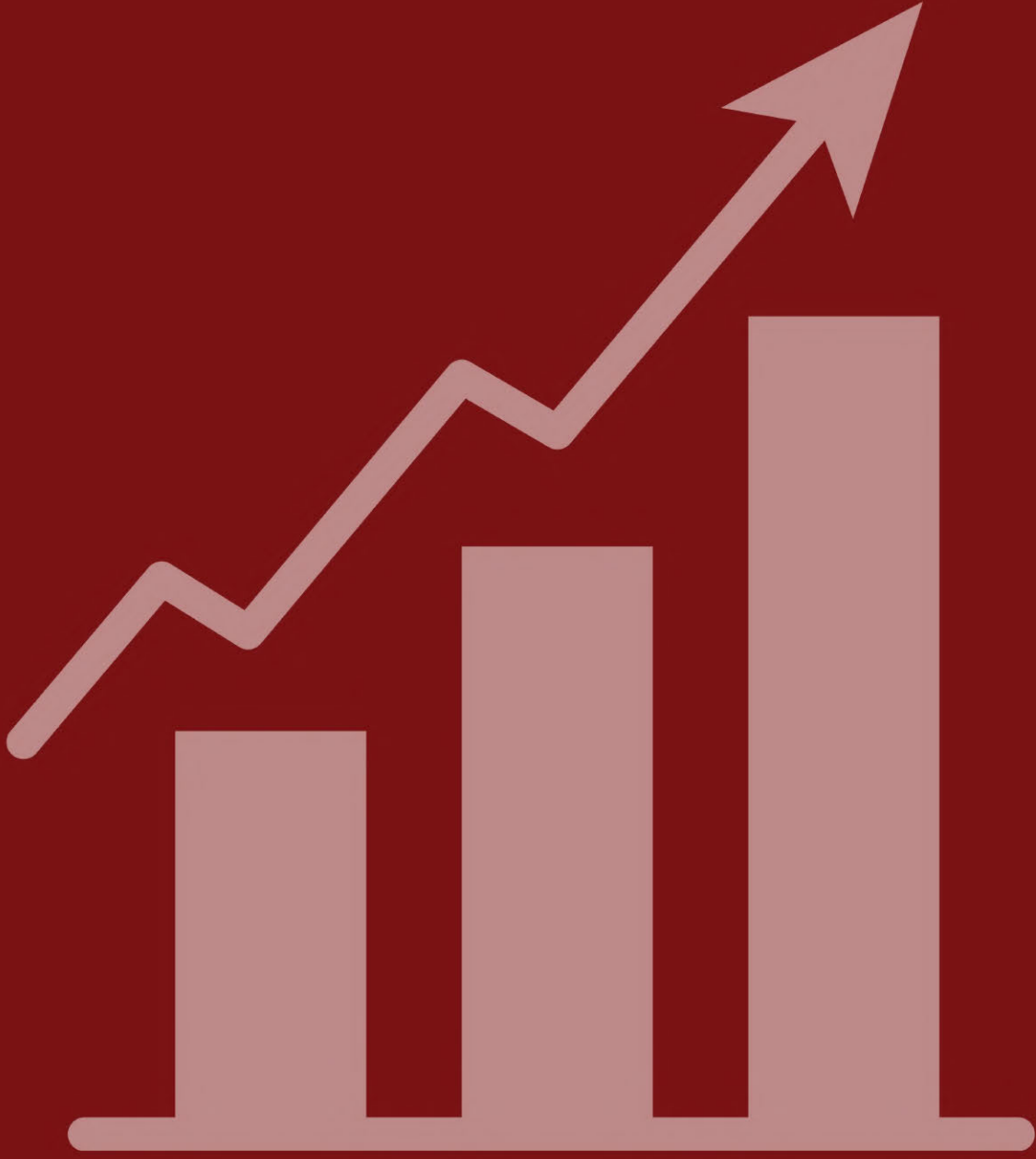
The materiality assessment followed SMC's structured methodology, beginning with the development of a comprehensive list of potential material topics based on globally recognized Environmental, Social, and Governance (ESG) standards. The Company then benchmarked against peer companies to identify relevant ESG issues and conducted stakeholder consultations to determine the most significant ESG concerns. The prioritized material topics were subsequently validated through a Materiality Validation Workshop with SMC's senior management.

To ensure consistency in capturing relevant ESG disclosures, the Company adopted SMC's standardized data template, which integrates key standards and requirements from various ESG frameworks. This structured approach enables the Company to systematically collect and manage its ESG data.

Additionally, the Company has conducted a Sustainability and Operational Workshop in alignment with SMC Infrastructure's Operational and Maintenance Group Strategic Planning. This workshop has reinforced a structured approach to sustainability reporting, and has supported the continuous enhancement of policies and the development of services.

Accordingly, the Company's materiality processes and topics will be regularly reviewed and updated to reflect evolving impacts, risks, opportunities, and management approaches.

# ECONOMIC PERFORMANCE



# ECONOMIC PERFORMANCE

## DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

| DISCLOSURE                                                                 | AMOUNT    | UNITS<br>(in million) |
|----------------------------------------------------------------------------|-----------|-----------------------|
| Direct economic value generated (revenue)                                  | 24,000.56 | PhP                   |
| Direct economic value distributed:                                         |           | PhP                   |
| A. Operating costs                                                         | 7,671.97  | PhP                   |
| B. Employee wages and benefits                                             | 734.69    | PhP                   |
| C. Payments to suppliers, other operating costs                            | 7,554.47  | PhP                   |
| D. Dividends given to stockholders and interest payments to loan providers | -         | PhP                   |
| E. Taxes given to government                                               | -         | PhP                   |
| F. Investments to community (e.g. donations, CSR)                          | -         | PhP                   |



## Impacts and Risks

One of the main thrusts of the Company is to invest in new ways that will enable the Company to provide a better service to the public and commuters. On the other hand, it has lease obligations and long-term debts that can affect its ability to attract additional financing, thereby limiting growth plans and flexibility in planning and operations. Other factors that may restrict funding availability include limitations imposed by Philippine regulations with respect to a bank's exposure to a single borrower or related group of borrowers, existing debt covenants of the SMC Group, ability to service new debt, and public perception of other industries affiliated with. Other risks include the following:

- Inherent risks in the completion of infrastructure business;
- Inability to secure tariff increases;
- Decrease in utilization and disruption of operations;
- Risks relating to construction defects and other building-related claims; and
- Delay in Right-of-Way.

The inability to thoroughly address these in a timely manner may have an adverse effect on its operations, which in turn may lead to a reduction of manpower and service areas. Moreover, significant business risks for the company have been identified in its 2025 SEC Form 17-A.

## Management Approach to Identified Impacts and Risks

The Company ensures the hiring and retention of key employees to allow successful integration, proper management, and alignment of the acquired companies. The Company ensures that its hired personnel undergo various training and mentoring programs to ensure the business is conducted in an ethical and sustainable manner and at par with the company's standards. The Company, with the guidance of its management and Board of Directors (BOD), strategically reviews and monitors profit growth, and maintains a healthy balance sheet, a balanced mix of debt and equity, to maximize the Company's market value. Profiles for capital ratios are set in consideration of changes in the external environment and the risks underlying the Company's operations and industries.

The Company's Audit and Risk Oversight Committee, together with its Internal Audit Department, regularly reviews risk management controls and procedures and assists the BOD in fulfilling its oversight responsibility of corporate governance processes.

To mitigate credits risks, the Company is guided by creditworthy application of transaction limits and close risk monitoring. The Company conducts regular internal control reviews to monitor the granting of credit and to manage credit exposures.

Furthermore, the Company is composed of reputable BOD officers and an experienced management team that is capable of immediately responding to any adverse event that may ensue.

## Opportunities and Management Approach

With the continuous growth of financial value that the company generates, more value is given to it in terms of development of new road extension and services, improvement of operations, increase in brand visibility, as well as exploration of additional Public-Private Partnerships.

## CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Company recognizes that climate change and natural disasters pose significant threats to its operations and supply chain. Extreme weather events such as typhoons, floods, and heatwaves can disrupt project timelines, damage assets, and impact the availability of raw materials and energy resources. These risks are further exacerbated by climate variability, which continues to challenge long-term planning and operational resilience.

To address these challenges, the Company has begun integrating hazard and climate risk assessments into its strategic planning. This process includes evaluating the vulnerability of existing assets to climate-related hazards and ensuring that design, construction, and operational standards incorporate climate resilience.

Beyond immediate risk mitigation, the Company is committed to long-term solutions that enhance its adaptive capacity. These initiatives include strengthening emergency preparedness systems, adopting low-carbon technologies, and improving infrastructure resilience. The Company also acknowledges the financial and reputational risks associated with climate inaction and is working to align its environmental management practices with evolving regulatory frameworks and global sustainability standards.

Guided by its Health, Safety, and Environment (HSE) policies, the Company ensures that climate considerations are embedded in all levels of decision-making. By proactively addressing climate risks, the Company safeguards business continuity, supports stakeholder well-being, and strengthens its contribution to national and global climate goals.

Furthermore, the Company aligns its sustainability initiatives with the United Nations Sustainable Development Goals (UN SDGs), underscoring its commitment to global climate action and sustainable development.



# PROCUREMENT PRACTICES

## PROPORTION OF SPENDING ON LOCAL SUPPLIERS

| DISCLOSURE                                                                                                     | QUANTITY | UNITS |
|----------------------------------------------------------------------------------------------------------------|----------|-------|
| Percentage of procurement budget used for significant locations of operations that is spent on local suppliers | -        | %     |

As a general policy, the Company supports local suppliers and prioritizes them in sourcing materials and services provided that the quality and quantity requirements are met at competitive rates.

### Impacts and Risks

The Company upholds strict standards for the quality of materials and services it procures. The Company strictly prohibits any unethical practices in supplier selection or negotiation, as these can significantly harm its reputation and financial stability. Ensuring the use of high-quality materials and partnering with reputable contractors are critical to maintaining operational efficiency, service excellence, and regulatory compliance.

### Opportunities and Management Approach

As part of the SMC Group, the Company benefits from a centralized procurement system managed by the SMC Corporate Procurement Group. This system streamlines the procurement process across SMC business units, increasing operational efficiency. Through this advantage, the Company ensures effective supplier accreditation, and consistent quality of materials and services.

The Company recognizes its service providers and suppliers as essential partners in value creation. Through the SMC Corporate Procurement Group, it continues to invest in its people and technology to enhance procurement strategies, strengthen supplier relationships, and drive sustainable growth.

# ANTI-CORRUPTION

## TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES

| DISCLOSURE                                                                                                                   | QUANTITY | UNITS |
|------------------------------------------------------------------------------------------------------------------------------|----------|-------|
| Percentage of employees to whom the organization’s anti-corruption policies and procedures have been communicated to         | -        | %     |
| Percentage of business partners to whom the organization’s anti-corruption policies and procedures have been communicated to | -        | %     |
| Percentage of directors and management that have received anti-corruption training                                           | -        | %     |
| Percentage of employees that have received anti-corruption training                                                          | -        | %     |

## INCIDENTS OF CORRUPTION

| DISCLOSURE                                                                                               | QUANTITY | UNITS |
|----------------------------------------------------------------------------------------------------------|----------|-------|
| Number of incidents in which directors were removed or disciplined for corruption                        | 0        | #     |
| Number of incidents in which employees were dismissed or disciplined for corruption                      | 0        | #     |
| Number of incidents when contracts with business partners were terminated due to incidents of corruption | 0        | #     |

### Impacts and Risks

Incidence of corruption may pose a significant threat to the Company's integrity, operational efficiency, and stakeholder trust. Unethical practices such as bribery and fraud can lead to legal repercussions, financial losses, and reputational damage. Additionally, corruption undermines fair competition, disrupts business processes, and erodes investor confidence, ultimately affecting long-term sustainability and growth.

### Opportunities and Management Approach

Through the SMC Corporate Governance Manual and Code of Business Conduct and Ethics, the Company ensures that all employees and suppliers operate with the utmost professionalism and integrity. Employees are expected to use company resources and information exclusively for their intended purposes. The Company also fosters a culture of transparency by encouraging employees to report any suspected unethical behavior through established reporting channels.

To mitigate corruption risks, the Company implements strict conflict-of-interest policies, requiring directors, officers, and employees to disclose any personal business interests that may affect financial or operational decisions. Furthermore, the Company discourages employees from accepting gifts or favors that could influence impartial decision-making, particularly in areas such as hiring, procurement, and contract management.

The Company ensures full compliance with local anti-corruption laws and maintains transparency in its dealings with government entities and regulators. By continuously strengthening its governance framework and promoting ethical business conduct, the Company safeguards its business integrity, builds stakeholder trust, and reaffirms its commitment to responsible and sustainable operations.

# ENVIRONMENT



# RESOURCE MANAGEMENT

## ENERGY CONSUMPTION WITHIN THE ORGANIZATION

| DISCLOSURE                             | QUANTITY  | UNITS |
|----------------------------------------|-----------|-------|
| Energy consumption (renewable sources) | 1,002.58  | GJ    |
| Energy consumption (gasoline)          | 1,580.81  | GJ    |
| Energy consumption (LPG)               | -         | GJ    |
| Energy consumption (diesel)            | 32,018.31 | GJ    |
| Energy consumption (electricity)       | 25,577.97 | KWH   |

## REDUCTION OF ENERGY CONSUMPTION

| DISCLOSURE                             | QUANTITY | UNITS |
|----------------------------------------|----------|-------|
| Energy consumption (renewable sources) | -        | GJ    |
| Energy consumption (gasoline)          | -        | GJ    |
| Energy consumption (LPG)               | -        | GJ    |
| Energy consumption (diesel)            | -        | GJ    |
| Energy consumption (electricity)       | -        | KWH   |

## Impacts and Risks

The Company's energy consumption, primarily from electricity usage and fleet fuel consumption, poses both environmental and financial impacts, including carbon emissions, resource depletion, and increase in operational costs. Inefficient energy management may lead to higher expenditures and reputational concerns, especially with evolving sustainability policies and stakeholder expectations.

## Opportunities and Management Approach

The Company is committed to reducing energy consumption through targeted initiatives while ensuring compliance with environmental laws and regulations. To achieve this, it continuously invests in renewable energy technologies and energy-efficient equipment. Additionally, the Company actively benchmarks its energy management practices against industry peers to identify and adopt best practices in renewable energy solutions.

## WATER CONSUMPTION WITHIN THE ORGANIZATION

| DISCLOSURE                | QUANTITY | UNITS |
|---------------------------|----------|-------|
| Water withdrawal          | 57.79    | ML    |
| Water consumption         | 15.16    | ML    |
| Water recycled and reused | -        | ML    |

## Impacts and Risks

The Company's processes and operations rely heavily on water. The instability of water supply in the Philippines poses significant risks, including price fluctuations and shortages that could disrupt business activities. Additionally, rising costs for water extraction and usage may increase operational expenses and affect the Company's financial performance.

## Opportunities and Management Approach

In 2019, the Company has made a commitment to participate in the Water-For-All project of SMC, to reduce utility and domestic (non-scarce and non-product) water consumption through the following initiatives:

- Eliminating water wastage by implementing stricter measures to improve efficiency;
- Utilizing water-saving technologies and conservation programs; and
- Expanding water reuse and recycling efforts.

To further demonstrate its commitment to reduce the use of scarce water, the Company has established Wastewater Treatment Plants (WTPs) and Sewage Treatment Facilities (STFs) to treat domestic wastewater along the tollways.

The Company would also like to explore advanced technologies to enhance the collection and treatment of wastewater, ensuring compliance with industry standards for wastewater management.

## MATERIALS USED BY THE ORGANIZATION

| DISCLOSURE                                                                                                  | QUANTITY | UNITS     |
|-------------------------------------------------------------------------------------------------------------|----------|-----------|
| Renewable                                                                                                   | -        | kg/liters |
| Non-renewable                                                                                               | -        | kg/liters |
| Percentage of recycled input materials used to manufacture the organization’s primary products and services | -        | %         |

## Impacts and Risks

The Company may face disruptions in the supply of essential raw materials such as asphalt, concrete, steel, and wood, leading to project delays and increased costs. Moreover, the use of substandard materials could compromise structural integrity and safety, resulting in higher maintenance expenses, regulatory non-compliance, and reputational risks.

## Opportunities and Management Approach

The Company diligently monitors materials, ensuring timely delivery of the suppliers, and the use of alternative primary materials. Strict procurement policies and supplier accreditation processes are in place to verify material quality, regulatory compliance, and ethical sourcing.

The Company aims to explore circular economy principles and adoption of eco-friendly materials to reduce environmental impact of the projects. Strengthening collaboration with reliable suppliers also ensures high-quality material supply while mitigating risks of shortages and delays.

## ECOSYSTEMS AND BIODIVERSITY

| DISCLOSURE                                                                                                                                | QUANTITY | UNITS |
|-------------------------------------------------------------------------------------------------------------------------------------------|----------|-------|
| Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | -        |       |
| Habitats protected or restored                                                                                                            | -        | HA    |
| IUCN Red List species and national conservation list species with habitats in areas affected by operations                                | -        |       |

## Impacts and Risks

The Company is responsible for assessing and mitigating its impact on surrounding ecosystems and biodiversity. These impacts may include habitat destruction and biodiversity loss, wildlife disturbance due to pollution, and disruption of water resources. Beyond legal repercussions, these environmental effects may also impact local communities, potentially disrupting livelihoods and ecological balance.

### Opportunities and Management Approach

The Company conducts an Environmental Impact Assessment (EIA) to evaluate the physical and biological effects of its projects and identify necessary mitigation and control strategies. This includes closely monitoring facility effluents and emissions as a standard for impact mitigation.

The Company is also exploring ways to minimize its environmental footprint and integrate sustainability into its operations by incorporating eco-friendly materials and green techniques. Additionally, it recognizes the value of collaborating with local communities to promote social responsibility and environmental stewardship, ensuring the protection of surrounding ecosystems.

## ENVIRONMENTAL IMPACT MANAGEMENT

### GREENHOUSE GAS EMISSIONS

| DISCLOSURE                                    | QUANTITY | UNITS |
|-----------------------------------------------|----------|-------|
| Direct (Scope 1) GHG Emissions                | 2,302.24 | tCO2e |
| Energy indirect (Scope 2) GHG Emissions       | 4,927.31 | tCO2e |
| Emissions of ozone-depleting substances (ODS) | -        | tCO2e |

## AIR POLLUTANTS

| DISCLOSURE                           | QUANTITY | UNITS |
|--------------------------------------|----------|-------|
| NOx                                  | 22,860   | kg    |
| SOx                                  | 1,500    | kg    |
| Persistent organic pollutants (POPs) | -        | kg    |
| Volatile organic compounds (VOCs)    | -        | kg    |
| Hazardous air pollutants (HAPs)      | -        | kg    |
| Particulate matter (PM)              | 1,610    | kg    |

### Impacts and Risks

The Company's emissions may pose health and safety risks to employees, customers, and nearby communities with prolonged exposure. Additionally, improper management of these emissions can contribute to environmental degradation, which may lead to regulatory challenges and penalty charges.

### Opportunities and Management Approach

The Company complies with all regulatory requirements to help protect the environment. It manages emissions through continuous monitoring of by-product levels, regular emissions testing, and preventive maintenance of equipment.

# SOLID AND HAZARDOUS WASTES

## SOLID WASTE

| DISCLOSURE                  | QUANTITY | UNITS |
|-----------------------------|----------|-------|
| Total solid waste generated | 439,600  | kg    |
| <i>Reusable</i>             | -        | kg    |
| <i>Recyclable</i>           | 4,420    | kg    |
| <i>Composted</i>            | 20,240   | kg    |
| <i>Incinerated</i>          | -        | kg    |
| <i>Residuals/Landfilled</i> | 414,940  | kg    |

### Impacts and Risks

Improper solid waste management can lead to serious health hazards, environmental pollution, and regulatory penalties. It may also compromise site sanitation, increase operational costs, and contribute to the depletion of natural resources. To mitigate these risks, the Company regularly coordinates with DENR-accredited waste haulers to ensure the proper transport of solid waste to landfills or recycling facilities.

## Opportunities and Management Approach

The Company implements a comprehensive solid waste management program to safeguard public health and the environment. It strictly adheres to R.A. 9003 or the Ecological Solid Waste Management Act and complies with local government regulations on waste segregation and disposal.

To further minimize waste generation, the Company promotes the following:

- Reduce, Reuse, Recycle, Re-purpose to optimize resource utilization;
- Avoidance of single-use plastics to reduce plastic pollution; and
- Digitalization and paperless transactions to cut down on paper waste.

The Company continuously explores innovative recycling and waste reduction programs tailored to its operational needs. By integrating waste management solutions, it can improve resource efficiency and reduce negative environmental impact.

## HAZARDOUS WASTE

| DISCLOSURE                                  | QUANTITY | UNITS |
|---------------------------------------------|----------|-------|
| Total weight of hazardous waste generated   | 12,660   | kg    |
| Total weight of hazardous waste transported | 22,730*  | kg    |

## Impacts and Risks

The Company's hazardous waste may pose significant health and safety risks to employees if not properly stored and treated. Improper containment or disposal can also lead to environmental contamination, affecting public health and ecosystems. Moreover, failure to comply with proper hazardous waste management practices may result to regulatory penalties and legal consequences, impacting the Company's operations and reputation.

## Opportunities and Management Approach

The Company has designated hazardous waste storage facilities in strategic locations. Emergency response measures and equipment are in place to contain and neutralize hazardous material spills, minimizing risks to employees and the environment. Additionally, the Company engages with accredited suppliers and waste handlers to ensure proper collection, treatment, and disposal of hazardous waste in compliance with regulatory standards.

The Company sees an opportunity in investing on safer alternatives to hazardous materials to further mitigate risks while promoting sustainability. Moreover, the Company can also strengthen employee training and awareness programs on hazardous waste handling, ensuring compliance with safety protocols and fostering a culture of responsibility.

## EFFLUENTS

| DISCLOSURE                       | QUANTITY | UNITS |
|----------------------------------|----------|-------|
| Total volume of water discharges | 42.63    | ML    |
| Percent of wastewater recycled   | -        | %     |

## Impacts and Risks

The Company acknowledges that its operations may significantly impact surrounding water bodies if effluents are not properly managed. Discharges that fail to meet effluent standards by DENR can lead to water pollution, and ecosystem degradation. Improper effluent management could also lead to regulatory penalties and reputational risks.

## Opportunities and Management Approach

The Company ensures that all facilities have efficient wastewater treatment systems, including Wastewater Treatment Plants (WTPs) and Sewage Treatment Facilities (STFs), to properly manage and treat wastewater along tollways.

Additionally, the Company conducts regular wastewater analysis to monitor compliance with Republic Act (RA) 9275 or the Clean Water Act- ensuring that effluents meet the environmental standards set by DENR.

The Company wants to enhance its effluent management by adopting innovative wastewater treatment technologies that improve efficiency and reduce environmental impact. Investments in advanced filtration systems can help achieve higher water quality standards while minimizing operational costs.

# ENVIRONMENTAL COMPLIANCE

## NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

| DISCLOSURE                                                                                     | QUANTITY | UNITS |
|------------------------------------------------------------------------------------------------|----------|-------|
| Total amount of monetary fines for non-compliance with environmental laws and/or regulations   | -        | PhP   |
| Number of non-monetary sanctions for non-compliance with environmental laws and/or regulations | -        | #     |
| Number of cases resolved through dispute resolution mechanism                                  | -        | #     |

### Impacts and Risks

Failure to comply with environmental laws and regulations exposes the Company to legal penalties, fines, and potential project delays due to regulatory sanctions. Noncompliance may also result in reputational damage, undermining stakeholder trust and public confidence.

### Opportunities and Management Approach

The Company upholds a strong culture of compliance with environmental laws and regulations by ensuring that all necessary permits and requirements are secured in a timely manner. Employees are actively engaged in compliance efforts to maintain operational excellence and environmental responsibility.

To achieve full regulatory compliance, the Company continuously monitors its projects' adherence to the following key environmental laws and regulations:

- RA 8749 – Clean Air Act
- RA 9275 – Clean Water Act
- RA 9003 – Ecological Solid Waste Act of 2000
- RA 6969 – Hazardous Wastes Management Act

The Company ensures full compliance with all relevant Philippine environmental laws and integrates them into its operational framework to uphold sustainability, environmental stewardship, and regulatory accountability.

SOCIAL



# EMPLOYEE MANAGEMENT

## EMPLOYEE DATA

| DISCLOSURE                                         | QUANTITY | UNITS |
|----------------------------------------------------|----------|-------|
| Total number of employees                          |          |       |
| <i>a. Number of female employees</i>               | 505      | #     |
| <i>b. Number of male employees</i>                 | 536      | #     |
| Attrition rate                                     | 9.80%    | %     |
| Ratio of lowest paid employee against minimum wage | -        | ratio |

## EMPLOYEE BENEFITS

| LIST OF BENEFITS | Y/N | % of female employees who availed for the year | % of male employees who availed for the year |
|------------------|-----|------------------------------------------------|----------------------------------------------|
| SSS              | Y   | 54.26%                                         | 32.84%                                       |
| PhilHealth       | Y   | 3.96%                                          | 2.99%                                        |
| Pag-ibig         | Y   | 17.82%                                         | 14.18%                                       |
| Parental leaves  | Y   | 11.88%                                         | 1.68%                                        |



| LIST OF BENEFITS                         | Y/N | % of female employees who availed for the year | % of male employees who availed for the year |
|------------------------------------------|-----|------------------------------------------------|----------------------------------------------|
| Vacation leaves                          | Y   | -                                              | -                                            |
| Sick leaves                              | Y   | 84.75%                                         | 84.33%                                       |
| Medical benefits (aside from PhilHealth) | Y   | 80.79%                                         | 80.78%                                       |
| Housing assistance (aside from Pag-ibig) | N   | -                                              | -                                            |
| Retirement fund (aside from SSS)         | Y   | 15.49%                                         | 9.11%                                        |
| Further education support                | N   | -                                              | -                                            |
| Company stock options                    | N   | -                                              | -                                            |
| Telecommuting                            | N   | -                                              | -                                            |
| Flexible-working hours                   | N   | -                                              | -                                            |
| (Others)                                 | N   | -                                              | -                                            |

## **Impacts and Risks**

The Company is recognized for providing quality employment and a competitive benefits package. However, maintaining long-term employee satisfaction and retention could be a challenge, especially as the Company continues to grow. An increasing workforce may impact internal dynamics, workplace culture, and operational efficiency.

## **Opportunities and Management Approach**

The Human Resources (HR) department ensures an efficient talent acquisition and management process by thoroughly screening candidates to align with the Company's standards and strategic goals.

The Company provides a competitive benefits package, including bonuses, various types of leaves, overtime pay, and educational training programs. In addition to this, employees have access to comprehensive healthcare coverage (including medical and dental clinics), retirement benefits, and death benefits.

The Company continuously refines compensation structures, professional development initiatives, and work-life balance programs to reduce turnover and increase productivity to enhance engagement and satisfaction within the organization. The Company remains committed to fostering a supportive and growth-oriented work environment.

## EMPLOYEE TRAINING AND DEVELOPMENT

| DISCLOSURE                                   | QUANTITY  | UNITS          |
|----------------------------------------------|-----------|----------------|
| Total training hours provided to employees   |           |                |
| <i>a. Female employees</i>                   | 37,027.50 | hours          |
| <i>b. Male employees</i>                     | 48,892.25 | hours          |
| Average training hours provided to employees |           |                |
| <i>a. Female employees</i>                   | 6.29      | hours/employee |
| <i>b. Male employees</i>                     | 7.14      | hours/employee |

### Impacts and Risks

The Company recognizes that its success relies on the skills, expertise, and continuous development of its workforce. To maintain high performance and innovation, the Company ensures that employees receive proper training and opportunities for continuing education. However, challenges could remain in the following areas:

- Employees that are unwilling to participate in training programs or struggle with knowledge retention;
- Poorly structured or irrelevant training programs that may fail to enhance employee skills or contribute to professional growth; and
- Employees that may struggle to keep up with evolving industry practices if training programs are not continuously updated to reflect the latest trends and standards.

### Opportunities and Management Approach

The Company ensures that all employees receive comprehensive training that are tailored to their roles before officially assuming their responsibilities. It actively fosters a culture of continuous learning through year-round training programs and seminars. Employees are encouraged to actively participate in career development opportunities to enhance their skills and expertise.

To further support professional growth, the Company offers structured training initiatives for qualified employees seeking career advancement. These initiatives reinforce the Company’s commitment to long-term employee development and organizational excellence.

### LABOR-MANAGEMENT RELATIONS

| DISCLOSURE                                                                            | QUANTITY | UNITS |
|---------------------------------------------------------------------------------------|----------|-------|
| % of employees covered with Collective Bargaining Agreements                          | 0        | %     |
| Number of consultations conducted with employees concerning employee-related policies | -        | #     |

### Impacts and Risks

The Company adheres to all labor and employment laws to ensure fair and compliant labor-management relations while fostering a healthy and productive workplace. Employee feedback and grievance mechanisms play a crucial role in maintaining an inclusive and harmonious work environment.

### Opportunities and Management Approach

The Company upholds employees' rights, including freedom of association and collective bargaining, fostering a fair, inclusive, and transparent work environment.

To effectively address labor concerns, the Company conducts consultations on a case-by-case basis, ensuring tailored resolutions that balance both employee welfare and organizational goals. The HR Department proactively monitors these concerns, facilitates timely interventions, promotes workplace harmony, and drives continuous improvements in working conditions.

## DIVERSITY AND EQUAL OPPORTUNITY

| DISCLOSURE                                                                | QUANTITY | UNITS |
|---------------------------------------------------------------------------|----------|-------|
| % of female workers in the workforce                                      | 48.51%   | %     |
| % of male workers in the workforce                                        | 51.49%   | %     |
| Number of employees from indigenous communities and/or vulnerable sector* | -        | #     |

*\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

### Impacts and Risks

The Company upholds equal opportunities for employment, ensuring that hiring decisions are based on merit rather than race, gender, or sexual orientation. The Company fosters an inclusive environment that encourages varying perspectives, recognizing the value of a diverse workforce. Any form of favoritism, such as gender-based hiring biases, could pose reputational risks, hinder talent acquisition, and create a workplace culture that limits innovation and exchange of diverse ideas.

### Opportunities and Management Approach

To foster a fair and inclusive workplace, the Company enforces ethical hiring practices and strict compliance with labor laws. The HR department promotes diversity, prevents discrimination, and ensures a respectful work environment through continuous employee engagement, open communication channels, and regular policy reviews.

The Company aims to refine the hiring process to attract a diverse pool of candidates. Additionally, the Company remains committed to staying updated on relevant labor laws and exploring opportunities to collaborate with the local communities to foster a fair and socially responsible workplace.

# WORKPLACE CONDITIONS, LABOR STANDARDS, AND HUMAN RIGHTS

## OCCUPATIONAL HEALTH AND SAFETY

| DISCLOSURE                        | QUANTITY    | UNITS |
|-----------------------------------|-------------|-------|
| Safe Man-Hours                    | 2,474,415.5 | hours |
| Number of work-related injuries   | 17          | #     |
| Number of work-related fatalities | 0           | #     |
| Number of work related ill-health | 0           | #     |
| Number of safety drills           | -           | #     |

### Impacts and Risks

The Company recognizes various risks that could impact workplace safety and employee well-being, potentially affecting both business operations and workforce efficiency.

Employees, particularly those in tollway facilities, face industrial hazards that may result in injury or fatality. Common risks include:

- Physical hazards from moving vehicles, and defective tools or equipment.
- Injury risks such as cuts and wounds from sharp objects and machinery.
- Electrical hazards due to exposed power lines, corroded components, and adverse weather conditions.
- Respiratory health risks from air pollution and exposure to harmful chemicals.

Beyond physical risks, strict compliance with labor laws and human rights is crucial for maintaining a safe and ethical workplace. Violations can lead to legal consequences, operational disruptions, financial penalties, and diminished employee well-being, ultimately impacting business performance and reputation.

## Opportunities and Management Approach

The Company prioritizes workplace safety through comprehensive training and stringent protective measures. Employees undergo regular safety training, including emergency response procedures, while high-risk personnel complete the Basic Occupational Health and Safety Training (BOHS). To enhance preparedness, the Company conducts disaster and emergency drills in coordination with local government units. Additionally, the Company strictly enforces PPE usage and safety regulations to maintain a secure and compliant work environment.

The Company upholds the highest safety standards and fosters a proactive safety culture across all workplaces. It conducts regular safety audits to assess workplace conditions, monitor safety performance, and identify areas for improvement. Audit findings drive continuous enhancements in safety protocols, ensuring productivity is never achieved at the expense of employee well-being.

## LABOR LAWS AND HUMAN RIGHTS

| DISCLOSURE                                                                     | QUANTITY | UNITS |
|--------------------------------------------------------------------------------|----------|-------|
| Number of legal actions or employee grievances involving forced or child labor | 0        | #     |

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

| DISCLOSURE   | Y/N |
|--------------|-----|
| Forced labor | Y   |
| Child labor  | Y   |
| Human rights | Y   |

### Impacts and Risks

Noncompliance with labor laws and human rights regulations poses significant risks to the Company, including legal liabilities and reputational damage. Violations related to forced labor, child labor, workplace harassment, or discrimination can lead to decreased workforce morale and potential regulatory sanctions.

### Opportunities and Management Approach

The Company is committed to upholding labor laws and human rights regulations, fostering a fair and ethical work environment. It maintains strict policies against forced labor, child labor, and workplace discrimination, integrating these principles into its culture and operations. Ongoing monitoring, employee training, and grievance mechanisms reinforce these commitments.

## SUPPLY CHAIN MANAGEMENT

**Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:**

Suppliers are required to conduct their business in accordance with the San Miguel Group of Companies (SMG) Supplier Code of Conduct. This Code mandates that accredited suppliers comply with all statutory requirements and the Company's established standards. Suppliers must adhere to laws covering key areas, including but not limited to environmental performance, forced labor, child labor, human rights, bribery, and corruption.

| DISCLOSURE               | Y/N |
|--------------------------|-----|
| Environmental Compliance | Y   |
| Forced labor             | Y   |
| Child labor              | Y   |
| Human rights             | Y   |
| Bribery and corruption   | Y   |



## Impacts and Risks

Supply chain risks may arise when contracts are awarded to suppliers and service providers who fail to comply with environmental regulations, labor laws, and other statutory requirements. Non-compliance can damage the Company's reputation, cause project delays, and lead to increased operational costs. Additionally, supplier and service provider negligence in areas such as environmental sustainability, fair labor practices, human rights, and anti-corruption measures can undermine the Company's credibility and overall performance.

## Opportunities and Management Approach

The Company values its suppliers and service providers as key partners in value creation. The Company, through its Business Procurement Group (BPG), evaluates suppliers and service providers based on strict regulatory and ethical compliance. It ensures that suppliers meet regulatory compliance while also providing support beyond, fostering continuous improvement in the supply chain.

# RELATIONSHIP WITH COMMUNITY

## SIGNIFICANT IMPACTS ON LOCAL COMMUNITIES

### Impacts and Risks

The Company acknowledges the significant impact of its projects on local communities as it expands and develops. While these projects drive economic growth and enhance connectivity, they may also present challenges that require careful management.

The construction and operation of the projects can contribute to increased air and noise pollution, traffic congestion, and disruptions to daily life. In rare but inevitable cases, land acquisition for infrastructure development may lead to the displacement of informal communities, affecting their livelihoods and community structures. Additionally, the rise in road traffic heightens safety risks for pedestrians and residents, underscoring the need for robust traffic management strategies and public awareness initiatives.

## Opportunities and Management Approach

The Company conducts a comprehensive Environmental Impact Assessment (EIA) to evaluate the feasibility of a proposed location before commencing any project. This assessment identifies potential negative effects and establishes appropriate mitigation measures to address them.

The Company also collaborates with local government units to facilitate stakeholder engagement sessions. These sessions serve as platforms to inform communities about the project, address concerns, and foster transparency.

Furthermore, the Company is committed to building strong relationships with local communities, seeking opportunities for mutually beneficial partnerships that promote sustainable development.

# CUSTOMER MANAGEMENT

## CUSTOMER SATISFACTION

| DISCLOSURE            | SCORE | Did a third-party conduct the customer satisfaction study (Y/N)? |
|-----------------------|-------|------------------------------------------------------------------|
| Customer satisfaction | -     | N                                                                |

## HEALTH AND SAFETY

| DISCLOSURE                                                                  | QUANTITY | UNITS |
|-----------------------------------------------------------------------------|----------|-------|
| Number of substantiated complaints on product or service health and safety* | -        | #     |
| Number of complaints addressed                                              | -        | #     |

*\*Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*



## Impacts and Risks

The Company recognizes that effective customer management is essential for maintaining trust, satisfaction, and loyalty. Providing a seamless and efficient tollway experience directly impacts customer perception and business performance.

However, challenges such as inefficient toll collection and system downtimes may result in customer dissatisfaction and loss of revenue. Negative customer experiences can lead to reputational damage, reduced usage of tollways, and potential regulatory scrutiny. Additionally, failure to address customer concerns promptly may erode public trust and hinder future expansion projects.

While the Company has strictly implemented operational safety policies, there is no absolute assurance that services will always be entirely safe from risks associated with natural hazards, system outages, and human errors. These unforeseen disruptions may impact service reliability, highlighting the need for continuous improvements in risk management and emergency response strategies.

## Opportunities and Management Approach

The Company is committed to delivering a safe, efficient, and customer-centric tollway experience by implementing proactive management strategies.

To enhance customer satisfaction and mitigate risks, the Company:

- Implements traffic management systems, real-time monitoring, and road safety enhancements to reduce congestion and prevent accidents;
- Continuously upgrades tolling technology, including RFID and cashless payment systems, to ensure faster and more convenient transactions;
- Maintains multiple communication channels, such as hotlines and customer service centers, to address concerns promptly and improve user experience;
- Develops contingency plans and emergency response measures to handle natural hazards, system outages, and human errors effectively; and
- Works with regulatory bodies, local government units, and emergency responders to enhance public safety and customer welfare.

The Company continuously enhances customer experience and operational efficiency through smart mobility solutions, network enhancements, and improved customer engagement.

# MARKETING AND LABELLING

| DISCLOSURE                                                     | QUANTITY | UNITS |
|----------------------------------------------------------------|----------|-------|
| Number of substantiated complaints on marketing and labelling* | -        | #     |
| Number of complaints addressed                                 | -        | #     |

*\*Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

## Impacts and Risks

The Company recognizes the critical role of clear and accurate tollway signages in ensuring road safety and enhancing the driving experience for motorists. The following impacts and risks have been identified:

- Poorly placed, outdated, or missing signage can cause confusion, abrupt lane changes, and missed exits, increasing the risk of accidents;
- Noncompliance with government-mandated road signage standards may result in penalties, legal issues, and reputational damage;
- Exposure to extreme weather conditions and natural wear can diminish visibility and effectiveness, necessitating regular inspection and maintenance; and
- Incorrect or misleading signage, such as unclear toll rates or lane designations, may lead to customer complaints, disputes, and potential legal liabilities.

## Opportunities and Management Approach

The Company ensures the accuracy and regulatory compliance of tollway signages and labels to enhance road safety and provide a seamless driving experience. All signages strictly adheres to government-mandated standards for size, placement, and reflectivity, ensuring consistency and legal compliance. Regular inspections and scheduled maintenance are also conducted to promptly repair or replace faded, damaged, or missing signs, maintaining optimal visibility and reliability.

## CUSTOMER PRIVACY

| DISCLOSURE                                                                                             | QUANTITY | UNITS |
|--------------------------------------------------------------------------------------------------------|----------|-------|
| Number of substantiated complaints on customer privacy*                                                | 0        | #     |
| <i>Number of complaints addressed</i>                                                                  | 0        | #     |
| <i>Number of customers, users and account holders whose information is used for secondary purposes</i> | 0        | #     |

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

## DATA SECURITY

| DISCLOSURE                                                          | QUANTITY | UNITS |
|---------------------------------------------------------------------|----------|-------|
| Number of data breaches, including leaks, thefts and losses of data | 0        | #     |

### Impacts and Risks

The Company recognizes the importance of safeguarding customer privacy, particularly in adherence to Republic Act No. 10173, or the Data Privacy Act. The collection and handling of customer data, such as toll transactions, account details, and vehicle information, come with inherent risks. Data breaches could compromise customer trust and lead to legal liabilities. Additionally, failure to comply with data protection regulations may cause reputational damage and regulatory sanctions.

## **Opportunities and Management Approach**

The Company is committed to protecting customer privacy by strictly adhering to the Data Privacy Act and implementing robust data security measures under SMG's Personal Data Privacy Policy. This policy ensures compliance through secure data collection, storage, and processing protocols. Employees handling sensitive customer information undergo continuous training on data protection policies and best practices to maintain the highest security standards.

## CONTRIBUTION TO UN SUSTAINABLE DEVELOPMENT GOALS



The Company is committed to fostering economic growth, advancing industry innovation, and addressing environmental and social challenges in infrastructure development, contributing to the United Nations Sustainable Development Goals (UN SDGs).

By providing reliable and resilient infrastructure, the company plays a crucial role in supporting economic development, enhancing human well-being, generating employment, and facilitating tourism. Improved transportation efficiency boosts business and industry productivity, leading to better goods and services that cater to a growing population, create more job opportunities, and elevate the overall quality of life.

However, infrastructure development poses environmental challenges, including air pollution during construction and operation, soil erosion, biodiversity loss, and greenhouse gas (GHG) emissions from transportation, all of which contribute to climate change. To mitigate these impacts, the company continuously innovates by partnering with organizations to integrate sustainable materials and systems in construction.

Beyond environmental concerns, infrastructure projects also have social implications. Right-of-way negotiations with the government and local communities can influence residents' quality of life, while the construction of roads and public transport systems may lead to traffic congestion and public inconvenience.

To address urbanization challenges, the company seeks to decentralize industrialization by improving connectivity to untapped provincial centers. By fostering business growth in these regions, the company helps alleviate traffic congestion in Metro Manila while driving nationwide economic productivity.

SMC TOLLWAYS CORPORATION

San Miguel Properties Centre  
1550 Mandaluyong City, Metro Manila

<https://smctollways.com.ph/>

**ANNEX “E”**

|              | <b>Address</b>                                                                                             | <b>Rented /<br/>Owned</b> | <b>Condition</b> | <b>Monthly Rental<br/>(In PhP)</b> | <b>Expiry of<br/>Lease Contract</b> | <b>Terms of<br/>Renewal /<br/>Options</b> |
|--------------|------------------------------------------------------------------------------------------------------------|---------------------------|------------------|------------------------------------|-------------------------------------|-------------------------------------------|
| Office Space | Toll Operations Building, Doña Soledad Avenue, Brgy. Don Bosco, Parañaque City                             | Owned                     | Good             |                                    |                                     |                                           |
| Office Space | 21st to 24th Floors One Magnificent Mile-CITRA Building, San Miguel Avenue, Ortigas Center 1605 Pasig City | Owned                     | Good             |                                    |                                     |                                           |
| Office Space | Unit D - 18th Floor of the JMT Corporate Condominium ADB Avenue, Ortigas Center Pasig City                 | Rented                    | Good             | 224,782.14                         | October 31,<br>2026                 | Renewable                                 |