

Metro Pacific Tollways Corporation
(A Subsidiary of Metro Pacific Investments Corporation)
and Subsidiaries

Consolidated Financial Statements
December 31, 2023 and 2022

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Metro Pacific Tollways Corporation

Opinion

We have audited the consolidated financial statements of Metro Pacific Tollways Corporation (a subsidiary of Metro Pacific Investments Corporation) and its subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have 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.

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 PFRSs, 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 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.

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

Auditor's 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 auditor's 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 PSAs 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, they 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 PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

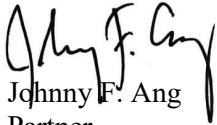
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company 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 Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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 audit.

SYCIP GORRES VELAYO & CO.



Johnny F. Ang
Partner

CPA Certificate No. 0108257

Tax Identification No. 221-717-423

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-101-2021, October 1, 2021, valid until September 30, 2024

PTR No. 10079896, January 5, 2024, Makati City

May 10, 2024



METRO PACIFIC TOLLWAYS CORPORATION
(A Subsidiary of Metro Pacific Investments Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Millions)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7 and 32)	₱15,301	₱11,190
Restricted cash (Notes 7 and 32)	15,537	2,302
Receivables (Notes 8, 21 and 32)	3,079	2,627
Financial assets at fair value through profit or loss (FVTPL) (Notes 15, 32 and 33)	1,742	8,827
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 15, 32 and 33)	99	107
Due from related parties (Note 21 and 32)	70	470
Other current assets (Note 9)	8,451	6,163
Total Current Assets	44,279	31,686
Noncurrent Assets		
Investments in associates and joint ventures (Note 10)	23,782	23,736
Service concession assets (Note 11)	185,180	165,696
Property and equipment (Note 12)	3,333	3,225
Goodwill and other intangible assets (Note 13)	10,154	9,792
Investment properties (Note 14)	832	796
Financial assets at FVOCI (Notes 15 and 33)	1,816	1,963
Pension assets (Note 26)	4	4
Deferred tax assets - net (Note 30)	126	29
Advances to contractors, consultants and suppliers (Notes 9, 21 and 32)	1,909	2,917
Other noncurrent assets (Notes 16 and 32)	3,146	3,313
Total Noncurrent Assets	230,282	211,471
	₱274,561	₱243,157

LIABILITIES AND EQUITY

Current Liabilities

Accounts payable and other current liabilities (Notes 17, 21 and 32)	₱17,704	₱13,838
Income tax payable	686	577
Short-term loans (Notes 19, 32 and 33)	3,530	530
Current portion of:		
Long-term debt (Notes 19, 32 and 33)	25,212	9,865
Provisions (Note 18)	1,294	1,447
Due to related parties (Note 21)	8	7
Consumer financing liabilities	15	4
Total Current Liabilities	48,449	26,268

(Forward)



	December 31	
	2023	2022
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt (Notes 19, 32 and 33)	₱123,537	₱127,621
Service concession fees payable (Notes 20 and 32)	17,750	18,035
Provisions (Note 18)	762	421
Due to related parties (Note 21)	565	570
Consumer financing liabilities	3	4
Accrued retirement costs (Notes 4 and 26)	474	451
Deferred tax liabilities – net (Note 30)	3,314	3,021
Other noncurrent liabilities	185	724
Long-term incentive plan payable (Note 26)	125	148
Total Noncurrent Liabilities	146,715	150,995
Total Liabilities	195,164	177,263
Equity (Note 22)		
Capital stock	6,779	8,783
Additional paid-in capital	32,730	43,778
Deposits for future stock subscription	1	1
Equity adjustment on reverse acquisition	(581)	(581)
Retained earnings	20,524	19,052
Treasury shares	(137)	(13,746)
Other comprehensive income reserve	51	812
Other reserves	2,564	(2,733)
Total equity attributable to equity holders of the Parent	61,931	55,366
Non-controlling interests	17,466	10,528
Total Equity	79,397	65,894
	₱274,561	₱243,157

See accompanying Notes to Consolidated Financial Statements.



METRO PACIFIC TOLLWAYS CORPORATION
(A Subsidiary of Metro Pacific Investments Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Millions)

	Years Ended December 31	
	2023	2022
OPERATING REVENUES		
Toll fees (net of discounts amounting to ₱383 million in 2023 and ₱458 million in 2022)	₱27,212	₱22,852
Sales of electronic tags and magnetic cards	13	2
	27,225	22,854
Non-toll revenues (Note 23)	1,742	1,376
TOTAL REVENUES	28,967	24,230
COST OF SERVICES (Note 24)	(10,215)	(8,489)
GROSS PROFIT	18,752	15,741
Construction revenue (Note 11)	16,001	17,157
Construction costs (Note 11)	(16,001)	(17,157)
General and administrative expenses (Note 25)	(3,422)	(3,496)
Interest expense and other finance costs (Note 28)	(6,116)	(3,943)
Equity in net (losses) earnings of associates and joint ventures (Note 10)	(164)	413
Interest income (Note 27)	509	400
Foreign exchange (loss) gain – net (Note 19)	(14)	9
Other income (Note 29)	470	189
INCOME BEFORE INCOME TAX	10,015	9,313
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)		
Current	2,734	2,194
Deferred	(35)	(7)
	2,699	2,187
NET INCOME	₱7,316	₱7,126
Attributable to:		
Equity holders of the Parent Company	₱5,035	₱4,967
Non-controlling interests	2,281	2,159
	₱7,316	₱7,126

See accompanying Notes to Consolidated Financial Statements.



METRO PACIFIC TOLLWAYS CORPORATION
(A Subsidiary of Metro Pacific Investments Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Millions)

	Years Ended December 31	
	2023	2022
NET INCOME	₱7,316	₱7,126
OTHER COMPREHENSIVE INCOME (Note 22)		
<i>Other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(654)	107
	(654)	107
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement loss on defined benefit retirement plan (Notes 22 and 26)	(15)	(64)
(Loss) gain on fair value change in fair value of equity instruments at FVOCI (Notes 15 and 22)	(155)	590
Income tax effect (Notes 22 and 30)	22	(71)
	(148)	455
TOTAL OTHER COMPREHENSIVE INCOME	(802)	562
TOTAL COMPREHENSIVE INCOME	₱6,514	₱7,688
Attributable to:		
Equity holders of the Parent Company	₱4,274	₱5,555
Non-controlling interests	2,240	2,133
	₱6,514	₱7,688

See accompanying Notes to Consolidated Financial Statements.



METRO PACIFIC TOLLWAYS CORPORATION
(A Subsidiary of Metro Pacific Investments Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Amounts in Millions)

	Attributable to Equity Holders of the Parent								Total	Non-controlling Interests	Total Equity
	Capital Stock (Note 22)	Additional Paid-in Capital (Note 22)	Deposits for Future Stock Subscription (Note 22)	Equity Adjustment on Reverse Acquisition (Note 22)	Retained Earnings (Note 22)	Treasury Shares (Note 22)	Comprehensive Income Reserve (Note 22)	Other Reserves (Note 22)			
At January 1, 2023	₱8,783	₱43,778	₱1	(₱581)	₱19,052	(₱13,746)	₱812	(₱2,733)	₱55,366	₱10,528	₱65,894
Issuance of new shares	80	477	–	–	–	–	–	–	557	–	557
Decrease in authorized capital stock	(2,084)	(11,525)	–	–	–	13,609	–	–	–	–	–
Disposal of subsidiary (Note 5)	–	–	–	–	–	–	–	5,297	5,297	6,629	11,926
Total comprehensive income for the year:											
Net income for the year	–	–	–	–	5,035	–	–	–	5,035	2,281	7,316
Other comprehensive loss for the year	–	–	–	–	–	–	(761)	–	(761)	(41)	(802)
Cash dividends	–	–	–	–	(3,563)	–	–	–	(3,563)	(1,931)	(5,494)
At December 31, 2023	₱6,779	₱32,730	₱1	(₱581)	₱20,524	(₱137)	₱51	₱2,564	₱61,931	₱17,466	₱79,397
At January 1, 2022	₱6,678	₱32,158	₱1	(₱581)	₱16,096	₱–	₱224	(₱2,735)	₱51,841	₱9,438	₱61,279
Issuance of new shares	2,105	11,620	–	–	–	(13,746)	–	2	(19)	–	(19)
Total comprehensive income for the year:											
Net income for the year	–	–	–	–	4,967	–	–	–	4,967	2,159	7,126
Other comprehensive income for the year	–	–	–	–	–	–	588	–	588	(26)	562
Cash dividends	–	–	–	–	(2,011)	–	–	–	(2,011)	(1,043)	(3,054)
At December 31, 2022	₱8,783	₱43,778	₱1	(₱581)	₱19,052	(₱13,746)	₱812	(₱2,733)	₱55,366	₱10,528	₱65,894

See accompanying Notes to Consolidated Financial Statements



METRO PACIFIC TOLLWAYS CORPORATION
(A Subsidiary of Metro Pacific Investments Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Millions)

	Years Ended December 31	
	2023	2022
OPERATING ACTIVITIES		
Income before income tax	₱10,015	₱9,313
Adjustments to reconcile income before tax to net cash flows:		
Interest expense and other finance costs (Note 28)	6,041	3,765
Amortization of service concession assets (Notes 11 and 24)	2,130	1,853
Unrealized foreign exchange loss (gain)	14	(9)
Depreciation (Notes 12, 14, 24 and 25)	401	379
Long-term incentive plan expense (Note 26)	68	–
Retirement costs (Note 26)	139	119
Amortization of other intangible assets (Notes 13 and 25)	21	16
Gain on fair value changes of financial assets (Notes 15 and 29)	(70)	(6)
Gain on sale of property and equipment (Notes 12 and 29)	(8)	(7)
Equity in net losses (earnings) of associates and joint ventures (Note 10)	164	(413)
Dividend income (Note 29)	(125)	(103)
Interest income (Note 27)	(509)	(400)
Loss on deconsolidation (Notes 9 and 29)	56	–
Gain on sale of investment in an associate (Notes 10 and 29)	(224)	–
Operating income before working capital changes	18,113	14,507
Working capital changes:		
Decrease (increase) in:		
Due from related parties	400	(285)
Other current assets	(2,288)	(1,017)
Receivables	356	(755)
Restricted cash	(157)	(724)
Increase (decrease) in:		
Long-term incentive plan payable (Note 26)	(91)	(466)
Accounts payable and other current liabilities	5,498	2,532
Due to related parties	(4)	(8)
Provisions	(153)	757
Income tax paid	(2,625)	(2,122)
Retirement contributions (Note 26)	(115)	(50)
Net cash flows from operating activities	18,934	12,369

(Forward)



	Years Ended December 31	
	2023	2022
INVESTING ACTIVITIES		
Acquisitions of:		
Investments in UITF (Note 15)	(₱16,032)	(₱16,086)
Associates (Note 10)	-	(15,250)
Additions to:		
Service concession assets (Notes 11 and 35)	(20,766)	(20,280)
Property and equipment (Note 12)	(564)	(929)
Investment properties (Note 14)	(58)	(118)
Associates – infusion to existing investees (Note 10)	(1,118)	-
Other intangible assets (Note 13)	(428)	(104)
Proceeds from:		
Sale or maturity of investments in UITF (Note 15)	23,187	10,794
Sale of a subsidiary (Note 5)	11,926	-
Sale of an associate (Notes 9 and 10)	306	-
Sale of property and equipment	17	19
Dividends received (Notes 8, 15 and 29)	125	63
Net cash inflow from acquisition of a subsidiary (Note 5)	35	-
Interest received (Note 35)	505	396
(Increase) decrease in other noncurrent assets	(12,315)	3,047
Net cash flows used in investing activities	(15,180)	(38,448)
FINANCING ACTIVITIES		
Proceeds from:		
Long-term debts and short-term loans (Note 19)	19,833	45,972
Issuance of new shares (Note 22)	557	-
Payments of:		
Long-term debts and short-term loans	(6,686)	(10,516)
Interest	(8,467)	(6,943)
Dividends to stockholders (Note 22)	(3,561)	(2,010)
Debt issue costs (Note 19)	(12)	(356)
Dividends to non-controlling stockholders (Note 22)	(1,558)	(1,315)
Principal portion of lease liabilities	(73)	(49)
Interest on lease liabilities	(9)	(4)
Net cash flows from financing activities	24	24,779
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,778	(1,300)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	333	10
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 7)	11,190	12,480
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	₱15,301	₱11,190

See accompanying Notes to Consolidated Financial Statements.



METRO PACIFIC TOLLWAYS CORPORATION
(A Subsidiary of Metro Pacific Investments Corporation)
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

General

Metro Pacific Tollways Corporation (MPTC or the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 24, 1970. The primary purpose of MPTC is that of an investment holding.

MPTC is 99.9% owned by Metro Pacific Investments Corporation (MPIC). MPIC is a Philippine corporation and is 46.27% and 46.08% owned by Metro Pacific Holdings, Inc. (MPHI) as at December 31, 2023 and 2022, respectively. As sole holder of MPIC's voting Class A Preferred Shares, MPHI's combined voting interest as a result of all of its shareholdings is estimated at 58.32% and 59.09% as at December 31, 2023 and 2022, respectively. MPHI is a Philippine corporation whose stockholders are Enterprise Investment Holdings, Inc. (EIH) (60.0%), Intalink B.V. (26.7%) and First Pacific International Limited (FPIL) (13.3%). First Pacific Company Limited (FPC), the ultimate holding company, is incorporated in Bermuda and listed in Hong Kong, through its subsidiaries, Intalink B.V. and FPIL, holds 40.0% equity interest in EIH and an investment financing which under Hong Kong Generally Accepted Accounting Principles, require FPC to account for the results and assets and liabilities of EIH and its subsidiaries as part of FPC group of companies in Hong Kong.

On July 28, 2021, the Parent Company's BOD approved the change of its principal place of business to 5th Floor, Rockwell Business Center Tower 1, Ortigas Avenue, Pasig City. This was subsequently approved by the stockholders owning at least two-thirds (2/3) of the outstanding capital stock of the Parent Company on January 18, 2022. On February 11, 2022 and September 14, 2022, the Parent Company obtained approval from the Philippine SEC for the Amended Articles of Incorporation and approval from the Bureau of Internal Revenue (BIR) for its change in principal address, respectively.

The consolidated financial statements were approved and authorized for issuance by the Parent Company's Board of Directors (BOD) on May 10, 2024, as reviewed and recommended for approval by the Audit Committee.

Merger between MPTC and Metro Pacific Tollways North Corporation

The respective Boards of Directors and stockholders of MPTC and Metro Pacific Tollways North Corporation (MPTNC) approved on December 2, 2021 and January 18, 2022 the proposed merger between the two companies, with MPTC as the surviving corporation (the Merger). The Merger took effect upon approval by the Philippine SEC on November 4, 2022 (see Note 22).

Tollway Operations

MPTC and its subsidiaries (collectively referred to as "the Company" or "MPTC Group") entered into various concession agreements for the design, funding, management, operation and maintenance (O&M) of toll roads and related facilities within and outside the Philippines.

A complete list of the Company's subsidiaries is presented in Note 36 to the consolidated financial statements.



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

The MNEP consists of three (3) phases as follows:

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

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

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

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

NLEX-South Luzon Expressway (SLEX) Connector Road Project (NLEX-SLEX Connector Road). On November 23, 2016, NLEX Corp. was awarded the concession for the design, financing, construction and O&M of the 8-km elevated NLEX-SLEX Connector Road. The NLEX-SLEX Connector Road is an elevated four-lane toll expressway structure with a length of 8-km passing through and above the right of way of the PNR starting from NLEX Segment 10 at C-3 Road Caloocan City and seamlessly connecting to SLEX through Metro Manila Skyway Stage 3 Project in Manila. As at May 10, 2024, the construction of NLEX-SLEX Connector Road Section 1 is 100% complete, while the construction of Section 2 is still ongoing with 78.73% completion rate as at December 31, 2023. Full completion of the project is dependent on the completion of the interconnection structure that will connect the NLEX-SLEX Connector Road Section 2 to the Metro Manila Skyway Stage 3.



Manila-Cavite Expressway (CAVITEX). MPTC, Cavite Holdings, Inc. (CHI) and Cavite Infrastructure Corp. (CIC) executed a Management Letter Agreement (MLA) on December 27, 2012 for the management of CIC by MPTC starting on January 2, 2013. By virtue of this MLA, MPTC acquired control over CIC and therefore, CIC became a subsidiary of MPTC effective January 2, 2013.

On June 28, 2017, MPTC, CHI and CIC, amended the Management Period to be for such period from January 2, 2013 and while MPTC holds the CHI Preferred Shares, or until MPTC becomes the 100% direct or indirect shareholder of CIC, whichever comes later. As at December 31, 2023 and 2022, CIC is owned by Metro Pacific Tollways South Corporation, a full-owned subsidiary of MPTC, and CHI with interest of 69.35% and 30.65%, respectively.

CIC was incorporated on October 9, 1995 primarily to undertake the design, construction and financing of the CAVITEX in accordance with the terms of the concession granted by the Government of the Republic of the Philippines (ROP or the Grantor) and to receive all revenues arising from the operation thereof. CIC was originally organized to represent United Engineers (Malaysia) Berhad (UEM) and Majlis Amanah Rakyat (MARA), which entered into a joint venture agreement (JVA) with the Philippine Reclamation Authority (PRA) on December 27, 1994.

Under the amended JVA, each of the following expressways shall be constructed in segments. Each segment shall allow partial operation to be carried out as follows:

- | | |
|-----------|--|
| Phase I | Design and improvement of the R-1 Expressway and the design and construction of the C5 Link Expressway which connects the R-1 Expressway to the South Luzon Expressway |
| Phase II | Design and construction of the extension of the R-1 Expressway which connects the existing R-1 Expressway at Zapote to Noveleta |
| Phase III | Design and construction of the Segment 3B for C5 South Link |

CIC commenced the rehabilitation of the R-1 Expressway in November 1996 and completed the works in May 1998. On April 29, 2011, as recommended by the independent consultant, the TRB issued the notice to start toll collection on the R-1 Expressway Extension authorizing the implementation of the approved toll rates starting May 1, 2011.

C-5 South Link 3A-1, portion of the CAVITEX Phase II, which is a 2.2-km flyover crossing SLEX traversing Taguig and Pasay City, commenced tollway operation in July 2019. C-5 South Link 3A-2 commenced tollway operation in August 2022. The remaining portions of the CAVITEX Phase II are expected to be completed in June 2024 while C-5 Southlink Phase III is expected to be completed in August 2025.

Cavite Laguna Expressway Project (CALAX). On July 10, 2015, MPCALA Holdings, Inc. (MPCALA), a subsidiary of MPTC, was granted the concession to finance, design, construct, operate and maintain the CALAX, including the right to collect toll fees over a 35-year concession period. MPCALA and Department of Public Works and Highways (DPWH) also acknowledge and agree that the concession period shall in no event be extended beyond the 50th anniversary of the operation period.



The CALAX involves the construction of 44.63-km closed-system four-lane toll road from the CAVITEX in Kawit, Cavite through Aguinaldo Highway in Silang, Cavite and ending at the SLEX Mamplasan Interchange in Biñan, Laguna. The CALAX will be divided into two (2) segments as follows:

Cavite Segment	Approximately 29.58-km portion of the CALAX, which starts in Tirona Highway, Kawit, Cavite and ends in Aguinaldo Highway, Silang, Cavite
Laguna Segment	Approximately 15.20-km portion of the CALAX, which starts in Aguinaldo Highway, Silang, Cavite Interchange up to the Greenfield Property in Biñan, Laguna

On October 31, 2019, the Company opened the Subsections 6-8, portion of the CALAX Laguna Segment, which is the first 10-km stretch of CALAX from Mamplasan Exit in Biñan City, Laguna to the Santa Rosa-Tagaytay Interchange with no toll fees.

On February 10, 2020, TRB issued Notice to Start Collection for the initial toll rates for Subsections 6-8 of the CALAX effective February 11, 2020. MPCALA was granted a provisional initial toll for the 10.7-km segment of CALAX effective on February 11, 2020.

On June 18, 2021, MPCALA received the Toll Operating Permit for CALAX Subsection 5. The Company received the TRB's approval on the Toll Fee Matrix of Subsection 5 on June 23, 2021.

On August 24, 2021, the Company inaugurated CALAX Subsection 5 which connects Silang East Interchange to Sta. Rosa-Tagaytay Road Interchange. This extends the expressway's operating sections from 10 km to 14.24 km.

On November 8, 2023, the Company opened CALAX Subsection 4, which is a 3.82-km stretch from Aguinaldo Highway to Silang East Interchange. The Company received the TRB's approval on the Toll Fee Matrix of Subsection 4 on February 10, 2024.

As at May 10, 2024, the construction works for CALAX Cavite Segment is ongoing. As at December 31, 2023, the percentage of completion of Cavite Segment is 26.24% and the expected completion of the Cavite Segment is in April 2025.

Cebu-Cordova Link Expressway (CCLEX). On October 3, 2016, Cebu Cordova Link Expressway Corporation (CCLEC), a subsidiary through Metro Pacific Tollways Vizmin Corporation (MPT Vizmin), was awarded the concession for the financing, design, construction, implementation and O&M of CCLEX, a four-lane 8.9-km toll road which will connect Cebu City and Cordova and will include a main bridge structure, viaduct, causeway and roadway. CCLEX is located around 7.5-km south of the Mactan-Mandaue Bridge and will take off from the Cebu South Coastal Road crossing the Mactan channel to Mactan Island.

Under the concession agreement, CCLEC is granted the concession to design, finance, construct, operate and maintain the CCLEX, including the right to collect toll fees over a 35-year concession period unless otherwise extended in accordance with the concession agreement. CCLEX total project cost is ₱33.5 billion. No upfront payments or concession fees are to be paid but the grantors shall share 2% of the project's revenue.



The actual construction works for the project started on July 4, 2018. On April 26, 2022, the Company secured the Certificate of Substantial of Completion from the Independent Consultant which signifies that at least 95% of the works has been completed. CCLEX was then opened to the public for a “soft opening” via cash collection on April 30, 2022. The approved toll rates (value added tax or VAT-inclusive) are ₱90, ₱180, ₱270, and ₱60 for Class 1, 2,3 and 1M, respectively. The Class 1M refers to motorcycles with engine displacement of 110 cc to 399 cc.

On June 29, 2022, The Certificate of Final Completion was issued to CCLEX. Meanwhile, on July 1, 2022, there is partial implementation of the electronic toll collection system. Some toll lanes were converted to Radio Frequency Identification (RFID)-enabled lanes while others are still accepting cash payment.

On July 2, 2022, CCLEX already allowed undercap motorcycle (125cc to 399cc engine displacement) in the expressway with a discounted toll rate of ₱60.

Ujung Pandang toll road (PT Metro Makassar Network, formerly PT Bosowa Marga Nusantara (MMN) concession). MMN, a subsidiary of PT Metro Pacific Tollways Indonesia Services (PT MPTIS) through PT Nusantara Infrastructure Tbk (PT Nusantara), and PT Jasa Marga (Persero) Tbk (Jasa Marga), a third-party toll road operator in Indonesia, entered into a joint operation agreement for the operations of Ujung Pandang toll road. MMN will operate the said toll road for 30 years and after which, the toll roads, including all the facilities in the area, will be handed over to Jasa Marga. The toll road has been in operation since 1998. PT MPTIS is a wholly owned subsidiary of MPTC through MPT Asia Corporation.

On October 23, 2017, MMN was granted by the Ministry of Public Works of the Republic of Indonesia the extension of the concession period for the Ujung Pandang toll road to 2043.

Ujung Pandang toll road is a 6.0-km toll road connecting Soekarno-Hatta port in Makassar and A.P. Pettarani road (Urip Sumoharjo flyover). Pettarani toll road, which is an extension of the Ujung Pandang toll road, is a 4.4-km toll road that will connect Soekarno-Hatta Port (Makassar) and Sultan Hasanuddin International Airport to Makassar’s business district and city center. The construction of the elevated toll road was completed on March 18, 2021 and the toll collection started in May 2021.

Makassar Section IV toll road (PT Jalan Tol Seksi Empat (JTSE) concession). JTSE, a subsidiary of PT MPTIS through PT Nusantara, entered into a Toll Road Concessionaire Agreement with the Ministry of Public Works of the Republic of Indonesia for the right to develop, operate and maintain Makassar Section IV Toll Road for a period of 35 years, including construction period. The toll road has been in operation since 2008.

Makassar Section IV toll road is a 12-km toll road that connects Tallo Bridge to the Mandai Makassar intersection, providing access to Sultan Hasanuddin International Airport as well as the national road to Maros, Indonesia.

Pondok Aren-Serpong toll road lane (PT Bintaro Serpong Damai (BSD) concession). BSD, a subsidiary of PT MPTIS through PT Nusantara, entered into a Toll Road Operational Authority Agreement with Jasa Marga for the development and operations of Pondok Aren-Serpong toll road lane for a period of 28 years, including construction period. The toll road has been in operation since 1999.

Pondok Aren-Serpong toll road lane is a 7.3-km toll road that connects Serpong and Pondok Aren, South Tangerang, Indonesia.



2. Service Concession Arrangements

Supplemental Toll Operation Agreement (STOA) for the NLEX

By virtue of Presidential Decree (PD) No. 1113 issued on March 31, 1977 as amended by PD No. 1894 issued on December 22, 1983, PNCC was granted the franchise for the construction, and O&M of toll facilities in the NLEX, SLEX and Metro Manila Expressway. PNCC executed a Toll Operation Agreement (TOA) with the Government of the Republic of the Philippines (ROP), by and through the TRB.

Pursuant to the (JVA) entered into by PNCC and MPTNC (then First Philippine Infrastructure Development Corporation) on August 29, 1995, PNCC assigned its rights, interests and privileges under its franchise to construct, operate and maintain toll facilities in the NLEX in favor of NLEX Corp., including the design, funding and rehabilitation of the NLEX, and installation of the appropriate collection system therein. MPTNC, in turn, assigned all its rights, interests and privileges to Segment 7, as defined in the Memorandum of Agreement (MOA) dated March 6, 1995, to NLEX Corp., which assumed all the rights and obligations as a necessary and integral part of the NLEX. The assignment of PNCC's usufructuary rights, interests and privileges under its franchise, to the extent of the portion pertaining to the NLEX, was approved by the then President of the ROP. On October 10, 1995, the Department of Justice (DOJ) issued Opinion No. 102, Series of 1995, noting the authority of the TRB to grant authority to operate a toll facility and to issue the necessary TOC. On November 24, 1995, in a letter by the then Secretary of Justice to the then Secretary of Public Works and Highways, the Secretary of Justice reiterated and affirmed the authority of the TRB to grant authority to operate a toll facility and to issue the necessary TOC in favor of PNCC and its joint venture partner for the proper and orderly construction, O&M of the NLEX as a toll road during the concession period.

In April 1998, the ROP (Grantor), acting by and through the TRB, PNCC (Franchisee) and NLEX Corp. (Concessionaire) executed the STOA for the Manila-North Expressway, whereby the ROP granted NLEX Corp. the rights, obligations and privileges including the authority to finance, design, construct, operate and maintain the project roads as toll roads (the "Concession") commencing upon the date the STOA comes into effect until December 31, 2030 or 30 years after the issuance of the TOP for the last completed phase, whichever is earlier, unless further extended pursuant to the STOA.

The PNCC franchise expired on May 1, 2007. Pursuant to the STOA, the TRB issued the necessary TOC for the NLEX in order to allow the continuation of the Concession. As further discussed in Note 31 to the consolidated financial statements, NLEX Corp. pays a certain amount in consideration for the usufructuary rights, interests and privileges under the franchise.

Also, under the STOA, NLEX Corp. shall pay for the Grantor's project overhead expenses based on certain percentages of total construction costs or of periodic maintenance works on the project roads.

Upon expiry of the concession period, NLEX Corp. shall hand-over the project roads to the Grantor without cost, free from any and all liens and encumbrances and fully operational and in good working condition, including any and all existing land acquired, works, toll road facilities and equipment found therein directly related to and in connection with the operation of the toll road facilities.

In October 2008, in consideration of the construction of Segment 8.1, TRB approved NLEX Corp.'s proposal to extend the concession term for Phase I and Segment 8.1 of the NLEX until December 31, 2037.



From 2007 to 2010, NLEX Corp. obtained TRB's approval for certain amendments to the STOA for the MNEP which includes (a) the integration of Segment 10 into Phase II – July 2007; (b) amendment of adjustment formula for the Authorized Toll Rate (ATR) by removing the foreign exchange factor – June 2008; (c) adoption of an integrated operations period for Phase I and Segment 8.1 and extension of the concession period until December 31, 2037 – October 2008; (d) modification of alignments of Phase II Segments 9 and 10 – February 2010; and the following approvals in relation to Phase II Segments 9 and 10 project: (i) adoption of the 2008 TRB approved ATR formula (ATRF) for five (5) years following the completion of Segment 9; (ii) continuation of the implementation of the ATRF for ten (10) years from commercial operation of Segment 10; (iii) approval of the additional ₱6.00 (exclusive of value-added tax or VAT) adjustment to the Open System toll rate upon completion of Segment 10; (iv) continuation of the implementation of the ATRF until 2034; and (v) approval of the additional ₱2.00 (exclusive of value-added tax or VAT) adjustment to the Open System toll rate upon completion of C-3 R-10 Exit Ramp Project.

Agreements covering the SCTEX

On February 26, 2015, NLEX Corp. and the Bases Conversion and Development Authority (BCDA) entered into the Business Agreement (BA) covering the assignment by BCDA to NLEX Corp. of its rights, interest and obligations under the TOA relating to the management and O&M of the SCTEX (which shall include the exclusive right to possess and use the SCTEX toll road and facilities and the right to collect toll). BCDA shall retain all rights, interests and obligations under the TOA relating to the design, construction and financing of the SCTEX. Nevertheless, NLEX Corp. and BCDA hereby acknowledge that BCDA has, as of date of the BA, designed, financed and constructed the SCTEX as an operable toll road in accordance with the TOA.

BCDA is a government instrumentality vested with corporate powers created by virtue of Republic Act (RA) No. 7227. Pursuant to Section 4 (b) of RA No. 7227, BCDA undertook the design, construction and O&M of the SCTEX, a major road project to serve as the backbone of a new economic growth corridor in Central Luzon, pursuant to a TOA entered into between BCDA and the ROP, acting through the TRB, on June 13, 2007. In 2008, TRB has issued in favor of BCDA a TOP authorizing the commercial operations of and the collection of tolls in SCTEX.

The term of the BA shall be from October 27, 2015 (effective date) until October 30, 2043 and may be extended subject to mutual agreement of NLEX Corp. and BCDA and the relevant laws, rules and regulations and required government approvals. At the end of the contract term or upon termination of the BA, the SCTEX, as well as the as-built plans, specifications and operation/repair/maintenance manuals relating to the same shall be turned over to BCDA or its successor-in-interest conformably with law, and in all cases in accordance with and subject to the terms and conditions of the STOA. The STOA, which was a supplement to and revision to the TOA, was entered into, by and among the ROP, acting through the TRB, BCDA and NLEX Corp. on May 22, 2015, in order to fully allow NLEX Corp. to exercise its rights and interests under the BA.

In consideration for the assignment by BCDA to NLEX Corp. of its rights to and interests in SCTEX, NLEX Corp. paid BCDA an upfront cash of ₱3.5 billion (inclusive of VAT) upon effectivity of the BA (the Upfront Payment). NLEX Corp. shall also pay BCDA monthly concession fees amounting to 50% of the Audited Gross Toll Revenues of SCTEX for the relevant month from Effective Date to October 30, 2043. NLEX Corp. recorded concession fees of ₱1,946.0 million and ₱1,629.2 million in 2023 and 2022, respectively, which is included under "Cost of services" account in the consolidated statements of income (see Note 24).

NLEX Corp. also commits to undertake at its own cost the maintenance works/special/major emergency works, other additional works, enhancements and/or improvement works contained in the Maintenance Plans submitted by NLEX Corp. to BCDA from time to time.



On October 22, 2015, NLEX Corp. received the TOC from the TRB for the O&M of the SCTEX. NLEX Corp. officially took over the SCTEX toll facilities and officially commenced the management and O&M of the SCTEX on October 27, 2015.

NLEX-SLEX Connector Road Concession Agreement

In July 2016, after a competitive and comparative public bidding process or Swiss Challenge, NLEX Corp. was declared as the winning proponent to undertake the NLEX-SLEX Connector Road in accordance with Section 10.1 of the Revised Build-Operate-Transfer (BOT) Law and its Revised Implementing Rules and Regulations of 2012.

On November 23, 2016, NLEX Corp. and DPWH signed the Concession Agreement for the NLEX-SLEX Connector Road. Under the concession agreement, the ROP, acting through the DPWH, granted NLEX Corp. the rights and obligations to finance, design, construct, operate and maintain the NLEX-SLEX Connector Road, including the right to collect toll fees over the concession period as well as commercial revenues and fees from non-toll user related facilities, subject to the right of DPWH to receive revenue share of 5% of commercial revenues from toll user and non-toll user related facilities. The concession period shall commence on the commencement date (being the date of issuance of the Notice to Proceed (NTP) by the DPWH to begin the construction of the NLEX-SLEX Connector Road) and shall end on its thirty-seventh (37th) anniversary, unless otherwise extended or terminated in accordance with the Concession Agreement. The concession period includes both the construction period and the operation period and in no event be extended beyond the fiftieth (50th) anniversary of the operation period.

In consideration for granting the basic right of way for the NLEX-SLEX Connector Road, NLEX Corp. shall pay DPWH periodic payments of ₱243.2 million annually which will commence on the first anniversary of the construction completion deadline, as extended, until the expiry of the concession period and will be subject to an agreed escalation every two (2) years based on the prevailing Consumer Price Index (CPI) for the two-year period immediately preceding the adjustment or escalation.

During the concession period, NLEX Corp. shall pay for the project overhead expenses to be incurred by the DPWH or the TRB in the process of their monitoring, inspecting, evaluating and checking the progress and quality of the activities and works undertaken by NLEX Corp. NLEX Corp.'s liability for the payment of the project overhead expenses due to TRB shall not exceed ₱50.0 million and the liability for the payment of the project overhead expenses due the DPWH shall not exceed ₱200.0 million; provided, that these limits may be increased in case of inflation, or in case of additional work due to a concessionaire variation that will result in an extension of the construction period or concession period, upon mutual agreement of the parties in the concession agreement.

Legal title to the NLEX-SLEX Connector Road, including all assets and other improvements constructed therein and all additional and/or enhancement works contributed by NLEX Corp. during the concession period, shall remain with NLEX Corp. until the termination date. At the end of the concession period or upon the termination of the concession agreement, the NLEX-SLEX Connector Road, including all rights, title and interest in the aforesaid assets, shall be turned over to DPWH or to its successor-in-interest conformably with law, and in all cases in accordance with and subject to the terms and conditions of the Concession Agreement. NLEX Corp. shall be prohibited from transferring, alienating, selling, or otherwise disposing the NLEX-SLEX Connector Road.

Pursuant to the Concession Agreement, NLEX Corp. shall preserve the asset so it can be handed back to DPWH in a manner that complies with the pavement performance standards specified in the concession agreement and that all the building and equipment necessary to operate the expressway remain functional and in good condition that is equivalent to prudent industry practice.



NLEX Corp. must also manage the maintenance of the assets so that there is a residual asset life that complies with the residual life standards stated in the concession agreement at the end of the concession period. As at May 10, 2024, the construction of NLEX-SLEX Connector Road Section 1 is 100% complete, while construction of Section 2 is ongoing with 78.73% completion rate as of December 31, 2023. Full completion of the project is dependent on the completion of the interconnection structure that will connect the NLEX-SLEX Connector Road Section 2 to the Metro Manila Skyway Stage 3.

TOA for the CAVITEX

On July 26, 1996, PRA (Grantee) and CIC entered into a TOA with the ROP, acting through the TRB, to expand the scope and toll collection period of the TOC of PRA and amplify the terms and conditions which are necessary to ensure the financial viability of the CAVITEX. Pursuant to the TOA, PRA will be responsible for the O&M of the expressway while CIC will be responsible for the design and construction of the expressway including its financing.

Construction of CAVITEX in accordance with the schedule provided in the TOA shall be carried out ROP all its obligations to CIC. In the event that the total construction costs estimated by the independent consultant are lower by 5.0% or more than CIC's cost estimate, the Grantor and PRA agree that the agreed toll rates shall be adjusted accordingly. The franchise period of each segment of CAVITEX shall be 35 years calculated from the date such segment is substantially completed and can be operated as a toll road.

The expressways shall be owned by the Grantor without prejudice to the rights and entitlement of the Grantee and/or CIC.

Pursuant to the TOA, PRA established PEA Tollways Corporation (PEATC), its wholly owned subsidiary, to undertake the O&M obligations of PRA under the TOA. PEATC would collect the toll fees from the toll paying traffic and deposit such collections to the O&M Account of the joint ventures maintained with a local bank.

As provided in the JVA entered into by PRA with MARA and Renong Berhad (the JV partners), the JV partners shall receive a monthly share equivalent to the excess in cash balance, net of O&M expenses, equivalent to six (6) months O&M for the initial monthly sharing and reduced to one (1) month O&M after such initial sharing, to be distributed as follows: (a) 10.0% for PRA and 90.0% for CIC for the period starting from the CAVITEX completion until the full payment of loans and interest, cost advances, capital investments and return on equity of the parties; and (b) 60.0% for PRA and 40.0% for CIC for the remainder of the 35-year toll concession period.

At the end of the toll collection period, the finished segments of the CAVITEX will be transferred to the Grantor.

On November 14, 2006, CIC, PRA and TRB entered into an O&M Agreement, as approved by the Office of the President of the ROP, to clarify and amend certain rights and obligations under the JVA and TOA and to comply with the terms and conditions of the CIC's lenders and CHI (Equity Contractor).



Below are the salient provisions of the O&M Agreement:

1. Redefinition of Phase I and II of the Project

Phase I of the Project will now relate to the design and improvement of the R-1 Expressway and the design and construction of the R-1 Expressway Extension which consist of Segment 1 (from Seaside Drive to Zapote), Segment 4 (from Zapote to Kawit) and Segment 5 (from Kawit to Noveleta), provided that, subject to the approval of the TRB, Segment 5 will be excluded from Phase I in the event that its construction does not begin within two (2) years from the completion of the design and construction works for Segment 4 that is estimated to be in December 2008. In case of exclusion from Phase I, Segment 5 shall now form part of the Phase II, subject to the approval of the TRB.

Phase II of the Project will now relate to the design and construction of the C-5 Link Expressway, which consists of Segments 2 and 3 from R-1 Interchange to Sucat Interchange to South Luzon Expressway Interchange, respectively.

2. Change of the Participation of PRA and CIC in the O&M Agreement of Phase I of the Project

PRA agrees to execute and deliver a voting trust agreement which shall be coupled with an interest covering two-thirds of the outstanding capital stock of PEATC in order to transfer the voting rights over such PEATC shares in favor of the CIC. Such voting rights of CIC over the shares shall be during the period of the loan from syndicated lenders covered by the Omnibus Loan Agreement (OLA) (an OLA was signed by CIC and various lenders in 2006) and the repayment of the Equity Contractor and shall be irrevocable during the aforementioned period.

3. Appointment of Directors and Officers

As a consequence of CIC's participation in the O&M Agreement set out in the previous paragraphs, CIC shall nominate five (5) members of the BOD of PEATC while PRA shall nominate two (2) members. PRA shall nominate the Chairman of the BOD and one (1) member as its second nominee as well as the Controller of PEATC, while CIC is entitled to nominate the Chief Executive Officer (CEO), Chief Operating Officer (COO), Treasurer and the Corporate Secretary of PEATC. CIC shall further have the right to nominate other members of the Board and other officers to the key position of PEATC as may be necessary to effectively implement the participation.

4. Amendment of the Revenue Sharing Provisions as Previously Provided under the TOA

Effective on the first day of the CIC's participation in the O&M, August 25, 2006, there will be a new and improved distribution of the share in the toll fees of PRA and CIC. PRA shall receive 8.5% of gross toll revenue while CIC shall receive 91.5% of the gross toll revenue and will absorb all O&M costs and expenses. PRA shall no longer share from any of the O&M costs and expenses. The share of PRA shall be increased by 0.5% every periodic toll rate adjustment under the TOA but not to exceed 10.0% of gross toll revenue at any one time during the repayment period of the loan.



The new PRA share of 8.5% of the gross toll revenue shall be subject to increase as mentioned in the previous paragraph which shall be implemented during the period of:

- a) existence of the loan which is payable for a period of eight (8) years; and
- b) repayment of the Equity Contractor which shall be converted into subordinated debt pari passu with the lenders for a period which shall not exceed an additional three (3) years after the period of eight (8) years.

Upon repayment in full of the loans and interest costs, advances, capital investment and the return of equity, CIC and PRA shall share at the ratio of 40.0% and 60.0%, respectively, as originally agreed upon under the JVA.

The share of PRA based on gross revenue is 9.0% while CIC is 91.0% which took effect on the last toll rate adjustment on January 1, 2009.

5. Amendment of the Conduct of the O&M of the Tollway

All gross toll revenue collections shall be directly deposited on a daily basis to the respective bank accounts of PRA and CIC:

- a) The 91.0% share of CIC shall absorb all O&M costs and expenses. CIC shall continue to set aside sinking fund in accordance with the TOA schedule of maintenance per segment. The sinking fund interest income shall remain intact and shall not be subject to revenue sharing of the JVA partners;
 - b) The sinking fund which shall remain with PEATC and maintained adequately at all times, shall be solely used for major road repairs and re-pavement and for extraordinary costs and expenses needed by the operation but not provided in the annual budget (see Note 16). Any shortage in the sinking fund shall be the sole responsibility of CIC; and
 - c) All disbursements for O&M shall be authorized solely by CIC.
6. Acknowledgement of all parties that in the event of a default under the loan, the Lenders shall be granted step-in rights in respect of the share of the CIC on the revenues from the toll collections in favor of the Lenders as security for the financing provided by such Lenders.
7. Unless otherwise amended, revised or modified by the CIC, PRA and TRB after obtaining the necessary regulatory approvals, CIC's participation in the O&M under this O&M Agreement shall be terminated upon repayment in full of the loans subject of the OLA dated August 25, 2006 and repayment to the Equity Contractor.

In a letter dated May 21, 2010, the PRA confirmed that the effectivity of the O&M Agreement and the voting trust agreement shall be extended for a period of four (4) years or until August 25, 2021, or upon full settlement of the funding obtained by CIC for the completion of Manila Cavite Toll Expressway Project (MCTEP).

In 2015, PRA agreed to substitute the 2013 Amended and Restated Loan Agreement (2013 Loan Agreement), which CIC entered into with a group of lenders, for all references to the "2006 Omnibus Loan Agreement" under the Operations and Maintenance Agreement (OMA). However, the resolution of the Board of Directors of PRA provided that the proposed extension of the OMA up to December 18, 2023 (the maturity date of the loan covered by the 2013 Loan Agreement) will be subject to further negotiations between PRA and CIC prior to August 25, 2021.



On June 19, 2019, PRA through its Corporate Secretary, informed CIC that PRA Governing Board approved CIC Stage 1 proposal which is to assume the operation and maintenance rights and obligations of PRA with respect to Segment 3A-1.

On July 8, 2021, PRA informed CIC that the standing PRA Board decision is that the effectivity of the OMA will expire on August 25, 2021 and requested that CIC and PRA commence negotiations for the possible extension of the effectivity of the OMA up to December 18, 2023. PRA and CIC started discussing the details of PRA's position and conditions on the matter of the extension of the terms of the OMA. Negotiations on the extension did not prosper and the OMA expired on August 25, 2021.

Thereafter, an Operation and Maintenance Transition Committee (O&M Transition Committee) was constituted composed of representatives from PRA and CIC, with observers from the Toll Regulatory Board and PEA Tollways Corporation (PEATC), to discuss the details of the assumption by PRA (through PEATC) of the operations and maintenance of the operating segments of the MCTEP by January 2022.

On June 19, 2019, PRA through its Corporate Secretary, informed CIC that PRA Governing Board approved CIC Stage 1 proposal which is to assume the operation and maintenance rights and obligations of PRA with respect to Segment 3A-1.

Beginning on September 23, 2021, meetings have been held by the O&M Transition Committee where the following actions have been agreed by CIC and PRA:

1. The continued implementation of the gross revenue sharing on all operational Segments of the MCTEP at 9% and 91% for PRA and CIC, until December 31, 2021 or such time as the Joint ventures Accounts are opened by the joint venture parties. CIC and PRA have coordinated with Development Bank of the Philippines for the opening of said Joint ventures Accounts.
2. PRA shall novate the MCTEP O&M contracts with service providers engaged by CIC. This process is still subject of discussion between CIC, PRA and the relevant service providers.

For O&M service contracts which expires on December 31, 2021, PRA requested the extension of the term of said contracts. On November 29, 2021, PRA issued a Resolution No. 5423, Series of 2021, approving the extension of the effectivity of all contracts of CIC with the service providers involving MCTEP which shall expire on December 31, 2021 until April 30, 2022.

Pursuant to PRA's request, CIC extended the term of relevant O&M contracts until September 30, 2024, as PRA prepares to procure said services in accordance with government processes.

3. PEATC has deployed its personnel along the MCTEP beginning January 1, 2022.

On January 1, 2022, PEATC assumed 100% operations and maintenance of the MCTEP. However, PRA requested CIC to extend the effectivity of the contracts for goods and services required in the operations and maintenance of the MCTEP (the "O&M Contracts") to ensure continuity of services to motorists and customers of the MCTEP. PRA also requested CIC to allow PEATC to directly manage the implementation of the O&M Contracts in accordance with its mandate to operate and maintain the MCTEP until September 30, 2024.



CALAX Concession Agreement

On May 26, 2015, after a competitive bidding, the DPWH announced MPCALA as the winning bidder to implement the CALAX. The CALAX will be undertaken using the BOT contractual arrangement, which is one of the Public-to-Private Partnership (PPP) variants specifically authorized under the BOT Law, or RA No. 6957, as amended by RA No. 7718 and its Revised Implementing Rules and Regulations of 2012.

On June 8, 2015, MPCALA received the Notice of Award (NOA) from the DPWH to implement the CALAX. Upon full compliance with all the requirements under the NOA on June 26, 2015, DPWH issued its Notice of Compliance on June 30, 2015.

On June 25, 2015, MPCALA issued an irrevocable standby letter of credit amounting to ₱700.0 million in favor of DPWH as security for the performance by MPCALA of its obligations under the Concession Agreement for the CALAX.

On July 10, 2015, under the Concession Agreement with DPWH, MPCALA is granted the concession to design, finance, construct, operate and maintain the CALAX, including the right to collect toll fees over a 35-year concession period. MPCALA and DPWH also acknowledge and agree that the concession period shall in no event be extended beyond the 50th anniversary of the operation period.

In consideration for granting the concession, MPCALA shall pay DPWH a concession fee totaling ₱27.3 billion, payable over nine (9) years from signing of the Concession Agreement. On July 10, 2015, MPCALA paid DPWH an upfront fee of ₱5.5 billion representing 20% of the concession fee. The remaining concession fee is payable on an installment basis at the rate of 16% annually beginning on the fifth (5th) year from the contract signing date up to the ninth (9th) year from the contract signing date of the Concession Agreement.

During the concession period, MPCALA shall pay for the project overhead expenses to be incurred by the DPWH and the TRB in the process of their monitoring, inspecting, evaluating and the checking the progress and qualities of the activities and works undertaken by MPCALA which shall not exceed ₱150.0 million and ₱75.0 million, respectively; provided, that these limits may be increased in case of inflation, or in case of additional work due to a concessionaire variation that will result in an extension of the construction period or concession period, upon mutual agreement of the parties in the concession agreement.

Pursuant to the concession agreement, upon issuance of the Certificate of Final Completion by the independent consultant, ownership of all works comprising the CALAX shall vest in the DPWH. Regardless of the ownership of all the works comprising the CALAX, including the Right of Way (ROW), possession, custody and risk of loss or deterioration shall vest in MPCALA during the concession period. Upon termination date or transfer date, whichever is earlier, possession, custody and risk of loss or deterioration of the CALAX, including the ROW, shall vest with the DPWH.

Pursuant to the concession agreement, MPCALA shall undertake the construction works of the CALAX in conformance with the design criteria of the Minimum Performance Standards and Specifications (MPSS). MPSS establishes the minimum requirements that MPCALA must comply with regards to the design, construction, operation and maintenance of the CALAX. The MPSS also sets out key performance indicators that measure MPCALA's performance and imposes penalties for non-performance. The performance requirements are categorized as (i) operation requirements that include the toll collection system, traffic safety and control system and power and water supply; and (ii) maintenance requirements that include the maintenance of expressway structures, toll plazas and buildings and operating equipment and utilities.



MPCALA shall preserve the assets so it can be handed back to DPWH in a manner that complies with the pavement performance standards specified in the concession agreement. MPCALA must also manage the maintenance of the assets so that there is a residual asset life that complies with the residual life standards stated in the agreement at the end of the concession period.

The DPWH shall determine if MPCALA has fully complied with the requirements for the completion of the CALAX before issuing the Certificate of Final Completion.

Subject to the limits and conditions under the BOT Law, the DPWH is responsible for the payment of all applicable real property taxes on the CALAX throughout the concession period. In the event that the relevant Government Authority assesses MPCALA of the real property taxes for the CALAX, the DPWH shall, upon prior notice and submission by MPCALA of the subject assessments, pay directly the relevant Government Authority the amount of such assessed real property taxes. Conversely, MPCALA may advance the payment of such real property taxes, which payments shall be fully reimbursed by the DPWH within 30 days after receipt of written request from reimbursement from MPCALA.

CCLEX Concession Agreement

On December 23, 2015, MPTNC received the NOA from both the City of Cebu and the Municipality of Cordova (collectively “the Grantors”) which authorizes the formation of a joint venture (JV) company and the implementation by the JV company of the CCLEX. The NOA was issued by the Grantors in favor of MPTNC after no expression of interest to submit comparative proposals was received by the Grantors.

On April 15, 2016, the Grantors and MPTNC finalized and executed the JVA which governs the Grantors’ and MPTNC’s respective rights and obligations to each other in relation to the JV company. The JV company will be responsible for implementing the CCLEX as concessionaire under the JVA. Pursuant to the JVA, CCLEC was incorporated on August 8, 2016.

As indicated in the JVA, the Grantors shall receive a combined share of 2% of the annual toll revenues of the CCLEX. The JVA shall be effective from April 15, 2016 until its termination as indicated in the JVA, which includes among others, the termination of the concession agreement for the CCLEX.

On October 3, 2016, CCLEC and the Grantors signed the concession agreement for the CCLEX. Under the concession agreement, CCLEC is granted the concession to design, construct, finance, operate and maintain the CCLEX, including the right to collect toll fees over the concession period. The concession period shall commence from the date the Grantors issued to CCLEC the notice to proceed to start the construction of the CCLEX and shall end after 35 years unless otherwise extended in accordance with the concession agreement.

On January 16, 2019, CCLEC and the Grantors signed an amendment to the concession agreement. Among the matters amended is the deletion of the term “Toll Regulatory Board” or “TRB”. All references to “Toll Regulatory Board” or “TRB” in the concession agreement and all its attachments, annexes and schedules thereto shall be deemed to refer to “Local Toll Regulatory Council” or “LTRC”.

On April 27, 2022, the Grantors approved the concession period extension of ten (10) years (from 35 years to 45 years) and extraordinary toll adjustments of ₱2, ₱4 and ₱6 for Class 1, 2 and 3, respectively, starting 2025 and every two (2) years thereafter until 2039 to recoup the additional project costs in accordance with the Concession Agreement.



The ownership of all works comprising CCLEX shall vest with the LGUs throughout the concession period.

Pursuant to the concession agreement, CCLEC shall preserve the asset so it can be handed back to the LGUs in a manner that complies with the pavement performance standards specified in the concession agreement and that all the building and equipment necessary to operate the expressway remain functional and in good condition that is equivalent to prudent industry practice. CCLEC must also manage the maintenance of the assets so that there is a residual asset life that complies with the residual life standards stated in the concession agreement at the end of the concession period.

MMN concession covering rights in Ujung Pandang toll road

On August 26, 1994, the Ministry of Public Works of the Republic of Indonesia has granted the permission to Jasa Marga and MMN for the development and operation of Ujung Pandang toll road. On August 29, 1994, through Deed No. 322 of Mestariyany Habie, S.H., MMN received its rights to operate the Ujung Pandang toll road for 30 years. After the concession period, the toll road and all its facilities on the area will be handed over to Jasa Marga.

On October 23, 2017, MMN obtained Minister Decree from Ministry of Public Works Republic Indonesia containing the extension of the Ujung Pandang toll road up to 2043 (from the previous 2028).

JTSE concession covering rights in Makassar Section IV Toll Road

In 2006, JTSE entered into Toll Road Concessionaire Agreement with the Ministry of Public Works of the Republic of Indonesia for the rights of the Makassar Section IV Toll Road for a period of 35 years including construction period. After the concession period, the toll road and all its facilities on the area will be handed over to Toll Road Regulatory Agency (BPJT). Concession period of JTSE is until 2041.

BSD concession covering rights in Pondok Aren-Serpong Toll Road

In 1996, BSD entered into a Toll Road Operational Authority Agreement with Jasa Marga for the rights of the Pondok Aren-Serpong toll road. Jasa Marga granted BSD the authority to develop and operate the toll road for a period of 28 years including the construction period. Concession period for BSD is until 2028. At the end of the concession period, BSD will hand over the toll road to BPJT.

BSD will pay Jasa Marga costs in relation to the toll road operation and maintenance fees computed based on a fixed percentage of 5.98% of the toll road revenues.

PT Sarana Catur Tirta Kelola (SCTK) concession covering rights in Cijeruk Water Treatment Plant

In 1995, SCTK entered into a cooperation agreement with the Regional Water Company II Serang ("PDAM"). PDAM appointed SCTK to build and operate the water treatment plant and to transfer it back in 2039.

Based on the Cooperation Agreement dated January 14, 1999 between PT Sarana Tirta Rejeki (STR) and PT Jasa Sarana Nusa Makmur (JSNM) regarding the Development of Water Supply in East Serang with capacity up to 100 litres per second, STR and JSNM agreed to cooperate in management and distribution of treated water in East Serang Timur with terms as stated in the agreement.

As at December 2, 2013, SCTK and STR agreed to terminate the right transfer agreement of water management in Serang. With the termination of the transfer agreement, the Cooperation Agreement between STR and JSNM was also terminated and the right of management and distribution of treated water in East Serang was transferred to SCTK.



On April 13, 2023, SCTK and Perumda Tirta Al Bantani entered into an amendment to the Cooperation Agreement regarding the changes in treated water tariff to IDR3,120 per m³. On the same day, SCTK and Perumda Tirta Al Bantani signed a profit sharing cooperation agreement in marketing and socialization services to the industrial community. SCTK agreed to provide a profit share of IDR600 per m³ of water sold to Perumda Tirta Al Bantani for its measurable performance in ensuring the supply of raw water allocation and organizing marketing and outreach to SCTK's industrial community.

PT Dain Celicani Cemerlang (DCC) concession covering rights in Medan Water Treatment Plant

On April 24, 2012, DCC, a subsidiary of PT MPTI, entered into a cooperation agreement for the supply of treated water to PT Kawasan Industri Medan (Persero) (KIM) for a period of 20 years (excluding construction phase). The agreement states that DCC shall build a Water Treatment Plant II (WTP II) on the land owned by KIM under BOT scheme. Both parties agree the minimum supply of treated water volume at transfer point is 250,000 cubic meter (m³) per month at IDR 5,800 per m³ (excluding VAT). The price will be evaluated and adjusted at 10% in every three (3) years or at the time of the increase in electricity, fuel and other tariff which affects production costs directly.

On October 19, 2022, DCC entered into the second amendment to the Cooperation Agreement on Clean Water Supply with KIM regarding the construction of two (2) Water Treatment Plants carried out by DCC with a capacity of 100 liters/second with a construction value of IDR8,578,006,350 and a bank guarantee of 5% of the construction value.

There is also a change in the tariff to IDR7,200 per m³ which is effective from January 24, 2022. Furthermore, after the construction completion memo is signed, there will be an increase in the minimum delivery of 400,000 m³/month at a price of IDR7,200 per m³ per month and will increase again to IDR7,920 per m³ per month starting on January 24, 2025.

PT Rezeki Perkasa Sejahtera Lestari (RPSL) concession covering rights in Biomass Power Plant

In August 2018, PT Energi Infranasantara (EI), an indirect subsidiary of PT MPTI, acquired 80% of the capital stock of RPSL, a biomass power plant operator.

RPSL has an Electrical Power Purchase Agreement with PT Perusahaan Listrik Negara (Persero) (PLN) for the construction and operation of a Biomass Power Plant for a period of 20 years from the start of operations. Under the agreement, RPSL will supply a portion of the generated power from the power plant to PLN in accordance with the terms and conditions of the agreement.

3. Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for certain debt and equity financial assets that are measured at fair value. The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional currency, and all values are rounded to the nearest million peso (₱000,000), except when otherwise indicated.

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).



Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at and for the years ended December 31, 2023 and 2022.

A complete list of the Company's subsidiaries is provided for in Note 36.

Non-controlling Interests (NCI) represent the interests in NLEX Corp., Metro Strategic Infrastructure Holdings, Inc. (MSIHI), Easytrip Services Corporation (ESC) and PT Nusantara and its subsidiaries, not held by the Parent Company and are presented separately in the consolidated statement of income and within equity in the consolidated statements of financial position, separately from equity attributable to equity holders of the Parent Company.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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

The amendments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements. The Company has disclosed material accounting policies in the consolidated financial statements.

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

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.



The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

These amendments to PAS 12 did not result in any impact on the Company's consolidated financial position nor in the consolidated comprehensive income. However, in 2023, the Company started presenting separately both deferred tax assets and the deferred tax liabilities arising from leases as presented in Note 30.

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

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development, including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

The Company adopted the amendments beginning January 1, 2023. These amendments have no material impact on the consolidated financial statements of the Company.

Standards Issued but not yet Effective

The Company has not early adopted any of the following standards, interpretations or amendments that has been issued but is not yet effective. The Company does not expect the impact of these standards, interpretations or amendments to be significant upon adoption.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1 *Classification of Liabilities as Current or Noncurrent*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred effectivity

Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint ventures*

The Company adopted the amendments beginning January 1, 2023. These amendments have no material impact on the consolidated financial statements of the Company.



Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer elects whether to measure the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in "General and administrative expenses".

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, is measured at fair value with the changes in fair value recognized in profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Investments in Associates and Joint ventures

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

The aggregate of the Company's share in profit or loss of an associate or joint ventures is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss after tax and NCI in the subsidiaries of the associate or joint ventures. If the Company's share of losses of an associate or joint ventures equals or exceeds its interest in the associate, the Company discontinues recognizing its share of further losses.

After the application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on the Company's investments in associates or joint ventures. The Company determines at each balance sheet date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment in associate or joint venture and its carrying value and recognizes the impairment loss in the consolidated statement of income.

Financial Instruments

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

Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

As at December 31, 2023 and 2022, the Company has financial assets at FVTPL and FVOCI.

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in three categories: Financial assets at amortized cost (debt instruments), Financial assets at FVTPL and Financial assets at FVOCI.

Financial assets at amortized cost (debt instruments). Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment.



Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As at December 31, 2023 and 2022, the Company's financial assets at amortized cost includes cash and cash equivalents, restricted cash, receivables (excluding advances to officers and employees), due from related parties, concession financial receivables and refundable deposits (see Notes 7, 8, 9, 16 and 21).

Financial assets at fair value through profit or loss. Financial assets at FVTPL are carried in the statement of financial position with net changes in fair value recognized in profit or loss.

As at December 31, 2023 and 2022, the Company's financial assets at FVTPL pertain to investments in Unit Investment Trust Fund (UITF) (see Note 15).

Financial assets at fair value through other comprehensive income. Financial assets at FVOCI are carried in the statement of financial position with value changes recognized in profit or loss, except for those equity investments for which the entity has elected to present value changes in other comprehensive income.

As at December 31, 2023 and 2022, the Company's financial assets at FVOCI pertain to investments in quoted shares, unquoted shares and quoted club shares (see Note 15).

Impairment of Financial Assets

Expected Credit Losses (ECLs) are recognized in two (2) stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("lifetime ECL").

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

For cash and cash equivalents (excluding cash on hand) and restricted cash, the Company applies the low credit risk simplification.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.



All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement. For purposes of subsequent measurement, financial liabilities are classified in two (2) categories:

- Financial liabilities at FVTPL
- Financial liabilities at amortized cost (loans and borrowings)

As at December 31, 2023 and 2022, the Company has no financial liabilities at FVTPL.

Financial liabilities at amortized cost (loans and borrowings). This category which generally applies to interest-bearing and noninterest-bearing loans and borrowings is most relevant to the Company. After initial recognition, interest-bearing and noninterest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

As at December 31, 2023 and 2022, this category includes accounts payable and other current liabilities (excluding statutory liabilities), short-term loans, long-term debts, service concession fees payable and due to related parties (see Notes 17, 19, 20 and 21).

Inventories

Inventories, which consist of magnetic cards and spare parts, are valued at the lower of cost and net realizable value (NRV). Cost includes purchase cost and import duties and is determined primarily on a weighted average method. For magnetic cards, NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. NRV for spare parts is the current replacement cost. Other inventories consisting of office and other supplies are valued at cost.

Advances to Contractors and Consultants

Advances to contractors and consultants represent the advance payments for mobilization of the contractors and consultants. These are stated at costs less any impairment in value. These are progressively reduced upon receipt of the equivalent amount of services rendered by the contractors and consultants. These are recognized as current or noncurrent depending on the classification of its underlying asset.

Service Concession Arrangements - Intangible Asset Model

The Company accounts for its concession arrangements in accordance with Philippine Interpretation IFRIC 12, *Service Concession Arrangements*, under the intangible asset model as it receives the right (license) to charge users of public service.

Construction and Upgrade Services: Revenue and Cost Recognition. The Company recognizes revenue and costs for construction and upgrade services in accordance with PFRS 15. The Company, as operator, receives non-cash consideration in the form of an intangible asset (a license to charge users of the public service) in exchange for construction and upgrade services. The operator measures the intangible asset initially at cost, being the amount of the contract asset recognized during the construction or upgrade phase in accordance with PFRS 15. The operator recognizes revenue and a contract asset (that represents the right to receive an intangible asset, as 'Service Concession Asset') as it performs the construction performance obligation.

Operations Revenues. An operator that recognizes an intangible asset also recognizes revenue for the consideration received from users of the public service during the operation phase.



Contractual Obligations. The Company recognizes its contractual obligations, (i) to maintain the toll roads to a specified level of serviceability or (ii) to restore the toll roads to a specified condition before it is handed over to the grantor at end of the concession term, in accordance with PAS 37, as the obligations arise which is as a consequence of the use of the toll roads and therefore it is proportional to the number of vehicles using the toll roads and increasing in measurable annual increments.

Service Concession Assets. The service concession assets acquired through business combinations are recognized initially at the fair value of the concession agreement using multi-period excess earnings method. The service concession assets that were not acquired through business combinations are recognized initially at cost. The cost of the service concession assets consists of the construction or upgrade costs, including related borrowing costs; upfront fees payments on the concession agreements; and future fixed fee considerations in exchange for the license or right. The fixed fees are recognized at present value using the discount rate at the inception date with a corresponding liability recognized. Interest on the unwinding of discount of the liability is recognized as a borrowing cost that is capitalized as part of the service concession asset during construction of the infrastructure asset and as an expense in the period incurred starting from the commercial operations of the said infrastructure asset. Following initial recognition, the service concession assets are carried at cost less accumulated amortization and any impairment losses.

Subsequent costs and expenditures related to the toll road infrastructure arising from the Company's commitments to the concession agreements, or that increase future revenues are recognized as additions to the service concession assets and are stated at cost. Repairs and maintenance and other expenses that are routinary in nature are expensed and recognized to the consolidated statement of income as incurred.

The service concession assets are amortized using the unit-of-production (UOP) method and straight-line method, for toll roads and water treatment plant, respectively. Using the UOP method, the annual amortization of the service concession asset is calculated by applying the ratio of actual traffic volume of the underlying toll roads compared to the total expected traffic volume over the respective remaining concession periods to the net carrying value of the assets. The expected traffic volume is estimated by management with reference to the traffic projection reports. Using the straight-line method, the service concession asset is amortized over the concession term.

The amortization expense is recognized under the "Cost of services" account in the consolidated statement of income.

The concession fees paid in consideration for the concession which vary in relation to future activity (i.e., based on toll revenues) are treated as executory and are expensed as incurred.

The service concession assets will be derecognized upon turnover to the Grantor. There will be no gain or loss upon derecognition as the service concession assets which are expected to be fully amortized by then, will be handed over to the Grantor with no consideration.

Deferred Project Costs. Costs directly attributable to the acquisition of a service concession asset are recorded as deferred project costs (under "Other noncurrent assets" account) when certain criteria for development expenditures are met and until the concession rights are awarded to the Company, whereupon the costs are transferred to the "Service concession assets" account. Development expenditures on an individual project are recognized as deferred project costs for intangible assets when the Company can demonstrate:

- The technical feasibility of completing the intangible asset;
- Its intention to complete and its ability and intention to use the intangible asset;



- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development.

Costs capitalized as deferred project costs are assessed for impairment whenever there is an indication that these may be impaired.

Service Concession Arrangements - Financial Asset Model

Where the operator has an unconditional contractual right to receive cash or another financial asset from, or at the direction of, the grantor, the Company accounts for such arrangement under the financial asset model.

In accordance with PFRS 15, the Company determines each performance obligation and the corresponding transaction price. The transaction price is determined as the fair value of the consideration received or receivable in exchange for the services delivered. Where the Company does not receive remuneration separately for the services provided (i.e., construction, maintenance and operational services in a single contract), the Company allocates the transaction price between the construction and operation services by reference to the stand-alone selling prices of the services delivered.

During the construction phase, the Company recognizes revenue and costs by reference to the stage of completion as the contract activity progresses over the construction period. The Company measures progress using a method that depicts the entity's progress towards satisfying its performance obligation. As the Company recognizes revenue for the construction service performance obligation, it recognizes a financial asset (as "Concession financial receivables" under "Other current assets" and "Other noncurrent assets" accounts). The financial asset is subsequently measured in accordance with PFRS 9.

During the operating phase, the Company allocates a proportion of the cash receipts to settle part of the financial asset. It allocates the remaining receipts between revenue for providing maintenance and operation services and finance income.

Contract Assets

Service Concession Asset, with on-going construction and upgrade services on concession arrangements under the scope of Philippine Interpretation IFRIC 12, is considered as contract asset. Contract assets are initially recognized for revenue earned from the ongoing construction and upgrade services as receipt of consideration is conditional on the successful completion of the construction and upgrade services and until the service concession asset is ready for its intended use.

Property and Equipment

Depreciation commences once the property and equipment is available for use and is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Building and building improvements	5-25 years
Leasehold improvements	3-5 years or lease term, whichever is shorter
Transportation equipment	3-5 years
Office equipment and others	3-5 years

An item of property and equipment 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 item) is included in the consolidated statement of income in the year the item is derecognized.



Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to the consolidated statement of income.

The assets' residual values, useful lives and method of depreciation are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

Impairment of Non-financial Assets

Investments in Associates and Joint ventures, Service Concession Assets under Intangible Asset Model, Property and Equipment, Right-of-Use (ROU) Assets, Investment Properties, Software Cost and Other Noncurrent Assets (except for Deferred Project Costs). The Company assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal (FVLCD) and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly-traded companies, or other available fair value indicators.

Impairment losses are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation (in case of property and equipment) and amortization (in case of service concession assets and software) charges are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Service Concession Assets not yet Available for Use. Service concession assets not yet available for use are tested for impairment annually. Impairment is determined by comparing the carrying value of the asset with its recoverable value. Where the recoverable value of the service concession assets not yet available for use is less than the carrying value, an impairment is recognized.



Provisions and Contingencies

Provisions. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingent Liabilities. Contingent liabilities are not recognized in the consolidated statements of financial position but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent Assets. Contingent assets are not recognized in the consolidated statements of financial position but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Equity

Other reserves comprise the premium paid on the acquisition of NCI in a subsidiary, dilution in ownership interests, the contribution from MPIC in relation to its executive stock option plan granted to MPTC employees accounted for as equity-settled share-based payment transactions, the 20% of the 2010 to 2012 Long-term Incentive Plan (LTIP) which grants cash incentives to eligible key executives of the Company which are shouldered by MPIC and treated as additional equity of MPIC, and the transaction costs on the issuance of the Parent Company's preferred shares.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has generally concluded that it is the principal in its revenue arrangements.

The following specific criteria must also be met before revenue is recognized:

- Revenue from toll fees is recognized upon the sale of toll tickets and passage on the toll roads. The Company recognizes toll revenues over time since the customer simultaneously receives and consumes the benefits, provided by the Company's performance of its obligation to operate and maintain toll roads, during the time of passage on the toll roads which occur on the same day.
- Revenue from issuance of tags is recognized upon sale of the RFID and dedicated short-range communications tags. The Company is discharged of the performance obligation upon delivery of the tag to the customer. Non-refundable up-front payments arising from the issuance of tags are recognized as revenue in the period the tags are issued.
- Construction revenue and construction costs are recognized and measured accordance with PFRS 15 for the services it performs. When the Company provides construction or upgrade services, the consideration received or receivable by the Company is recognized at its fair value. The revenue and cost from these services are recognized based on the percentage of completion measured principally on the basis of estimated completion of a physical proportion of the contract



works. Since the Company subcontracted the works to outside contractors, the construction revenue is equal to the construction cost.

- Revenue from sales of treated water, included in “Non-toll revenues” account, is recognized based on the provision of clean water volume delivered to the customers, either specifically read and billed or estimated based on the output of the network of water supply and most likely will receive payments previously agreed. Revenue from sales of treated water also includes connection fees which are one-time connection and installation fees upon initial set-up of its service connection. The connection and installation fee are payable upfront and is non-refundable. The connection and installation fees are not separate performance obligation from the water services and hence, initially recorded as contract liabilities. The contract liability is subsequently recognized as revenue over the contract term.
- Revenue from electricity sales, included in “Non-toll revenues” account in the consolidated statement of income, is recognized based on actual delivery of electricity generated and made available to customers at prices in accordance with the terms of the agreements. Revenue from electric sales are recognized over time.
- Income from utility facility contracts, toll service facilities (TSF) and advertising, included in “Non-toll revenues” account in the consolidated statement of income, are recognized over time in accordance with the terms of the agreement.
- Rental income, included in “Non-toll revenues” account in the consolidated statement of income, is accounted for on a straight-line basis over the lease term.
- Service revenue, included in “Non-toll revenues” account in the consolidated statement of income, is recognized over time as services are rendered in accordance with the terms of the agreements.
- Management fees and parking fee income, included in “Other income” account in the consolidated statement of income, are recognized over time when services are rendered.
- Dividend income, included in “Other income” account in the consolidated statement of income, is recognized when the right to receive the payment is established which is upon the declaration date.
- Interest income is recognized as the interest accrues using the EIR method.
- Other income is recognized when there are incidental economic benefits, other than the usual business operations, that will flow to the Company through an increase in asset or reduction in liability and that can be measured reliably.

Cost and Expenses Recognition

Cost of services, general and administrative expenses, construction costs and interest expense and other finance costs are recognized in the consolidated statement of income in the period these are incurred.

Foreign Currency-denominated Transactions and Translations

The consolidated financial statements are presented in Philippine peso, which is the Parent Company’s functional currency. All subsidiaries and associates evaluate their primary economic and operating environment and determine their functional currency. Items included in the financial statements of each entity are initially measured using that functional currency.



Group Companies. On consolidation, the assets and liabilities of foreign operations are translated into Philippine peso at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. Upon disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets translated at the spot rate of exchange at the reporting date.

Borrowing Costs

Borrowing costs are capitalized as part of service concession assets when the activities to prepare for the construction of the projects are in progress and expenditures and borrowing costs are incurred, until the assets are ready for their intended use.

Borrowing costs include interest charges, amortization of debt issue costs and other costs incurred in connection with the borrowing of funds, including exchange differences arising from foreign currency borrowings used to finance the projects, to the extent that they are regarded as adjustments to interest cost.

All other borrowing costs are expensed in the period they are incurred.

Other Long-term Employee Benefits

MPIC has LTIP which grants cash incentives to eligible key executives of MPIC and certain subsidiaries, including the Company. Also, the Company has LTIP that grants cash incentives to eligible key executives of the Company and certain subsidiaries. Liability under the LTIP is determined using the projected unit credit method. Employee benefit costs include current service costs, interest cost, actuarial gains and losses and past service costs. Past service costs and actuarial gains and losses are recognized immediately.

The liability under the LTIP comprises the present value of the defined benefit obligation (using discount rate based on government bonds) vested at the end of the reporting period.

Taxes

Current Tax. Current tax assets and liabilities are determined at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the balance sheet date in the jurisdiction where the Company operates and generates taxable income.

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.



- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 income will be available against which the temporary differences can be utilized.

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

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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in the consolidated statement of income.

VAT. For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statements of financial position up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Creditable Withholding Tax (CWT). CWT represents amounts withheld by counterparties from payments for services rendered by the Company which can be claimed as income tax credits. These are recognized as an asset in the consolidated statements of financial position to the extent of the recoverable amount.



4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRSs requires management to make judgments, estimates and assumptions that affect certain reported amounts and disclosures. In preparing the consolidated financial statements, management has made its best judgments and estimates of certain amounts, giving due consideration to materiality. The judgments and estimates used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from those estimates, and such estimates will be adjusted accordingly.

The Company believes that the following represents a summary of these significant judgments and estimates and the related impact and associated risks in the consolidated financial statements.

Judgments

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

Determination of Functional Currency. The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency. All subsidiaries and associates evaluate their primary economic and operating environment and determine their functional currency. Items included in the consolidated financial statements of each entity are initially measured using their functional currencies, which were determined using the same basis:

	<u>Functional Currency</u>
PT Metro Pacific Tollways Indonesia (PT MPTI) and subsidiaries	Indonesian Rupiah (IDR)
MPT Asia Corporation, MPT Thailand Corporation, CAIF III Infrastructure Holdings Sdn Bhd, CIIF Infrastructure Holdings Sdn Bhd and Metro Pacific Tollways Asia, Corporation Pte. Ltd.	U.S. Dollar (USD)
Metro Pacific Tollways Vietnam Company Limited, MPT Management Vietnam Co., Ltd, MPT Services Vietnam Co., Ltd, CII Bridges and Roads Investment Joint Stock Company (CII B&R) and CII Bridge and Road Management Operation Services Joint Stock Company (formerly MCSC Services Vietnam Co., Ltd)	Vietnamese Dong (VND)

Service Concession Arrangements. Philippine Interpretation IFRIC 12 outlines an approach to account for contractual arrangements arising from entities providing public services. Arrangements within the scope of Philippine Interpretation IFRIC 12 are those public-to-private service concession arrangements in which: (a) the grantor controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price; and (b) the grantor controls any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise. Infrastructure assets within scope are those constructed or acquired for the purpose of the service concession arrangement or existing infrastructure to which the operator is given access by the grantor for the purpose of the service concession arrangement.

Philippine Interpretation IFRIC 12 also provides that the operator should not account for the infrastructure as property and equipment, but recognize a financial asset and/or an intangible asset.



The Company has made judgments that its service concession agreements are within the scope of Philippine Interpretation IFRIC 12 and qualify and recognized either under the intangible asset model or financial asset model, wherein the service concession assets are recognized as either intangible assets in accordance with PAS 38, *Intangible Assets*, or financial instruments under PFRS 9. The Company has made a judgment that service concession arrangements of the Company's tollway businesses and the SCTK concession covering rights in Cijeruk Water Treatment Plant qualify under the intangible asset model as these companies receive the right to charge users of public service. The Company has made a judgment that DCC concession covering rights in Medan Water Treatment Plant and RPSL concession covering rights in Biomass Power Plant qualify under the financial asset model as the Company has an unconditional contractual right to receive cash or another financial asset from, or at the direction of, the grantor.

The Company also recognizes construction revenues and costs in accordance with PFRS 15, *Revenue from Contracts with Customers*. It measures contract revenue at the fair value of the consideration received or receivable. Given that the construction works have been subcontracted to outside contractors, the construction revenue recognized substantially approximates the construction costs. Construction revenue and costs recognized in the consolidated statements of income amounted to ₱16,000.8 million in 2023 and ₱17,157.2 million in 2022 (see Note 11).

Consolidation of CIC in which the Company Holds No Voting Rights. The Company considers that it controls CIC even though it does not own any voting rights by virtue of the MLA (see Note 1). Under the MLA, MPTC has the power to solely direct the entire operations, including the capital expenditure and expansion plans of CIC. MPTC shall then receive all the financial benefits from CIC's operations and all losses incurred by CIC are to be borne by MPTC.

Definition of Default and Credit-impaired Financial Assets. The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when the borrower is more than 90 days past due on its contractual payments (i.e. principal and/or interest) or the borrower is experiencing financial difficulty.

Intangible Asset (Franchise) with Indefinite Useful Life. The Company assessed that the useful life of the Franchise is indefinite as this is expected to contribute indefinitely to net cash flows. This assessment is reviewed annually to determine whether the assessment of the indefinite life continues to be supportable.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. A financial instrument is no longer in default (i.e. to have cured) when it has exhibited a satisfactory track record.

Estimates and Assumptions

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

Amortization of Service Concession Assets. The service concession assets are amortized using the UOP method for and straight-line method, for toll roads and water treatment plant, respectively. Using the UOP method, the amortization is calculated based on the ratio of actual traffic volume of the underlying toll roads compared to the total expected traffic volume over the respective remaining concession periods



of the concession agreements. Adjustments may need to be made to the carrying amounts of service concession assets should there be a material difference between the total expected traffic volume and the actual results. The Company's management has reviewed the total expected traffic volume and made appropriate adjustments to the assumptions of the expected traffic volume with reference to the latest traffic studies and/or actual traffic. The management of the Company considers that these are calculated by reference to the best estimates of the total expected traffic volumes of the underlying toll roads.

The Company recognized UOP amortization for toll roads amounting to ₱2,095.6 million and ₱1,818.0 million as at December 31, 2023 and 2022, respectively (see Notes 11 and 24).

The Company recognized straight-line amortization for water treatment plant amounting to ₱34.4 million and ₱35.0 million as at December 31, 2023 and 2022, respectively (see Notes 11 and 24).

The total carrying values of service concession assets amortized amounted to ₱185,179.8 million and ₱165,695.9 million as at December 31, 2023 and 2022, respectively (see Note 11).

Impairment of Intangible Asset (Franchise). The intangible asset (franchise) with indefinite useful life is subject to annual impairment testing. Determining the fair value of assets requires the estimation of cash flows expected to be generated from the continued and ultimate disposition of such assets. The fair value less costs of disposal calculation is based on available data from binding sales transactions for similar assets or observable market price less incremental costs for disposing the asset.

No impairment loss was recognized in the consolidated statements of comprehensive income for the years ended December 31, 2023 and 2022. The carrying value of the intangible asset (franchise) amounted to ₱100.0 million as at December 31, 2023 and 2022 (see Note 13).

Impairment of Service Concession Assets not yet Available for Use. Service concession asset not yet available for use is subject to annual impairment testing. Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its FVLCD and its value in use. The FVLCD calculation is based on available data from binding sales transactions, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the concession period and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. Risks related to the expected variations in the timing of cash flows have been incorporated in computing for the recoverable amounts of the relevant service concession asset. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to service concession assets not yet available for use recognized by the Company. The recoverable amount of the Company is based on value in use.

While it is believed that the assumptions used in the estimation of recoverable values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse impact on the results of operations.

No impairment loss was recognized for the years ended December 31, 2023 and 2022. The carrying values of the Company's service concession assets not yet available for use amounted to ₱76,724.3 million and ₱62,597.9 million as at December 31, 2023 and 2022, respectively (see Note 11).



Purchase Price Allocation in Business Combinations. The Company accounts for the acquired businesses using the acquisition method which requires extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill, a separate account in the consolidated balance sheet, or gain on bargain purchase in profit or loss. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Company's financial position and performance.

The Company's acquisitions of certain subsidiaries have resulted in recognition of goodwill. The carrying value of goodwill amounted to ₱9,498.0 million and ₱9,505.4 million as at December 31, 2023 and 2022, respectively (see Note 13).

Impairment of Goodwill. Goodwill is subject to annual impairment test. This requires an estimation of the value in use of CGUs to which the goodwill is allocated. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

While it is believed that the assumptions used in the estimation of recoverable values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse impact on the results of operations.

No impairment of goodwill was recognized in 2023 and 2022 (see Note 13).

Recognition of Deferred Tax Assets. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow or part of the deferred tax assets to be utilized.

Deferred tax assets are recognized on deductible temporary differences and the carryforward benefits of NOLCO and MCIT to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carryforward benefits of NOLCO and MCIT can be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the expected future financial performance.

The components of deferred tax assets amounted to ₱4,601.3 million and ₱4,596.0 million as at December 31, 2023 and 2022, respectively (see Note 30).

Temporary differences, NOLCO and MCIT for which no deferred tax assets were recognized, as management believes that it is more likely than not that there will be no sufficient taxable income to realize the benefits of the deferred tax, amounted to ₱6,273 million and ₱3,656 million as at December 31, 2023 and 2022, respectively (see Note 30).

Retirement Benefits. The cost of defined benefit retirement plan and the present value of retirement obligation is determined based on actuarial valuations. The actuarial valuations involve making various assumptions about discount rates, expected return on assets, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and long-term nature of the plan, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each balance sheet date. Further details about the assumptions used are given in Note 26 to the consolidated financial statements.



Pension asset under the defined benefit plan amounted to ₱3.5 million and ₱3.6 million as at December 31, 2023 and 2022, respectively. Accrued retirement costs under the defined benefit plan amounted to ₱473.6 million and ₱451.4 million as at December 31, 2023 and 2022, respectively (see Note 26).

Long-Term Incentives Benefits. In 2012, the Company's BOD approved the implementation of long-term incentive plan (LTIP) of the MPTC Group which became effective on January 1, 2012. The MPTC Group's LTIP is a cash plan that is intended to provide meaningful and contingent financial incentive compensation for eligible executives and officers of the MPTC Group, who are consistent performers and contributors to the achievement of the long-term financial targets, strategic plans and objective, as well as the functional strategy and goals of the MPTC Group. Likewise, the MPTC Group LTIP is intended to attract and retain talented employees to ensure the sustained growth and success of the MPTC Group. Total amount of LTIP is fixed upon achievement of the target core income and is not affected by changes in future salaries of the employees covered. The cost of LTIP is determined using the projected unit credit method based on prevailing discount rates and profit targets. While management's assumptions are believed to be reasonable and appropriate, significant differences in actual results or changes in assumptions may materially affect the Company's other long-term incentives benefits.

Carrying value of the LTIP, recognized under "Other reserves" in the equity section of the consolidated statements of financial position, amounted to ₱23.1 million as at December 31, 2023 and 2022 respectively (see Notes 22 and 26). LTIP payable recognized as at December 31, 2023 and 2022 amounted to ₱125.1 million and ₱148.3 million, respectively (see Note 26).

Provisions. The Company 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 Company also recognizes its contractual obligations to restore the toll roads to a specified level of serviceability. The Company recognizes a provision following PAS 37 as the obligation arises which is a consequence of the use of the toll roads and therefore it is proportional to the number of vehicles using the roads and increasing in measurable annual increments.

The provision for the heavy maintenance requires an estimation of the periodic cost, generally estimated to be every five (5) to ten (10) years or the expected heavy maintenance dates, to restore the assets to a level of serviceability during the concession term and in good condition before turnover to the Grantor. This is based on the best estimate of management to be the amount expected to be incurred to settle the obligation at every heavy maintenance date discounted using a pre-tax rate that reflects the current market assessment of the time value of money and the risk specific to the liability.

Provisions (current and noncurrent) amounted to ₱2,055.5 million and ₱1,868.2 million as at December 31, 2023, and 2022, respectively (see Note 18).

Determination of Fair Value of Financial Instruments. The Company initially records all financial instruments at fair value and subsequently carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgment. Valuation techniques are used particularly for financial assets and financial liabilities that are not quoted in an active market. Where valuation techniques are used to determine fair values (e.g., discounted cash flow and option pricing models), they are periodically reviewed by qualified personnel who are independent of the persons that initiated the transactions. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data as valuation inputs. However, other inputs such as credit risk (whether that of the Company or



the counterparties), forward prices, volatilities and correlations, require management to develop estimates or make adjustments to observable data of comparable instruments. The amount of changes in fair values would differ if the Company uses different valuation assumptions or other acceptable methodologies. Any change in fair value of these financial instruments would affect either the consolidated statement of comprehensive income or consolidated statement of changes in equity.

Fair values of financial assets and financial liabilities are presented in Note 33 to the consolidated financial statements.

Provision for ECL of Receivables. The Company uses a provision matrix to calculate ECLs for receivables. The provision rates are based on days past due for groupings of various customer/counterparty segments that have similar loss patterns (i.e., by location, service type, customer type and rating).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

To capture the effect of changes to the economic environment in the future, the computation of Probability of Default (PD), Loss Given Default (LGD) and ECL, incorporates forward-looking information and assumptions on the path of economic variables that are likely to have an effect on the repayment ability of the Company's counterparties. The starting point for the projections of economic variables is based on management's view, which underlies the plan to deliver the Company's strategy and ensures it has sufficient capital over the medium term. Management's view covers a core set of economic variables required to set the strategic plan.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Company's receivables is disclosed in Note 32 to the consolidated financial statements.

The carrying values of receivables, net of allowance for ECLs, amounted to ₱3,078.9 million and ₱2,626.8 million as at December 31, 2023 and 2022, respectively (see Notes 8 and 32).

Contingencies. Certain subsidiaries of the Company are parties to certain lawsuits or claims arising from the ordinary course of business. However, the Company's management and legal counsels believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements (see Note 34).

5. Business Combinations and Acquisition and Disposal of Non-controlling Interests

Acquisition in 2023

Acquisition of Assist and Assistance Concept, Inc. (AACI). On July 31, 2023, MPT Mobility Corporation entered into a Sale and Purchase Agreement with Smart Target (Hong Kong) Limited ("Smart Target" or "Seller") and AXA Partners Holding SA ("AXA" or "Lender and Sponsor") relating to the sale and purchase of (a) 100,000 common shares in AACI or 100% of the issued and outstanding capital stock of AACI for the amount of ₱7 million; and (b) AXA advances in AACI for the amount of ₱10.5 million. AACI is a corporation engaged in the business of emergency roadside, travel, and health assistance in the Philippines.



The following are the provisional fair values of the identifiable assets and liabilities as at the date of acquisition:

	<i>(In Millions)</i>
Assets	
Current assets	₱58
Noncurrent assets	6
	<u>64</u>
Liabilities	
Current liabilities	15
Noncurrent liabilities	42
	<u>57</u>
Total identifiable net assets at fair value	7
Goodwill arising on acquisition	–
Consideration transferred	<u>₱7</u>

Net cash inflow on acquisition is as follows:

	<i>(In Millions)</i>
Cash acquired with the subsidiary	₱42
Total cash payment on completion	(7)
Net cash inflow on completion ^(a)	<u>₱35</u>

^(a)Cash acquired with the subsidiary is included in cash flows from investing activities.

Restructuring in 2023

Transfer of Ownership in PT Nusantara. On November 28, 2023, Metro Pacific Tollways Asia, Corporation Pte. Ltd., a wholly-owned subsidiary of the Company incorporated in Singapore, established a wholly-owned subsidiary, PT Metro Pacific Tollways Indonesia Services (PT MPTIS) in Indonesia, by subscribing to 1,090,000 of its ordinary shares at an issue price of IDR1,000,000 per share, amounting to IDR1,090 billion (US\$70.4 million).

On December 13, 2023, based on the Conditional Share Purchase Agreement (CSPA) executed by PT MPTI and PT MPTIS, PT MPTI agreed to sell and transfer its entire stake in PT Nusantara to PT MPTIS. The share transfer was completed through the Indonesia Stock Exchange on December 22, 2023.

Disposal in 2023

Disposition and subscription in PT Margautama Nusantara (MUN). On November 3, 2023, MUN entered into a share subscription agreement (“SSA”) with Warrington Investment Pte. Ltd. (“WIPL”) for the acquisition of 2,673 primary shares in MUN by WIPL, representing approximately thirty three percent (33%) of the shares in MUN, on a fully diluted basis, for a total subscription price of approximately IDR 3,317.2 billion (equivalent to approximately USD209.9 million or ₱11.9 billion) (the “WIPL Subscription”). On the same day, MUN entered into a separate SSA with PT MPTI for the acquisition by PT MPTI of 833 primary shares in MUN, representing an additional interest constituting approximately 10.3% of the shares in MUN, on a fully diluted basis, for a total subscription price of approximately IDR 1,033.8 billion (equivalent to approximately USD65.4 million or ₱3.7 billion) (the “PT MPTI Subscription”). The PT MPTI Subscription shall be funded by MPTC with no additional investment from MPIC. The parties also entered into an agreement relating to the governance and management of MUN.



WIPL is an investment holding company established and incorporated under the laws of Singapore. WIPL is a wholly-owned subsidiary of GIC (Ventures) Pte Ltd (“GIC Ventures”). GIC Ventures is a private limited company incorporated under the laws of Singapore and is wholly-owned by the Minister for Finance, a statutory body corporate established under the Minister for Finance (incorporation) Act 1959 of the Singapore Statutes to own and administer assets of the Government of Singapore.

Prior to the entry of WIPL and PT MPTI in MUN, MPTC holds an effective ownership in MUN of 71.5%. Upon the closing of the Investment Transactions, MPTC’s effective ownership in MUN is expected to be 50.9% on a fully-diluted basis. The proceeds of the Investment Transactions will be utilized to fund MUN’s debt obligations and financing and transactions costs relating to its projects in Indonesia.

The decrease in effective ownership in MUN was accounted for as an equity transaction in the consolidated financial statements with the difference between the carrying value of the interest disposed and the total consideration received, recognized in equity under “Other reserves” (see Note 22).

	<i>(In Millions)</i>
Gross consideration received	₱11,926
Less: Carrying value of non-controlling interest disposed	6,629
<u>Difference recognized in equity reserves</u>	<u>₱5,297</u>

Acquisitions in 2022

Acquisition of NCI in On-Us Solutions Inc (Byahe). On March 7, 2022, MPT Mobility Corporation (MPT Mobility) and On-Us Solutions Inc. (Byahe), entered into an Investment Agreement whereby On-Us shall issue to MPT Mobility up to 30,820,909 or such other number of new Common Shares constituting 35% of the entire enlarged share capital of Byahe on a fully diluted basis at the time of the investment for an aggregate investment amount of up to ₱150 million, which amount shall be infused in tranches and subject to the agreed investment milestones in accordance with the terms and conditions set out in the Investment Agreement.

On April 8, 2022, MPT Mobility Corporation (MPT Mobility) and On-Us Solutions Inc., entered a subscription agreement for 7,562,291 common shares (or 11.7% ownership in Byahe) at a subscription price of ₱6.61 per share, or a total subscription price of ₱50 million. MPT Mobility treated the investment in Byahe as investment in associate starting April 8, 2022.

On November 28, 2022, the 2nd tranche of MPT Mobility’s investment in Byahe amounting to ₱50 million was paid.

As at December 31, 2023 and 2022, MPT Mobility’s total investment in Byahe amounted to ₱100 million or 23.3% ownership (see Note 10). On February 17, 2024, MPT Mobility paid the last tranche of ₱50 million resulting to a total ownership of 35% in Byahe.

Byahe is a company engaged in the operation of public utility vehicles such as, but not limited to, passenger jeepneys and e-jeepneys, and to serve the commuting public in routes duly authorized by appropriate government agency as common carrier. Byahe is planning to expand its current Euro-IV compliant fleet, procure new state-of-the-art electric jeepneys, and expand the route network of the fleet as part of its larger mission to revolutionize the Philippines’ jeepney transportation ecosystem.



Acquisition of NCI in PT Jasa Marga Jalanlayang Cikampek (JJC). On June 30, 2022, MUN, an indirect subsidiary of MPTC in which it holds an aggregate equity interest of 89.66%, entered into a CSPA (the Agreement) with Perusahaan Perseroan (Persero) PT Jasa Marga (Indonesia Highway Corporatama), Tbk. (Jasa Marga) to acquire 40% of the outstanding shares of JJC.

JJC is the concession holder of Jakarta-Cikampek Elevated (Japex) toll road, which is a 38km fully elevated toll road forming part of the trans-java network, which serves as an entry/exit gate from Jakarta (capital city) to West, Central, and East Java. Japex has been in operation since December 12, 2019.

MUN entered into the Agreement to acquire a total of 2,265,778 shares, representing 40% of the outstanding shares of JJC, for a total consideration of up to IDR 4,389,000,000,000 (₹16.2 billion). The acquisition will be implemented through secondary shares acquired from Jasa Marga.

The base consideration of the transaction is IDR 4,030,000,000,000 (₹15 billion), which was settled as follows: (i) IDR 15,000,000,000 (₹52 million) upon signing of CSPA on June 30, 2022, (ii) IDR 200,000,000,000 (₹745 million) via escrow on August 10, 2022, (iii) IDR 591,000,000,000 (₹2,278 million) upon closing on October 10, 2022 and (iv) IDR 3,224,000,000,000 (₹12,193 million) final payment on December 19, 2022.

An additional consideration (earn-out) of IDR 359,000,000,000 (₹1,292 million) shall be paid subject to pre-agreed target level of tariff adjustment, with a long-stop date of December 31, 2024. Assuming that the earn-out becomes payable, the price per share shall be adjusted to IDR 1,937,083 (₹6,979) per share. As at December 31, 2023 and 2022, the Company estimated the earn-out to be at IDR 190,000,000,000 (₹680 million) and recorded "Provisions" under other current liability (see Note 18).

Following the completion of the transaction as at December 19, 2022, MPTC now holds 40% indirect interest in JJC equity accounted as an investment in joint venture (see Note 10). The transaction is being carried out pursuant to MPTC's plan to expand its toll road investment portfolio in Indonesia. The transaction presents a growth opportunity for MPTC's business in Indonesia.

As at May 10, 2024, MUN has reversed the earn-out liability of IDR 190 billion (₹703 million) based on JJC's new tariff adjustments in 2024.

6. Material Partly-Owned Subsidiary

In determining whether NCI is material to the Company, management employs both quantitative and qualitative factors to evaluate the nature of, and risks associated with, the Company's interests in these entities; and the effects of those interests on the Company's financial position. Factors considered include, but not limited to, carrying value of the subsidiary's NCI relative to the NCI recognized in the Company's consolidated financial statements, the subsidiary's contribution to the Company's consolidated revenues and net income, and other relevant qualitative risks associated with the subsidiary's nature, purpose and size of activities.



Based on management’s assessment, the Company has concluded that NLEX Corp. and PT Nusantara and its subsidiaries are the subsidiaries with NCI that are material to the Company.

The ability of these subsidiaries to pay dividends or make other distributions or payments to their shareholders is subject to applicable laws and other restrictions contained in shareholder agreements and other agreements that prohibit or limit the payment of dividends or other transfers of funds. Such applicable restrictions are as follows:

- Under the financing agreements as disclosed in Note 19, which include satisfying certain financial ratios and other covenants to be able to declare or pay cash dividends;
- Under Philippine law, a corporation is permitted to declare dividends only to the extent that it has unrestricted retained earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purposes and which are free for distribution to the shareholders as dividends;
- Under Indonesian law, a corporation is permitted to declare dividends as long as their equity balance does not fall below its issued and paid-up capital plus the amount of the reserved fund. A reserved fund is a fund required to be set aside by the corporation equivalent to 20% of its issued and paid-up capital; and
- Under NLEX Corp.’s shareholders’ agreement, unless otherwise agreed upon by the shareholders, no amounts shall be distributed by way of dividends until the PNCC fee for the year has been repaid in full.

As at December 31, 2023 and 2022, NLEX Corp. has unpaid dividends to non-controlling shareholders amounting to ₱818.8 million and ₱323.3 million, recorded under “Accounts payable and other current liabilities” account, which was fully paid on January 12, 2024 and January 26, 2023, respectively (see Notes 17 and 22).

The table below presents the summarized financial information of material partly-owned subsidiaries before inter-company eliminations as at December 31:

	2023		2022	
	NLEX Corp.	PT Nusantara	NLEX Corp.	PT Nusantara
Equity share held by NCI	24.9%	23.7%	24.9%	23.7%
<i>Summarized balance sheets</i>				
Current assets	₱6,802	₱17,800	₱7,836	₱3,288
Noncurrent assets	83,714	47,293	70,197	45,716
Current liabilities	18,604	19,399	10,447	7,021
Noncurrent liabilities	40,391	14,007	41,746	22,243
Total equity	31,521	31,687	25,840	19,740
Attributable to:				
Equity holders of MPTC	25,971	20,319	20,933	11,953
NCI	5,550	11,386	4,727	5,851



	2023		2022	
	NLEX Corp.	PT Nusantara	NLEX Corp.	PT Nusantara
<i>Summarized statements of comprehensive income</i>				
Revenues	₹21,498	₹2,317	₹18,072	₹3,080
Net income (loss)	9,981	(1,019)	8,004	447
Total comprehensive income (loss)	9,971	(1,019)	7,964	447
Net income (loss) attributable to NCI	2,490	(254)	1,977	185
Dividends paid to NCI	1,812	–	1,384	–
<i>Summarized statements of comprehensive income</i>				
Net cash flows from (used in) operating activities	12,836	(247)	9,345	1,348
Net cash flows used in investing activities	(10,893)	(5,567)	(8,273)	(16,179)
Net cash flows (used in) from financing activities	(3,298)	5,686	475	13,120
Net increase (decrease) in cash and cash equivalents	1,355	(128)	1,547	(1,711)

7. Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents:

	2023	2022
	<i>(in Millions)</i>	
Cash on hand	₹174	₹106
Cash in banks	9,484	7,530
Short-term deposits	5,643	3,554
	₹15,301	₹11,190

Cash in banks earn interest at the prevailing bank deposit rates. Short-term deposits as cash equivalents are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

Restricted Cash

Restricted cash includes revenue and debt service reserve and payment accounts amounting to ₹15,537.4 million and ₹2,301.6 million as at December 31, 2023 and 2022, respectively, which are established and maintained for debt servicing of long-term debt. This debt service reserve and payment accounts are maintained and replenished in accordance with the provision of the loan agreements.

Interest earned from cash and cash equivalents and restricted cash amounted to ₹326.0 million and ₹111.8 million for the years ended December 31, 2023 and 2022, respectively (see Note 27).



8. Receivables

	2023	2022
	<i>(in Millions)</i>	
Trade receivables from:		
Third parties	₱739	₱620
Related parties (Note 21)	30	26
Advances to DPWH	1,411	1,441
Non-trade receivables	580	285
Dividend receivable (Note 10)	240	240
Advances to officers and employees (Note 21)	129	107
Interest receivables	27	23
Other receivables	234	112
	3,390	2,854
Less: allowance for ECL	311	227
	₱3,079	₱2,627

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

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

Advances to DPWH. Advances to DPWH include:

- (i) NLEX Corp. has provided advances to fast track the acquisition of right-of-way for the construction of Segments 9 and 10 of Phase II of MNEP, in accordance with a Reimbursement Agreement entered into with DPWH in 2013;
- (ii) NLEX Corp. has provided direct advances to certain landowners in Segment 9 in exchange for immediate right-of-way possession ahead of the expropriation proceedings. These landowners agreed to assign their receivables from DPWH to NLEX Corp. under a Deed of Assignment (DOA) with Special Power of Attorney (SPA) agreement;
- (iii) NLEX Corp. has made advances and provided direct advances to certain landowners to expedite the acquisition of right-of-way for various road construction projects, such as Segments 9 and 10 of Phase II of MNEP, and the Connector road Project. NLEX Corp. entered into agreements with DPWH to be reimbursed for the expenses and proposed offsetting funding support against periodic payments due to the government under the Concession Agreement. DPWH has made repeated requests for funding support to address challenges in acquiring the right-of-way, mainly for court deposits required for expropriation;
- (iv) CIC and DPWH entered into an advances and reimbursement agreement in 2018 to accelerate the acquisition of right-of-way for Segment 3, also known as C-5 South Link. The agreement included direct advances to specific landowners as a consideration for granting immediate right-of-way possession to CIC ahead of the expropriation proceedings; and
- (v) MPCALA and DPWH have entered into an agreement whereby DPWH has been granted the power to acquire the required right-of-way, and MPCALA has agreed to advance the negotiated amounts for this purpose. DPWH will reimburse MPCALA within 60 days of receiving a request for reimbursement from MPCALA.

These advances to DPWH are noninterest-bearing. These are due and demandable.



Other receivables. Other receivables include (i) interest receivables which are collectible within three (3) to six (6) months, and (ii) receivables from motorists who caused accidental damage to NLEX property from day-to-day operations.

Movements in the allowance for individually assessed impaired receivables in 2023 and 2022 are as follows:

	Trade Receivables	Other Receivables	Total
	<i>(in Millions)</i>		
Balance at January 1, 2023	₱57	₱170	₱227
Provisions for ECL (Note 25)	53	3	56
Reclassification	(9)	9	–
Translation adjustment	–	28	28
Balance at December 31, 2023	₱101	₱210	₱311

	Trade Receivables	Other Receivables	Total
	<i>(in Millions)</i>		
Balance at January 1, 2022	₱54	₱79	₱133
Provisions for ECL (Note 25)	3	33	36
Translation adjustment	–	58	58
Balance at December 31, 2022	₱57	₱170	₱227

9. Other Current Assets

	2023	2022
	<i>(in Millions)</i>	
Input VAT (net of allowance of ₱14.8 million as at December 31, 2023 and 2022)	₱5,474	₱4,768
Input VAT - deferred	564	351
Prepaid expenses	264	216
Advances to contractors, consultants and suppliers (Note 21)	238	156
Creditable withholding taxes (net of allowance of ₱15.4 million as at December 31, 2023 and 2022)	219	166
Inventories	182	153
Finance lease receivable – current (Note 16)	87	67
Concession financial receivables – current (Note 16)	69	17
Others	1,354	269
	₱8,451	₱6,163

Input VAT. Input VAT pertains to VAT imposed on purchases of goods and services. These are expected to be offset against output VAT arising from the Company's revenue subject to VAT in the future (see Note 16).

Input VAT - deferred. These pertains to input VAT on capital goods exceeding ₱1.0 million which shall be amortized within the next 12 months.



Prepaid expenses. Prepaid expenses include prepaid insurance covering the service concession assets of the Company, prepayments to National Telecommunications Commission and Department of Environment and Natural Resources with regards to permit and registration fees for the renewal of Restricted Radiotelephone Operator’s certificates and radio license, and prepaid maintenance for software and hardware systems.

Creditable withholding taxes. Creditable taxes are the amount withheld by the payees which the Company can claim as tax credits against income tax payable. The noncurrent portion, included under “Other noncurrent assets” account amounted to ₱230.0 million and nil as at December 31, 2023 and 2022, respectively (see Note 16).

Advances to contractors, consultants and suppliers. Advances to contractors, consultants and suppliers mainly represent the advance payments for mobilization of the contractors, consultants and suppliers for various contracts. These are progressively reduced upon receipt of the equivalent amount of services rendered by the contractors, consultants and suppliers. Noncurrent portion presented in the consolidated statements of financial position as at December 31, 2023 and 2022 amounted to ₱1,909.1 million and ₱2,917.2 million, respectively.

Others. Others include investments in PT Tirta Bangun Nusantara (TBN) and PT Tirta Kencana Cahaya Mandiri (TKCM) classified as asset held for sale, and funds held by a third party in PT Bank Digital BCA as at December 31, 2023 amounting to ₱1,313 million (IDR 365 billion) for the settlement of MUN’s loan. The loan was subsequently paid on January 2, 2024.

On December 23, 2022, PT Potum Mundi Infranasantara (Potum) entered into a CSPA with PT Bahtera Hijautk Mandiri to sell TBN for a total transaction value of ₱196 million (IDR 55 billion). Potum received an advance payment of ₱157 million (IDR 44 billion) at the time of the agreement. Investment in TBN is classified as “Asset Held for Sale” as at December 31, 2022.

On January 25, 2023, the agreement was finalized, and TBN, along with its associate TKCM, were divested. Potum received the final payment of ₱36 million (IDR 10 billion) on that date, with the remaining ₱4 million (IDR 1 billion) to be paid one year after the signing of the CSPA (see Note 10). Potum received the remaining balance in January 2024.

	<i>(in Millions)</i>
Consideration received or receivable:	
Gross proceeds	₱196
Less: Transaction costs	14
	<hr/> 182
Less: Carrying amount of net assets deconsolidated	155
Gain on deconsolidation (Note 29)	<hr/> <hr/> ₱27

The carrying amounts of the net assets of TBN as at the date of deconsolidation were:

	<i>(In Millions)</i>
Total assets	₱172
Less: Total liabilities	17
Net assets	<hr/> <hr/> ₱155

The Company recognized a loss for TKCM’s unamortized fair value adjustment amounting to ₱83 million (IDR 17.8 billion) and deferred tax of ₱27 million (IDR 5 billion) (see Note 29).



10. Investments in Associates and Joint Ventures

Details of investments in associates and joint ventures as at December 31 are as follows:

	Ownership interest	
	2023	2022
Investment in associates:		
CII Bridges and Roads Investment Joint Stock Company (CII B&R)	44.9%	44.9%
PT Jakarta Lingkar Baratsatu (JLB)	35.0%	35.0%
Others		
PT Tirta Kencana Cahaya Mandiri (TKCM)**	–	28.0%
PT Intisentosa Alam Bahtera (ISAB)	–	39.0%
CII Bridge and Road Management Operation Services Joint Stock Company (MCSC)	45.0%	45.0%
On-Us Solutions Inc (Byahe)	23.3%	23.3%
Investment in joint ventures:		
Egis Investment Partners Philippines, Inc. (EIPPI)	42.8%	42.8%
PT Jasa Marga Jalanlayang Cikampek (JJC)	40.0%	40.0%

**Reclassified as "Asset Held for Sale" (see Note 9)

Movements in this account are as follows:

	2023	2022
	<i>(in Millions)</i>	
Acquisition cost:		
Balance at beginning of year	₱25,010	₱9,904
Equity infusion into existing investees	1,118	–
Disposal of an associate (Note 5)	(78)	–
Acquisition of associates (Note 5)	–	15,250
Reclassification (Note 9)	–	(144)
Balance at end of year	26,050	25,010
Accumulated equity in net earnings (losses):		
Balance at beginning of year	(877)	(991)
Equity in net (losses) earnings for the year	(164)	413
Dividends received	(766)	(228)
Disposal of an associate (Note 5)	(11)	–
Reclassification (Note 9)	–	(71)
Balance at end of year	(1,818)	(877)
Share in cumulative translation adjustment (CTA):		
Balance at beginning of year	(397)	(420)
Disposal of an associate (Notes 5 and 22)	7	–
Share in CTA of during the year (Note 22)	(60)	24
Reclassification (Notes 9 and 22)	–	(1)
Balance at end of year	(450)	(397)
	₱23,782	₱23,736



Material associates and joint ventures

In determining whether an equity method investee is material to the Company, management employs both quantitative and qualitative factors to evaluate the nature of, and risks associated with, the Company's interests in these entities; and the effects of those interest on the Company's financial position. Factors considered include, but not limited to, carrying value of the investee relative to the total equity method investments recognized in the Company's consolidated financial statements, the equity investee's contribution to the Company's consolidated net income, and other relevant qualitative risks associated with the equity investee's nature, purpose and size of activities.

CII B&R. CII B&R and its subsidiaries are primarily engaged in the construction, development and operation in urban infrastructure sector under the BOT contracts and Built-Transfer contracts. CII B&R is incorporated in Vietnam and listed in Ho Chi Minh City Stock Exchange.

In December 2023, CII B&R's BOD declared cash dividends amounting to VND52 billion (₹114.4 million) and were an outstanding dividend receivable as at December 31, 2023 (see Note 8). The Company received its share in the dividends declared in 2017 and 2021 amounting to ₹228.8 million and ₹266.0 million on September 18, 2023 and May 11, 2023, respectively.

On October 31, 2022, CII B&R's BOD declared dividends amounting to VND154.3 billion (₹369.3 million). The Company's share in the total dividends declared amounted to ₹165.8 million.

The fair value of CII B&R shares held by the Company amounted to VND 4,437 billion (₹10.1 billion) and VND 4,680 billion (₹11.0 billion) as at December 31, 2023 and 2022, respectively.

JLB. JLB is a toll road company that operates in Jakarta, Indonesia. The Concession for JLB runs until 2042 for the operation of a 9.7-km length toll road that connects Kebon Jeruk (West Jakarta) with Penjarangan (Soekarno-Hatta International Airport area, Cengkareng).

On June 16, 2023, JLB's BOD approved the distribution of cash dividends amounting to IDR100 billion (₹369 million). MPTC's share in the total dividends declared amounted to IDR35 billion (₹126 million) which is lodged under "Receivables" account as at December 31, 2023 (see Note 8).

On June 23, 2022, JLB's BOD approved the distribution of cash dividends amounting to IDR50 billion (₹182 million). MPTC's share in total dividends declared amounted to IDR18 billion (₹62.5 million).

JJC. JJC is the concession holder of Jakarta-Cikampek Elevated (Japex) toll road, which is a 38km fully elevated toll road forming part of the trans-java network, which serves as an entry/exit gate from Jakarta (capital city) to West, Central, and East Java. Japex has been in operation since December 12, 2019 (see Note 5).



Summarized material financial information in respect of CII B&R, JLB and JJC as at and for the years ended December 31 are as follows:

	2023			2022		
	CII B&R	JLB	JJC	CII B&R	JLB	JJC
	<i>(in Millions)</i>					
Current assets	₱1,554	₱732	₱1,462	₱2,121	₱1,193	₱1,228
Noncurrent assets	24,219	7,398	53,553	22,010	8,113	54,233
Current liabilities	(7,183)	(968)	(1,731)	(6,686)	(776)	(1,611)
Noncurrent liabilities	(15,626)	(236)	(38,384)	(13,455)	(2,133)	(37,587)
Equity	2,964	6,926	14,900	3,990	6,397	16,263
Proportion of the Company's ownership	44.94%	35.0%	40.0%	44.94%	35.0%	40.0%
Share in equity of the investees	1,332	2,424	5,960	1,793	2,239	6,505
Goodwill	1,024	3,255	9,713	1,167	3,215	8,643
Carrying amount of the investment	₱2,356	₱5,679	₱15,673	₱2,960	₱5,454	₱15,148

	2023			2022		
	CII B&R	JLB	JJC	CII B&R	JLB	JJC
	<i>(in Millions)</i>					
Operating revenues	₱3,600	₱1,918	₱3,215	₱3,401	₱1,781	₱3,191
Cost of services	(1,512)	(519)	(2,061)	(1,597)	(360)	(1,969)
General and administrative expenses	(64)	(221)	–	(68)	(154)	(44)
Other expenses – net	(1,525)	(122)	(2,622)	(1,389)	(197)	(2,561)
Income (loss) before income tax	499	1,056	(1,468)	347	1,070	(1,383)
Provision for income tax	(50)	(265)	(77)	(37)	(334)	(57)
Net income (loss)	449	791	(1,545)	310	736	(1,440)
Other comprehensive income (loss)	–	3	–	(7)	–	37
Total comprehensive income (loss)	₱449	₱794	(1,545)	₱303	₱736	(1,403)
Company's share of:						
Net income (loss)	₱202	₱277	(₱618)	₱139	₱258	(₱17)
Total comprehensive income (loss)	202	278	(618)	136	258	(3)

Individually immaterial associates

TKCM. TKCM owns a Water Treatment Plant at Cikokol, Tangerang, Banten, which operates at 1,275 liter per second capacity bulk water supplying clean water to PDAM Tirta Kerta Raharja (TKR) Tangerang, Indonesia. As at December 31, 2023 and 2022, the investment in TKCM was reclassified to “Other current assets” account in the consolidated statements of financial position (see Note 9).

ISAB. ISAB is mainly engaged in the port services, warehousing, loading and unloading services, and storage tank rental services with its operations located in Lampung, Indonesia.

On February 7, 2023, PT Portco Infransantara (Portco) entered into a Sale Purchase Agreement with PT LDC Indonesia to sell and transfer 39% of ISAB's shares owned by Portco for a total transaction value of ₱319 million (IDR 88 billion). On March 10, 2023, the payment was received in full. The Company recognized a net gain on sale of ₱224 million (see Note 29).

MCSC. MCSC is primarily engaged in providing toll collection and road maintenance services.

Byahe. Byahe is a company that operates public utility vehicles, including passenger jeepneys and e-jeepneys, to serve the commuting public on government-authorized routes as a common carrier.



Aggregate financial information of these associates is presented as follows:

	2023	2022
	<i>(in Millions)</i>	
Carrying amount of investment	₱74	₱174
Share in:		
Net (loss) income	(25)	33
Other comprehensive income	-	13
Total comprehensive (loss) income	(25)	46
Current assets	185	635
Noncurrent assets	94	1,074
Current liabilities	(123)	(290)
Noncurrent liabilities	(86)	(712)



11. Service Concession Assets

The movements in the service concession assets follow:

	MNEP	SCTEX	NLEX-SLEX Connector Road	CALAX	CAVITEX ^(a)	CCLEX	Pondok Ranji and Pondok Aren	Soekarno Hatta Port- Pettarani	Tallo- Hasuddin Airport	Seran, Banten (Water treatment)	Total
	<i>(in Millions)</i>										
Cost:											
At January 1, 2022	50,945	5,003	10,420	37,970	15,274	23,911	4,111	11,632	4,064	536	163,866
Additions (Note 35)	1,408	345	7,183	3,510	1,726	4,769	2,188	–	96	41	21,266
Reversal (Note 20)	–	–	–	(2,664)	–	–	–	–	–	–	(2,664)
Translation adjustment	–	–	–	–	–	–	(55)	(9)	(1)	(1)	(66)
At December 31, 2022	₹52,353	₹5,348	₹17,603	₹38,816	₹17,000	₹28,680	₹6,244	₹11,623	₹4,159	₹576	₹182,402
Additions (Note 35)	4,069	153	7,425	4,009	3,345	62	2,852	3	82	4	22,004
Reversal (Note 20)	–	–	–	(495)	–	–	–	–	–	–	(495)
Translation adjustment	–	–	–	–	–	–	28	56	20	5	109
At December 31, 2023	₹56,422	₹5,501	₹25,028	₹42,330	₹20,345	₹28,742	₹9,124	₹11,682	₹4,261	₹585	₹204,020
Accumulated amortization:											
At January 1, 2022	10,949	480	–	–	1,622	–	1,033	358	312	101	14,855
Amortization (Note 24)	1,144	75	–	–	207	29	83	204	76	35	1,853
Translation adjustment	–	–	–	–	–	–	(3)	3	(1)	(1)	(2)
At December 31, 2022	₹12,093	₹555	₹–	₹–	₹1,829	₹29	₹1,113	₹565	₹387	₹135	₹16,706
Amortization (Note 24)	1,266	85	–	–	248	104	102	204	87	34	2,130
Translation adjustment	–	–	–	–	–	–	2	–	1	1	4
At December 31, 2023	₹13,359	₹640	₹–	₹–	₹2,077	₹133	₹1,217	₹769	₹475	₹170	₹18,840
Carrying values:											
At December 31, 2023	₹43,063	₹4,861	₹25,028	₹42,330	₹18,268	₹28,609	₹7,907	₹10,913	₹3,786	₹415	₹185,180
At December 31, 2022	₹40,260	₹4,793	₹17,603	₹38,816	₹15,171	₹28,651	₹5,131	₹11,058	₹3,772	₹441	₹165,696

(a) Consists of R1 Expressway, R1 Expressway Extension and C-5 South Link.



Service concession assets with ongoing construction and upgrade services amounting to ₱63,741.4 million and ₱51,820.3 million as at December 31, 2023 and 2022, respectively, are considered as contract assets under PFRS 15, *Revenue from Contracts with Customers* (see Note 3).

The Company also recognizes construction revenues and costs in accordance with PFRS 15. It measures contract revenue at the fair value of the consideration received or receivable. Given that the construction works have been subcontracted to outside contractors, the construction revenue recognized substantially approximates the construction costs. Construction revenue and costs recognized in the consolidated statements of income amounted to ₱16,000.8 million in 2023 and ₱17,157.2 million in 2022.

No amortization was recognized in 2023 and 2022 for NLEX-SLEX Connector Road, C-5 South Link and CALAX as these service concession assets are not yet available for use as at December 31, 2023 and 2022.

PT Nusantara's concession assets comprise of toll roads and water concession rights. Toll road concession rights cover the following toll road sections: (a) Tallo-Hasuddin Airport; (b) Soekarno Hatta Port-Pettarani; (c) Pondok Ranji and Pondok Aren. The water concession rights pertain to right to treat and distribute clean water in the Serang District, Banten in Indonesia.

As at December 31, 2023 and 2022, toll road concession rights under MUN are pledged as collateral for MUN's loans (see Note 19).

Impairment Testing of Service Concession Assets Not Yet Available for Use

The key inputs and assumptions used in the impairment testing follows:

	Growth rate	Average forecast period	Pre-tax discount rate
December 31, 2023:			
CIC – C-5 South Link NLEX Corp. – NLEX-SLEX Connector Road	3% to 20%	24-26 years	11.9%
MPCALA – CALAX	1% to 31%	35 years	11.7%
	1% to 20%	26.5 years	10.7%
December 31, 2022:			
CIC – C-5 South Link	2% to 6%	25-27 years	14.2%
NLEX Corp. – NLEX-SLEX Connector Road	1% to 2.1%	35 years	14.5%
MPCALA – CALAX	1% to 31%	27.5 years	11.1%

For the purposes of impairment testing of an intangible asset (service concession asset) not yet available for use under the requirements of PAS 36, *Impairment of Assets*, the Company has performed the analysis by comparing the recoverable amount and the carrying amount of the service concession assets as at balance sheet date.

As at December 31, 2023 and 2022, the total carrying amount of service concession assets not yet available for use amounted to ₱76,724.3 million and ₱62,597.9 million, respectively.



The recoverable amounts of these service concession assets have been determined based on a value in use computation using the cash flow projections from most recent financial budgets and forecast of the Company. Risks related to the expected variations in the timing of cash flows have been incorporated in computing for the recoverable amounts of the relevant assets.

Based on the impairment tests, management did not identify any impairment loss for these service concession assets. Management also believes that no reasonably possible change in any of the key assumptions used would cause the carrying values of the service concession assets not yet available for use to materially exceed their respective recoverable amounts.

12. Property and Equipment

The movements in this account follow:

	Building, Building Improvements and Leasehold Improvements	Transportation Equipment	Office Equipment and Others	Construction in Progress	Total
<i>(in Millions)</i>					
Cost:					
At January 1, 2022	₱2,497	₱661	₱1,178	₱87	₱4,423
Additions	223	169	291	285	968
Disposals	(6)	(18)	(11)	–	(35)
Reclassifications	(3)	(5)	(25)	(54)	(87)
Translation adjustment	–	–	1	–	1
At December 31, 2022	₱2,711	₱807	₱1,434	₱318	₱5,270
Additions	107	198	272	55	632
Disposals	(7)	(26)	(17)	–	(50)
Reclassifications	263	–	–	(263)	–
Translation adjustment	(34)	(86)	(19)	(4)	(143)
At December 31, 2023	₱3,040	₱893	₱1,670	₱106	₱5,709
Accumulated depreciation:					
At January 1, 2022	₱358	₱358	₱867	₱–	₱1,583
Depreciation* (Notes 24 and 25)	129	94	157	–	380
Disposals	–	(13)	(10)	–	(23)
Reclassification	131	(8)	(17)	–	106
Translation adjustment	–	–	(1)	–	(1)
At December 31, 2022	₱618	₱431	₱996	₱–	₱2,045
Depreciation (Notes 24 and 25)	127	78	174	–	379
Disposals	(7)	(21)	(13)	–	(41)
Reclassification	–	(49)	49	–	–
Translation adjustment	(2)	(2)	(3)	–	(7)
At December 31, 2023	₱736	₱437	₱1,203	₱–	₱2,376
Net book values:					
At December 31, 2023	₱2,304	₱456	₱467	₱106	₱3,333
At December 31, 2022	₱2,093	₱376	₱438	₱318	₱3,225

*Includes depreciation expense capitalized to service concession assets amounting to ₱9.9 million in 2022 (see Note 11).

Building and building improvements include ROU assets as at December 31, 2023 and 2022 amounting to ₱439.1 million and ₱381.4 million, respectively. Accumulated depreciation of ROU assets as at December 31, 2023 and 2022 amounted to ₱360.2 million and ₱293.2 million, respectively, while additions of ROU assets amounted to ₱68 million and ₱39 million as at December 31, 2023 and 2022, respectively (see Note 35).



Construction in progress pertains to the construction of a building as headquarters of toll operations of CAVITEX and CALAX, corporate office and motor assistance area and other ancillary works for MPT Vizmin (see Note 31).

Gain on sale of property and equipment amounted to ₱7.5 million and ₱7.2 million in 2023 and 2022, respectively (see Note 29).

13. Goodwill and Other Intangible Assets

The movements in goodwill and other intangible assets are as follows:

	Goodwill	Franchise	Software	Total
	<i>(in Millions)</i>			
Cost:				
At January 1, 2022	₱9,505	₱100	₱337	₱9,942
Additions	–	–	104	104
Disposal	–	–	(74)	(74)
Reclassification	–	–	8	8
Translation adjustments	–	–	2	2
At December 31, 2022	₱9,505	₱100	₱377	₱9,982
Additions	–	–	428	428
Disposal	–	–	(31)	(31)
Translation adjustments	(7)	–	5	(2)
At December 31, 2023	₱9,498	₱100	₱779	₱10,377
Accumulated amortization:				
At January 1, 2022	₱–	₱–	₱159	₱159
Amortization (Note 25)	–	–	16	16
Translation adjustments	–	–	15	15
At December 31, 2022	₱–	₱–	₱190	₱190
Amortization (Note 25)	–	–	21	21
Translation adjustments	–	–	12	12
At December 31, 2023	₱–	₱–	₱223	₱223
Carrying values:				
At December 31, 2023	₱9,498	₱100	₱556	₱10,154
At December 31, 2022	₱9,505	₱100	₱187	₱9,792

Goodwill. Goodwill is the difference between the cost of business combination and the fair values of identifiable assets and liabilities. The carrying amount of goodwill allocated to each of the CGU are as follows:

	2023	2022
	<i>(in Millions)</i>	
CIC	₱4,979	₱4,979
NLEX	3,110	3,110
PT Nusantara	894	897
ESC	388	388
RPSL	127	131
	₱9,498	₱9,505



Franchise. Franchise pertains to the Company’s professional basketball team, NLEX Road Warriors, which participates in the Philippine Basketball Association.

Software. Software costs pertain to computer software relating to the Company’s accounting, reporting and asset management systems with estimated useful lives of five (5) years.

Impairment Testing of Goodwill

The key inputs and assumptions used in the impairment testing follows:

	Growth rate	Average forecast period	Pre-tax discount rate
December 31, 2023:			
CIC	1%-12%	25 years	11.7%
NLEX Corp.	6% ^(a) 7% ^(b)	14 years	14.9%
ESC	1%*	4 years	11.5%
PT Nusantara	1%-7%	5 to 19 years	11.8%
RPSL	3%-4%	14 years	10.2%
December 31, 2022:			
CIC	1%-5%	26 years	13.5%
NLEX Corp.	4% ^(a) 7% ^(b)	15 years	13.4%
ESC	3%*	5 years	12.8%
PT Nusantara	4%-8%	6 to 20 years	16.7%
RPSL	0.3%	15 years	11.5%

* Terminal growth rate

^(a) Open system

^(b) Closed System

In assessing the impairment for goodwill, the Company compares the carrying amounts of the underlying assets of the CGU to which the goodwill belongs against their recoverable amounts (the higher of the assets’ fair value less costs of disposal and their VIU).

The test for recoverability of the Company’s goodwill from its acquisitions was applied at the CGU level, which represents the lowest level for which identifiable cash flows are largely independent of the cash inflows and outflows of other Company’s assets and liabilities.

The discount rates applied to cash flow projections reflect the weighted average cost of capital. In the assessment of the recoverable amounts, the VIUs were calculated based on cash flow projections in the most recent financial budgets and forecasts, which management believes are reasonable and are management’s best estimates of the ranges of economic conditions that will exist over the forecast period. The forecasted periods are more than five (5) years as management can reliably estimate the cash flows for their entire concession periods. The cash flows during the projection periods are derived using estimated average growth rates which do not exceed the long-term average growth rate of the industry where the businesses operate.

Impairment Testing of Franchise Cost

The intangible asset (franchise cost) acquired by the Company has been determined to have an indefinite useful life. As at December 31, 2023 and 2022, the intangible asset was tested for impairment.



The recoverable amount of the franchise cost has been determined using its FVLCD as of impairment testing date. The Company used market approach in determining the fair value of the intangible asset (franchise cost) in reference to prices generated in similar recent transactions from other market participants involving identical or comparable assets. The Company adjusted the price to account for costs of disposal to determine FVLCD as one of the measures of recoverable amount required by PAS 36. Based on the impairment testing, management did not identify any impairment loss for this intangible asset (franchise cost) as FVLCD exceeds the carrying amount of the intangible asset (franchise cost). The FVLCD of the franchise cost is classified under Level 2 of fair value hierarchy.

14. Investment Properties

	Land	Building and building improvements	Total
	<i>(in Millions)</i>		
Cost:			
At January 1, 2022	₱350	₱360	₱710
Additions	–	118	118
Balance as at December 31, 2022	₱350	₱478	₱828
Additions	–	58	58
At December 31, 2023	₱350	₱536	₱886
Accumulated depreciation:			
At January 1, 2022	₱–	₱23	₱23
Depreciation (Note 25)	–	9	9
Balances as at December 31, 2022	–	32	32
Depreciation (Note 25)	–	22	22
At December 31, 2023	₱–	₱54	₱54
Net book values:			
At December 31, 2023	₱350	₱482	₱832
At December 31, 2022	₱350	₱446	₱796

Rental income earned from this investment property amounted to ₱108.2 million and ₱97.1 million in 2023 and 2022, respectively (see Notes 23 and 31).

Fair Value of Investment Properties

As at December 31, 2023 and 2022, the fair value of investment properties amounted to ₱966.9 million and ₱908.1 million, respectively, based on a recent valuation performed by an accredited independent appraiser on March 20, 2023. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied and there has been no significant movement in the investment properties between the recent valuation date and as at December 31, 2023.

The income capitalization approach is based on the premise that the value of a property is directly related to the income it generates. This approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the subject property. The income capitalization approach is considered appropriate for valuing investment properties, as it mirrors the analysis of typical investors. This comparative approach considers income and expense data relating to the property being valued and estimates value through a capitalization process. Capitalization relates income (usually a net income figure) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships, yield of discount rates, or both. In



general, the principle of substitution holds that the income stream which produces the highest return commensurate with a given level of risk leads to the most probable figure.

The determination of the fair value of investment properties is categorized under Level 3 fair value hierarchy measurement.

The Company has no obligations to purchase, construct or develop, or an obligation for repairs, maintenance and enhancements in relation to these investment properties.

15. Financial Assets at Fair Value

The movements in UITFs classified as financial assets at FVTPL are as follows:

	2023	2022
	<i>(in Millions)</i>	
Balance at beginning of year	₹8,827	₹3,529
Additions	16,032	16,086
Sale or maturity of financial assets	(23,187)	(10,794)
Gain on fair value changes during the year (Note 29)	70	6
Balance at end of year	₹1,742	₹8,827

UITFs are ready-made investments that allow the pooling of funds from different investors with similar investment objectives. These are managed by professional fund managers and are invested in various financial instruments such as money market securities, bonds and equities, which are normally available to bigger investors only. A UITF uses the mark-to-market method in valuing the fund's securities. It is a valuation method which calculates the Net Asset Value (NAV) based on the estimated fair market value of the assets of the fund based on prices supplied by independent sources.

As at December 31, 2023 and 2022, financial assets at FVOCI consist of:

	2023	2022
	<i>(in Millions)</i>	
Current:		
Investment in quoted equity shares - PT Kawasan Industri Jababeka Tbk (P.T. Kawasan)	₹99	₹107
Noncurrent:		
Investments in unquoted equity shares - SMC Skyway Corporation (SMCSC)	1,808	1,955
Investment in quoted club shares	8	8
	1,816	1,963
	₹1,915	₹2,070

PT Kawasan. This represents the Company's investments in shares of PT Kawasan which is listed in Indonesia. The fair value of the investment is determined based on market value issued by the Indonesia Stock Exchange.

As at December 31, 2023 and 2022, the fair value of the investment in PT Kawasan amounted to ₹98.8 million and ₹107.0 million, respectively. Changes in fair value of investment in PT Kawasan were recognized under consolidated statements of comprehensive income in 2023 and 2022 amounting to loss of ₹8.8 million and ₹14.6 million, respectively (see Note 22).



SMCSC. Investment in SMCSC represents 2.0% interest in unquoted shares of stocks of SMCSC. SMCSC, formerly Citra Metro Manila Tollways Corporation, is engaged primarily in the design, construction and financing of the Metro Manila Skyway (in three stages) and the proposed Metro Manila Tollways projects. The 30-year franchise period for the Stage 1 of the South Metro Manila Skyway (SMMS) and for the integrated Stage 1 and Stage 2 of the SMMS commenced on October 10, 1999 and April 25, 2011, respectively. In January 2021, Stage 3 was opened for motorists.

As at December 31, 2023 and 2022, the fair value of the investment in SMCSC amounted to ₱1,808.3 million and ₱1,954.9 million. Changes in fair value of investment in SMCSC were recognized under consolidated statements of comprehensive income in 2023 and 2022 amounting to loss of ₱146.2 million and gain of ₱514.6 million, respectively.

The Company's share in the dividends declared by SMCSC's BOD in 2023 and 2022 amounted to ₱125.0 million and ₱103.4 million, respectively (see Note 29). Unpaid dividends amounted to nil as at December 31, 2023 and 2022.

Investments in club shares. Investment in quoted corporate bonds typically involves fixed rate bonds issued by various listed companies.

Investment in quoted club shares pertains to purchased club shares of Country Club.

The fair values of the investments in treasury bonds and notes, corporate bonds, LTNCD and club shares are based on quoted market price of the instruments as at December 31, 2023 and 2022.

The movements in financial assets at FVOCI for the years ended December 31 follows:

	2023	2022
	<i>(in Millions)</i>	
Balance at beginning of year	₱1,546	₱956
Changes in fair value during the year (Note 22)		
Equity	(155)	590
Balance at end of year	₱1,391	₱1,546

Interest earned from financial assets at FVOCI amounted to ₱26.0 million and ₱69.8 million for the years ended December 31, 2023 and 2022, respectively (see Note 27).

16. Other Noncurrent Assets

Other noncurrent assets consist of:

	2023	2022
	<i>(in Millions)</i>	
Finance lease receivable	₱1,201	₱1,276
Concession financial receivables - net of current portion	1,100	1,098
Creditable withholding taxes (Note 9)	230	-
Sinking fund	188	165
Deferred project costs	174	235
Refundable deposits	₱27	₱60
Input VAT - deferred - net of current portion (Note 9)	19	166
Others	207	313
	₱3,146	₱3,313



Finance lease receivable. Represents the fair value of receivables from PT Perusahaan Listrik Negara (Persero) (PLN), a state-owned company, as the single off-taker of the electricity sales generated by the PT Inpolo Meka Energi (IME)'s, an indirect subsidiary, hydroelectric power plant.

The future minimum lease payments are as follows:

	2023	2022
	<i>(in Millions)</i>	
Within one year	₱165	₱164
Between one to two years	163	164
After two years	1,966	2,280
Total future lease payments	2,294	2,608
Less future interest payments	1,006	1,265
Present value of finance lease receivable	1,288	1,343
Less current portion of finance lease receivable	87	67
Noncurrent portion of finance lease receivable	₱1,201	₱1,276

Based on the review of finance lease receivables as at December 31, 2023 and 2022, management is of the opinion that all finance lease receivables are realizable and no provision for expected credit loss is necessary to be provided.

The finance lease receivable is subject to discount rate of 7.89% per annum. The lease term is for 20 years until 2040. Interest income earned from the accretion of finance lease receivables amounted to ₱145.8 million and ₱111.1 million in 2023 and 2022, respectively (see Note 27).

Concession financial receivables. On April 24, 2012, DCC, a subsidiary of PT MPTI, entered into a Cooperation Agreement for the supply of treated water to KIM for a period of 20 years (excluding construction phase). The concession financial receivables pertain to the guaranteed minimum payment that will be received by DCC from KIM under the water supply agreement.

On September 5, 2016, RPSL entered into an Electrical Power Purchase Agreement with PLN for the construction and operation of a Biomass Power Plant for a period of 20 years from the start of operations. Under the agreement, RPSL will supply a portion of the generated power from the power plant to PLN in accordance with the terms and conditions of the agreement. The concession financial receivable pertains to the guaranteed minimum payment that will be received by RPSL from PLN under the electrical power purchase agreement.

Interest income earned from the accretion of concession financial receivables amounted to ₱11.5 million and ₱107.2 million in 2023 and 2022, respectively (see Note 27).

Input VAT – deferred. These costs pertain to 12% VAT on amount of retention and unpaid purchase of services which are incurred, and billings have been received as of reporting date.

Sinking fund. The sinking fund was established to finance the future major road repairs, re-pavements and other extraordinary costs and expenses of the R-1 Expressway (see Note 2).

Deferred project costs. These costs are directly attributable to the construction of service concession assets until establishment of formal ownership to the concession where the costs are subsequently reclassified to the “Service concession assets” account.



17. Accounts Payable and Other Current Liabilities

This account consists of:

	2023	2022
	<i>(in Millions)</i>	
Trade payables (Note 32) ^(a) :		
Third parties	₱2,184	₱3,222
Related parties (Note 21)	159	–
Accrued expenses (Note 32) ^(a)	5,745	3,723
Retention payable ^(b)	1,816	1,773
Customer deposit ^(c)	1,682	1,349
Interest payable ^(d)	1,657	1,206
Output VAT	1,222	383
Dividends payable (Notes 6 and 22)	738	363
Withholding taxes payable	718	606
Payable to CHI ^(e)	163	163
Unearned toll revenue	49	32
Lease liabilities - current portion ^(f)	18	18
Others	1,553	1,000
	₱17,704	₱13,838

- a. Trade payables and accrued expenses are noninterest-bearing and are normally settled within one (1) year.
- b. Retention payable is a percentage of the amount certified as due to the contractor on an interim certificate, that is deducted from the amount due and retained by the Company. Retention payable is usually released upon completion of the relevant project.
- c. Customer deposit represents amount received from postpaid customers of ESC. The amount serves as security in case of customer default and is refundable when the contract is terminated.
- d. Interest payable is settled within three (3) to six (6) months.
- e. Payable to CHI relates to noninterest-bearing advances obtained by CIC in 2012 for its debt service requirements. The amount is due and demandable.
- f. The noncurrent portion of lease liabilities amounted to ₱55.8 million and ₱60.7 million as at December 31, 2023 and 2022, respectively, are included under “Other noncurrent liabilities” account in the consolidated statements of financial position. Interest expense on lease liabilities amounted to ₱9 million and ₱5 million as at December 31, 2023 and 2022, respectively (see Note 28).



Accrued expenses consist of:

	2023	2022
	<i>(in Millions)</i>	
Construction costs	₱3,450	₱2,150
Outside services	337	67
Advertising and marketing expenses	325	142
TRB fees	315	260
Repairs and maintenance	300	200
Salaries and employee benefits (Note 26)	234	61
Concession fees	189	219
Professional fees	181	225
PNCC fees	121	87
Insurance	65	16
Taxes and licenses	36	1
Vaccine costs	-	44
Others	192	251
	₱5,745	₱3,723

18. Provisions

The movements in this account are as follows:

	Heavy Maintenance	Others	Total
	<i>(in Millions)</i>		
At January 1, 2022	₱655	₱456	₱1,111
Additions (Notes 5, 24 and 25)	246	957	1,203
Accretion (Note 28)	62	-	62
Payments	(197)	(99)	(296)
Reversals	(2)	(210)	(212)
At December 31, 2022	764	1,104	1,868
Additions (Notes 24 and 25)	133	82	215
Accretion (Note 28)	31	-	31
Payments	(1)	(30)	(31)
Reversals	-	(34)	(34)
Translation adjustment	3	4	7
At December 31, 2023	₱930	₱1,126	₱2,056
At December 31, 2023:			
Current	₱217	₱1,077	₱1,294
Noncurrent	713	49	762
	₱930	₱1,126	₱2,056
At December 31, 2022:			
Current	₱466	₱981	₱1,447
Noncurrent	298	123	421
	₱764	₱1,104	₱1,868



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

Other Provisions. Other provisions include the additional consideration (earn-out) in acquiring JJC (see Note 5). These also include estimates of incentives to employees and estimated liabilities for losses on claims by a third-party. The information usually required by PAS 37 is not disclosed as it may prejudice the Company’s negotiation with the third-party.

19. Long-term Debts and Short-term Loans

	2023	2022
	<i>(in Millions)</i>	
Short-term and current portion of long-term debt	₱28,742	₱10,395
Noncurrent portion of long-term debt	123,537	127,621
	₱152,279	₱138,016

Short-term Loans

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

In 2022, MPT Mobility obtained a 180-day short term loan from Bank of the Philippine Islands (BPI) amounting to a total of ₱280 million. The interest rates range from 4.3% to 4.7%.

In 2021, MPT Mobility obtained a 180-day short-term loan from BPI and Metropolitan Bank & Trust Company (MBTC) totaling ₱250 million. The interest rates range from 3.0% to 4.5%.

The proceeds were partially used for working capital requirements, NLEX Drive and Dine expansion and payments of maturing short-term loan. NLEX Drive & Dine is a drive stop convenience spot featuring a wide variety of retail and food establishments located at the southbound of NLEX in between Meycauayan and Valenzuela exits.

Interest expense from these short-term loans amounted to ₱19.7 million and ₱3.4 million in 2023 and 2022, respectively presented as part of “Interest expense and other finance costs” in the consolidated statements of income (see Note 28).

Interest expense from these short-term loans presented as part of borrowing cost under “Service Concession Assets” in the statement of financial position amounted to ₱18.3 million in 2023.



Long-term Debt

The long-term debts of the Company consist of:

	2023	2022
	<i>(in Millions)</i>	
Peso-denominated Notes, Loans and Bonds:		
Term Loan Facilities	₱97,208	₱86,311
Fixed-rate Bonds	8,600	8,600
Corporate Notes	17,547	19,815
	123,355	114,726
Foreign currency-denominated Loans:		
Indonesian Rupiah:		
Term Loan Facilities	₱21,333	₱18,595
Syndicated Loan Facility	4,988	5,245
	149,676	138,566
Less unamortized debt issue costs	927	1,080
	148,749	137,486
Less current portion of long-term debt - net of unamortized debt issue costs of ₱133.1 million and ₱120.2 million as at December 31, 2023 and 2022, respectively	25,212	9,865
	₱123,537	₱127,621

The movements in debt issue costs are as follows:

	2023	2022
	<i>(in Millions)</i>	
Balance at beginning of year	₱1,080	₱910
Amortization during the year* (Note 28)	(165)	(186)
Debt issue costs incurred during the year	12	356
Balance at end of year	₱927	₱1,080

*Includes amortization of debt issue costs capitalized to service concession assets amounting to ₱107.3 million and ₱118.3 million in 2023 and 2022, respectively (see Note 11).

Interest charged to operations from these long-term debts presented as part of “Interest expense and other finance costs” in the consolidated statement of income amounted to ₱5,943 million and ₱3,694 million for the years ended December 31, 2023 and 2022, respectively (see Note 28).

MPTC

Term Loan Facilities

Details of MPTC’s term loan facilities are as follows:

Financial institution	Date of drawdown	Drawdown		Interest rate per annum	Maturity date	Outstanding principal balance	
		Facility	Amount			2023	2022
<i>(in Millions)</i>							
BDO ^(a)	March 2018	₱1,500	₱900	6.1%	2028	₱895	₱747
BDO	March 2019	2,800	2,800	6.98%	2029	2,422	2,506
MBTC	December 2020	2,000	2,000	5.06%	2021	1,900	1,900
RCBC	December 2021	2,100	2,100	4.79%	2031	1,995	1,995
MBTC	May 2022	6,600	6,600	6.03%	2032	5,844	6,600

(Forward)



Financial institution	Date of drawdown	Drawdown		Interest rate per annum	Maturity date	Outstanding principal balance	
		Facility	Amount			2023	2022
		<i>(in Millions)</i>				<i>(in Millions)</i>	
BDO	May 2022	₱3,100	₱3,100	6.27%	2032	₱3,061	₱3,061
BPI	July 2022	1,100	1,100	6.37%	2032	1,100	1,100
BPI	June 2023	1,200	1,200	6.64%	2033	1,200	–
BPI	August 2023	2,800	2,800	6.95%	2033	2,800	–
BPI	December 2023	5,700	5,700	6.87%	2033	5,700	–
						₱26,917	₱17,909

^(a) BDO Unibank, Inc. (BDO)

MPTC made various drawdowns during the year to finance its operations and projects:

- In May 2022, MPTC entered a term loan facility agreement amounting to ₱6.6 billion with an interest rate of 6.03% to refinance its existing loan in MBTC and BDO.
- In May 2022, MPTC entered a term loan facility agreement amounting to ₱3.1 billion with an interest rate of 6.27% to finance the project funding requirements of C-5 Southlink and CCLEX.
- In July 2022, MPTC entered a term loan facility agreement amounting to ₱1.1 billion with an interest rate of 6.37% to finance the project funding requirements of CCLEX.
- In June 2023, MPTC entered a term loan facility agreement amounting to ₱1.2 billion with an interest rate of 6.64% for the purpose of partially financing the equity requirements of CCLEC and for partially funding of transactions related to the acquisition of shares in JJC.
- In August 2023, MPTC entered a term loan facility agreement amounting to ₱2.8 billion with an interest rate of 6.95% for the purpose of partially financing the equity requirements of MPCALA and CCLEC and for partially funding the transactions related to the acquisition of shares in JJC.
- In December 2023, MPTC entered a term loan facility agreement amounting to ₱5.7 billion with an interest rate of 6.87% for the purpose of partially financing the equity requirements of MPCALA and for partially refinancing the bridge loan facility by MUN.

NLEX Corp.

Fixed-rate Bonds

Details of NLEX Corp.'s fixed-rate bonds are as follows:

Name of Security	Date of issuance	Issued amount	Interest rate per annum	Maturity date	Outstanding principal balance	
					2023	2022
		<i>(in Millions)</i>			<i>(in Millions)</i>	
10-year bonds due 2024	March 2014	₱2,600	5.5%	2024	₱2,600	₱2,600
7-year bonds due 2025	July 2018	4,000	6.6%	2025	4,000	4,000
10-year bonds due 2028	July 2018	2,000	6.9%	2028	2,000	2,000
					₱8,600	₱8,600



Term Loan Facilities

Details of NLEX Corp.'s term loan facilities are as follows:

Financial institution	Date of drawdown	Facility	Drawdown amount	Interest rate per annum	Maturity date	Outstanding principal balance	
						2023	2022
						<i>(in Millions)</i>	
Sunlife ^(a)	October 2013	₱800	₱800	5.3%	2023	₱—	₱800
Insular ^(b)	November 2013	200	200	5.0%	2023	—	200
PNB ^(c)	December 2015	5,000	5,000	5.5%	2025	2,250	2,600
Unionbank ^(d)	January 2016	5,000	2,000	5.5%	2025	1,300	1,400
BDO	September 2019	5,000	5,000	5.2%	2029	4,250	4,500
MBTC	November 2022	7,000	4,000	7.1%	2032	3,825	4,000
MBTC	March 2023	7,000	3,000	7.5%	2032	3,000	—
BPI	December 2023	10,000	2,000	6.6%	2033	2,000	—
						₱16,625	₱13,500

^(a) Sun Life of Canada (Philippines) Inc. (Sun Life)

^(b) The Insular Life Assurance Company, Ltd. (Insular)

^(c) Philippine National Bank (PNB)

^(d) Unionbank of the Philippines (Unionbank).

In December 2023, NLEX Corp. entered into a Php10.0 billion, 10-year term loan agreement with BPI to partially fund its capital expenditures and refinance its maturing debt. The loan is subject to intermediate re-pricing based on pre-agreed pricing options. NLEX Corp. made an initial drawdown of ₱2.0 billion with an annual interest rate of 6.57% on December 28, 2023.

In November 2022, NLEX Corp. entered a term loan facility agreement amounting to ₱7.0 billion to refinance its existing loans and finance its capital expenditures. As of December 31, 2023 and 2022, the amount drawn is ₱4.0 billion with an interest rate of 7.1%.

2020 Corporate Notes Facility

On November 4, 2020, NLEX Corp. entered into a Corporate Notes Facility Agreement with various financial institutions for an unsecured note amounting to ₱20.0 billion (₱11.0 billion for Tranche A Facility and ₱9.0 billion for Tranche B Facility), with tenors ranging from seven (7) years (Tranche A) and ten (10) years (Tranche B). The proceeds were used to finance the NLEX Connector Road Project and other capital expenditures.

The details of the drawdowns are as follows:

Tranche	Date of drawdown	Drawdown amount	Interest rate per annum	Maturity date	Outstanding principal balance	
					2023	2022
					<i>(in Millions)</i>	
A	November 2020	₱2,750	4.04%	2027	₱2,178	₱2,723
B	November 2020	2,250	4.29%	2030	2,205	2,228
A	March 2021	4,400	5.13%	2027	3,485	4,356
B	March 2021	3,600	4.52%	2030	3,528	3,564
A	June 2021	1,100	4.58%	2027	871	1,089
B	June 2021	900	4.29%	2030	882	891
A	September 2021	1,100	4.64%	2027	871	1,089
B	September 2021	900	4.29%	2030	882	891
A	March 2022	825	6.28%	2027	658	821
B	March 2022	675	5.88%	2030	665	672
A	May 2022	825	6.86%	2027	657	821
B	May 2022	675	6.38%	2030	665	672
					₱17,547	₱19,817



CIC

Term Loan Facility

On March 26, 2018, CIC obtained a ₱16.2 billion term loan facility agreement, with tenor of ten (10) years with BDO. The facility consists of Tranche A and Tranche B as follows:

- (a) The proceeds of Tranche A shall be used exclusively to finance the prepayment of the Company's outstanding loan obligations under the RCBC/BDO Loan and for general corporate purposes; and
- (b) The proceeds of Tranche B shall be used to finance up to 70% of the total costs of the C-5 South Link Expressway Project.

The details of the term facilities are as follows:

Tranche	Date of drawdown	Drawdown amount <i>(in Millions)</i>	Interest rate per annum before rate reduction	Interest rate per annum after rate reduction	Maturity date	Outstanding principal balance	
						2023	2022
A	March 2018	₱5,500	6.3%	5.8%	2028	₱3,575	₱3,850
B-1	April 2019	246	7.7%	5.8%	2028	185	203
B-1	March 2020	254	6.2%	5.8%	2028	197	216
B-2	April 2019	406	7.7%	5.8%	2028	325	365
B-2	July 2019	250	6.5%	5.8%	2028	200	225
B-2	March 2020	126	6.2%	5.8%	2028	101	113
B-4	March 2020	970	6.2%	5.8%	2028	776	873
B-5	March 2020	150	6.2%	5.8%	2028	120	135
B-4	April 2021	630	6.1%	5.6%	2028	504	567
B-5	April 2021	600	6.1%	5.6%	2028	480	540
B-4	April 2022	918	—	5.6%	2028	780	872
B-5	April 2022	1,054	—	5.6%	2028	896	1,001
B-4	July 2022	1,005	—	5.6%	2028	854	955
B-5	July 2022	533	—	5.6%	2028	453	506
B-4	October 2022	320	—	6.1%	2028	288	320
B-5	October 2022	1,110	—	6.1%	2028	998	1,110
						₱10,732	₱11,851

The loan agreement also requires CIC to provide a collateral security which consists of debt service reserve and payment accounts which are included under “Restricted cash” in the consolidated statements of financial position (see Note 7).

MPCALA

Term Loan Facility

On December 21, 2018, MPCALA signed an Omnibus Agreement for a total consideration of ₱24.2 billion, with a 15-year tenor allocated among the lenders as follows: (1) BDO - ₱9.2 billion; (2) Unionbank - ₱4.0 billion; (3) BPI - ₱3.5 billion; (4) RCBC - ₱3.5 billion; (5) Land Bank of the Philippines (LBP) - ₱3.0 billion; and (6) Security Bank Corporation (SBC) - ₱1.0 billion. The total loan proceeds were used for the construction cost of the CALAX and concession fees payable to the government.

The details of the drawdowns are as follows:

Date of drawdown	Drawdown amount <i>(in Millions)</i>	Interest rate per annum	Maturity date	Outstanding principal balance	
				2023	2022
January 2019	₱805	8.9%	2034	₱805	₱805
April 2019	1,963	7.5%	2034	1,963	1,963
June 2020	2,908	6.1%	2034	2,908	2,908
July 2020	4,342	6.1%	2034	4,342	4,342

(Forward)



Date of drawdown	Drawdown amount (in Millions)	Interest rate per annum	Maturity date	Outstanding principal balance	
				2023	2022
October 2020	₱924	6.1%	2034	₱924	₱924
February 2021	1,297	6.1%	2034	1,297	1,297
April 2021	2,227	6.1%	2034	2,227	2,227
November 2021	1,200	6.1%	2034	1,200	1,200
March 2022	1,800	6.1%	2034	1,800	1,800
September 2022	3,900	7.4%	2034	3,900	3,900
				₱21,366	₱21,366

The outstanding loan is secured by MPCALA shares held by MPTNC, Collared Wren Holdings, Inc (CWHI) and Larkwing Holdings, Inc. (LHI).

MPT SMC

Term Loan Facility

In January 2021, Metro Pacific Tollways South Management Corporation (MPT SMC) secured a ₱700 million term loan facility agreement with SBC at an interest rate of 4.45%. The loan was used to finance the project financing requirements of MPT South Hub and Hive located in Imus City, Cavite, Philippines. The loan is payable semi-annually over a maximum term of ten years from the initial drawdown date.

As at December 31, 2023 and 2022, the outstanding principal loan balance amounted to ₱542.5 million and ₱612.5 million, respectively.

CCLEC

Term Loan Facility

On December 27, 2018, CCLEC signed an Omnibus Agreement for a total consideration of ₱19.0 billion, with a 15-year tenor. For the ₱19.0 billion financing, the allocation among the lenders is as follows: (1) RCBC - ₱6.0 billion; (2) Development Bank of the Philippines - ₱5.0 billion; (3) Robinsons Bank Corporation - ₱3.0 billion; (4) Unionbank - ₱3.0 billion; (5) SBC - ₱1.0 billion; and (6) BPI - ₱1.0 billion. The total loan proceeds were used for the construction cost of the CCLEX.

The details of the drawdowns are as follows:

Date of drawdown	Drawdown amount (in Millions)	Interest rate per annum	Maturity date	Outstanding principal balance	
				2023	2022
January 2019	₱2,020	8.2%	2029	₱2,010	₱2,020
May 2019	925	7.6%	2029	920	925
July 2019	1,035	6.7%	2029	1,030	1,035
November 2019	1,350	6.1%	2029	1,343	1,350
January 2020	1,650	6.3%	2030	1,642	1,650
April 2020	1,340	6.1%	2030	1,313	1,340
July 2020	1,700	6.2%	2030	1,711	1,700
October 2020	1,300	8.2%	2030	1,294	1,300
January 2021	2,800	6.3%	2030	2,806	2,820
April 2021	1,900	6.3%	2030	1,890	1,900
July 2021	2,100	6.3%	2030	2,050	2,060
October 2021	900	6.3%	2030	896	900
September 2022	2,100	8.1%	2030	2,090	2,100
				₱20,995	₱21,100



SAVVICE

Term Loan Facility

On January 27, 2022, the Company availed a 5-year long-term loan from BPI amounting to ₱70.0 million with an interest rate of 6.75% and a maturity date of July 29, 2027. The proceeds were used for its capital expenditure and/or general corporate purposes. The Company drawn the loan on July 29, 2022.

As at December 31, 2023 and 2022, the outstanding principal loan balance amounted to ₱70 million.

PT Nusantara and Subsidiaries

Term Loan Facilities

Details of PT Nusantara and its subsidiaries' (PT Nusantara Group) term loan facilities are as follows:

Financial institution	Date of drawdown	Facility	Drawdown amount	Interest rate per annum	Maturity date	Outstanding principal balance	
						2023	2022
						<i>(in Millions)</i>	
PT Nusantara							
Panin ^(a)	June 2014	₱223	₱162	9.75%	2024	₱17	₱50
MUN							
BCA ^(b)	June 2022	15,101	14,407	7.8%	2032	14,407	14,407
MMN							
BCA	April 2017	254	223	10.8%	2024	27	73
JTSE							
BCA	December 2015	440	433	8.8%	2023	–	81
BCA	October 2022	513	513	8.3%	2035	500	513
BCA	October 2023	345	322	8.3%	2035	322	–
BSD							
BCA	April 2017	34	34	8.8%	2024	2	7
BCA	August 2021	2,700	2,700	7.5%	2024	2,040	2,188
BCA	February 2023	2,293	2,069	8.3%	2036	2,162	–
SCTK							
IIF ^(c)	November 2021	339	339	8.9%	2030	–	314
Mandiri ^(d)	December 2023	468	386	8.8%	2029	386	–
IME							
Persero ^(e)	December 2021	1,062	796	11.8%	2031	915	739
RPSL							
BCA	November 2016	506	506	8.8%	2028	169	223
DCC							
Mandiri	December 2023	360	360	8.8%	2029	386	–
						₱21,333	₱18,595

^(a) PT Bank Pan Indonesia Tbk

^(b) PT Bank Central Asia Tbk

^(c) PT Indonesia Infrastructure Finance

^(d) PT Bank Mandiri Tbk

^(e) PT Jasa Marga Persero Tbk

Other relevant information on PT Nusantara's term loan facilities are provided below:

- In December 2023, DCC and SCTK obtained a credit facility from Mandiri with a maximum loan of IDR 230 billion (₱828 million) to repay its remaining bank and shareholder loans and capital expenditures.



- In October 2023, JTSE obtained an additional investment credit facility from BCA amounting to IDR 96 billion (₹345 million) for financing part of the fines and obligations from the underpayment case of VAT receivables 2012 and 2016 and to finance upgrading works on the toll roads.
- In February 2023, BSD obtained an extension of credit facility from BCA amounting to no more than IDR 637 billion (₹2.3 billion) to finance the development of BSD's toll road projects.
- In 2022, BCA provided MUN with a Time Loan Non-Revolving facility of IDR 1,000 billion (₹3.6 billion) to finance the initial payment for the 40% shares of JJC. This loan is secured by all shares of JLB owned by MUN, a corporate guarantee from BSD, MMN, and JTSE, 25% of PT Nusantara's shares in MUN, and all shares of JJC owned by MUN. In addition, BCA provided MUN with two Credit Multi Facilities amounting to IDR2,859 billion (₹10.2 billion) and IDR 365 billion (₹1.3 billion), both secured by Standby Letter of Credit. These facilities serve to secure the remaining liabilities and finance the outstanding 40% payment of JJC shares.
- In 2021, Potum transferred its IIF loan to its subsidiary, SCTK, in accordance with the Novation Loan Agreement between the parties and the bank, which became effective in November 2021. SCTK has assumed all the rights and obligations associated with the loan from the effective date and for the next 10 years.
- The outstanding loan of PT Nusantara is secured by the office space purchased through the proceeds of the loan.
- Based on notarial deed No. 6 of Karin Christina Basoeki, S.H., dated December 6, 2022, BCA provided Credit Multi Facility (KMF) to MUN amounting to Rp2.859.000.000.000 and based on notarial deed No. 7 of Karin Christina Basoeki, S.H., dated December 6, 2022, BCA Digital also provided KMF to MUN amounting to Rp365.000.000.000 to guarantee remaining liabilities and finance 40% payment of PT Jasamarga Jalanlayang Cikampek shares purchase. Both of this loan are secured by Standby Letter of Credit ("SBLC").
- The outstanding loans of MMN, JTSE, and BSD are secured by their respective concession rights, all revenues derived therefrom, and any indemnity insurance receivable from the Indonesian Government.
- The outstanding loans of DCC and SCTK are secured by guarantees and all trade receivables of each debtor, all shares owned by Potum and several individuals in DCC and SCTK, water treatment plant owned by SCTK and JSNM, pipes owned by STR, letter of undertaking (LoU), and land owned by SCTK.
- The outstanding loan of IME is secured by shares of EI in the debtor, fixed assets financed by BCA and other operating accounts.
- The outstanding loan of RPSL is secured by its biomass power plant, consisting of land, building, machineries and equipment. The loan facility obtained by RPSL with BCA in 2017 ended in March 2019.



Total carrying value of above pledged assets for PT Nusantara Group as at December 31, 2023 amounted to IDR 4,032 billion (₹14,517 million) in concession assets (see Note 11), IDR 5,953 billion (₹21,431 million) in shares of stocks, IDR 661 billion (₹2,381 million) in cash and cash equivalents (see Note 7), concession receivables and inventories (see Note 9), and IDR 44 billion (₹160 million) in property and equipment (see Note 12).

Syndicated Loan

On July 30, 2018, MMN obtained a Credit Investment from syndication BCA and Suselbar of up to IDR 1,547.5 billion (₹5.6 billion), which consists of a principal Investment Credit of up to IDR 1,451.4 billion and an Investment Credit-Interest During Construction of up to IDR 96.1 billion. The purpose of the loan is to finance the construction of the elevated toll road Pettarani. The loan has a maximum term of 12 years, with interest rates based on a one-month weighted average of time deposit rates of 5.1% during construction and 4.9% upon commencement of operations. Payments are made monthly, with principal payments according to an agreed installment schedule. The Company made loan drawdowns amounting to IDR 1,457.9 billion (₹5,212.1 million) in 2022.

The loan is secured by the toll road concession rights, all revenues from toll road sections I and II, Subsidiary shares owned by MMN, receipt of indemnity insurance from Government or new Toll Road in accordance with PPJT, Escrow Account, the Operating Account and Debt Service Account and a LoU of MMN.

Compliance with Loan Covenants

- As at December 31, 2023 and 2022, CIC was not able to comply with the minimum Debt Service Coverage Ratio (DSCR) set out in its existing loan agreement and the entity secured approval on the waiver on September 12, 2023 and December 27, 2022, respectively.
- As at December 31, 2023, CCLEC was not able to comply with the minimum DSCR set out in its existing loan agreement. The entity secured approval on the waiver on December 22, 2023.
- As at December 31, 2023, MUN and MMN failed to meet the minimum Debt to Equity Ratio (DER) and DSCR outlined in its existing loan agreement and the entities secured approval on the waiver on November 22, 2023 and December 28, 2023, respectively.
- As at December 31, 2022, MUN, MMN, RPSL and BSD was not able to comply with the minimum DSCR set out in its existing loan agreement. The entity secured approval on the waiver on December 28, 2022.

Except as discussed above, MPTC and its subsidiaries are in compliance with the required financial ratios and other loan covenants as at December 31, 2023 and 2022.



20. Service Concession Fees Payable

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

	CALAX	NLEX-SLEX Connector Road	Total
		<i>(in Millions)</i>	
At January 1, 2022	₱16,560	₱3,274	₱19,834
Accretion (Notes 11 and 35)	640	218	858
Reversal (Note 11)	(2,657)	–	(2,657)
At December 31, 2022	₱14,543	₱3,492	₱18,035
Accretion (Notes 11 and 35)	921	210	1,131
Reversal (Note 11)	(1,416)	–	(1,416)
At December 31, 2023	₱14,048	₱3,702	₱17,750
At December 31, 2023			
Current	₱–	₱–	₱–
Noncurrent	14,048	3,702	17,750
	₱14,048	₱3,702	₱17,750
At December 31, 2022			
Current	₱–	₱–	₱–
Noncurrent	14,543	3,492	18,035
	₱14,543	₱3,492	₱18,035

CALAX

As discussed in Note 2 to the consolidated financial statements, MPCALA will pay DPWH a total bid premium for the CALAX amounting to ₱27.3 billion. On July 10, 2015, MPCALA paid DPWH an upfront fee of ₱5.5 billion representing 20% of the concession fee. The remaining concession fee amounting to ₱21.8 billion is payable on installment basis at the rate of 16% annually beginning on the fifth year from the contract signing date (July 10, 2015) up to the ninth year from the contract signing date of the Concession Agreement.

On July 7, 2020, MPCALA paid the first installment amounting to ₱4,368.0 million.

On April 7, 2022, DPWH informed the Company that the Company's request dated June 10, 2021, in relation to the deferment of the scheduled concession fee payment, has already been forwarded to the Department of Finance (DOF) for comments/advice. Consequently, as at December 31, 2022, the service concession fees payable is based on revised discounted value of future cash flows using the prevailing peso interest rates on July 8, 2022 (previously July 10, 2015).

As at December 31, 2023, based on the current progress of the construction project (see Note 23), the expected schedule of payment of CALAX concession fees was adjusted, and the next payment is expected to be made in 2025. As a result, the service concession fees payable was remeasured based on the discounted value of expected future cash flows using the prevailing peso interest rates as at December 31, 2023.

The schedule of payment of CALAX concession fees was adjusted and discussions with DPWH on the matter are on-going as at May 10, 2024.



NLEX-SLEX Connector Road

As discussed in Note 2 to the consolidated financial statements, NLEX Corp. shall pay DPWH periodic payments in consideration for the grant of the basic right of way. The periodic payments are computed using the rate of four percent (4%) per annum applied to the agreed valuation of such portion of the basic right of way assigned for the use by the NLEX-SLEX Connector Road. The payment will commence on the first anniversary of the construction completion deadline, as extended, until the expiry of the concession period and will be subject to an agreed escalation every two (2) years based on the prevailing CPI for the two-year period immediately preceding the adjustment or escalation.

The service concession fees payable is based on the discounted value of future fixed cash flows using the prevailing peso interest rates on November 23, 2016. The undiscounted estimated future periodic payments, excluding the effect of the CPI, is ₱8,510.4 million as at December 31, 2023 and 2022.

The total interest accretion for MPCALA and NLEX Corp. was capitalized to service concession assets in 2023 and 2022 (see Note 35).

21. Related Party Disclosures

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



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

Related Party	Relationship		Management fees (see Note 29)	Income from utility facilities	Repairs and maintenance (see Notes 24 and 25)	IT services (see Notes 24 and 25)	Communication, light and water (see Notes 24 and 25)
SMART Communications, Inc. (SMART)	Associate of FPC	2023	₱-	₱-	₱-	₱-	₱21
		2022	₱-	₱-	₱-	₱-	₱11
Philippine Long Distance Telephone Company (PLDT)	Associate of FPC	2023	-	5	-	2	20
		2022	-	20	-	2	9
Maynilad Water Services Inc. (Maynilad)	Subsidiary of MPIC	2023	-	-	-	-	10
		2022	-	-	-	-	6
Metro Pacific Investments Corporation (MPIC)	Parent Company	2023	-	-	-	-	-
		2022	-	-	-	-	-
Manila Electric Company (Meralco)	Associate of MPIC	2023	-	-	-	-	122
		2022	-	-	-	-	113
Indra Philippines Inc. (Indra)	Associate of MPIC	2023	-	-	45	-	-
		2022	-	-	32	194	-
TKCM	Associate of PT Nusantara	2023	-	-	-	-	-
		2022	11	-	-	-	-
Total		2023	₱-	₱5	₱45	₱2	₱173
		2022	₱11	₱20	₱32	₱196	₱139



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

Related Party	Relationship		Receivables (see Note 8)	Advances to contractors and consultants (see Note 9) ^(a)	Accounts payable and other current liabilities (see Note 17)	Due from related parties	Due to related parties	Terms	Conditions
(in Millions)									
MPIC	Parent Company	2023	₱-	₱-	₱-	₱-	₱-	On demand; noninterest-bearing	Unsecured; no impairment
		2022	₱-	₱-	₱-	₱5	₱2		
PLDT ^(b)	Associate of FPC	2023	30	-	-	63	7	30-45 days; noninterest-bearing	Unsecured; no impairment
		2022	26	-	-	294	1		
SMART	Associate of FPC	2023	-	-	-	-	-	30-45 days; noninterest-bearing	Unsecured; no impairment
		2022	-	-	-	-	-		
Indra	Associate of MPIC	2023	-	-	159	-	-	Within one year; noninterest-bearing	Unsecured; no impairment
		2022	-	-	-	-	-		
Meralco ^(b)	Associate of MPIC	2023	-	21	-	7	1	Within one year; noninterest-bearing	Unsecured; no impairment
		2022	-	21	-	5	2		
Maynilad ^(b)	Subsidiary of MPIC	2023	-	-	-	-	-	On demand; noninterest-bearing	Unsecured; no impairment
		2022	-	-	-	19	1		
ISAB ^(b)	Associate of PT Nusantara	2023	-	-	-	-	-	Terms up to May 2022; Interest-bearing (USD LIBOR plus 3.5% per annum)	Unsecured; no impairment
		2022	-	-	-	121	1		
TKCM	Associate of PT Nusantara	2023	-	-	-	-	-	On demand; noninterest-bearing	Unsecured; no impairment
		2022	-	-	-	-	-		
CHI ^(c)	Shareholder of CIC	2023	-	-	-	-	257	On demand; noninterest-bearing	Unsecured; no impairment
		2022	-	-	-	-	257		
Others ^(c)	Other Related Party	2023	-	-	-	-	308	On demand; noninterest-bearing	Unsecured; no impairment
		2022	-	-	-	26	313		
Total		2023	₱30	₱21	₱159	₱70	₱573		
		2022	₱26	₱21	₱-	₱470	₱577		

^(a) Included in "Other current assets" account in the consolidated statements of financial position (see Note 9).

^(b) Included in "Due to related parties" account under current liabilities in the consolidated statements of financial position.

^(c) Included in "Due to related parties" account under noncurrent liabilities in the consolidated statements of financial position.



Settlement of outstanding balances at year-end occurs in cash for the outstanding receivables from/payables to related parties, while advances to contractors and consultants will be applied to future services to be rendered.

Transactions with Associates

- In 2012, PT Portco Infranasantara (Portco), a wholly owned subsidiary of PT Nusantara, made advances to ISAB, an associate of PT Nusantara, for the latter's working capital. The nontrade receivables are interest-bearing with interest computed at USD LIBOR plus 3.5% per annum. The term of the receivable is up to May 2022. In February 2023, Portco entered into a Sale Purchase Agreement to sell and transfer ISAB's shares (see Note 10).
- Revenue from management fee represents fee for management services provided by TBN, an indirect subsidiary through PT Nusantara, to TKCM, an associate. In December 2022, TBN, including its associate, TKCM, was reclassified to "Asset Held for Sale" under current assets (see Note 9).

Transactions with Other Related Parties

Indra

- In 2023 and 2022, Indra billed NLEX Corp. for various repairs and maintenance services rendered to ETC facilities installed along NLEX.

PLDT and SMART

- On March 17, 2010, NLEX Corp. and PLDT entered into an agreement with respect to the commercial aspect of the Utility Facilities Contract for the Fiber Optic Overlay along Phase I of the NLEX, the contract of which was signed on February 18, 2013. Pursuant to the agreement, PLDT pays NLEX Corp. an annual fee of ₱1.3 million starting in the year 2010 which shall then be escalated annually by 9% on the succeeding years. The contract is effective for a period of 20 years from April 15, 2010 and may be renewed or extended upon mutual agreement by NLEX Corp. and PLDT.
- NLEX Corp. and PLDT entered into an agreement in relation to the installation of Fiber Optic Cable (FOC) along Subic Freeport Expressway (SFEX) on August 24, 2016. Pursuant to the agreement, PLDT pays an annual fee of ₱0.2 million starting September 3, 2016 which is escalated annually using the inflation rate as determined by the National Economic and Development Authority but in no case lower than 5%. The contract is effective for a period of 5 years from the date of its execution and may be renewed or extended upon mutual agreement by NLEX Corp. and PLDT. As at December 31, 2022, the agreement was extended for a period of 5 years, from the date of its expiration during 2021.
- On January 5, 2011, NLEX Corp. and SMART (a subsidiary of PLDT) signed a Utility Facilities Contract allowing SMART construct, operate, and maintain a cell site inside NLEX's right of way for an annual fee of ₱0.3 million. The contract was effective for five years from April 27, 2015, and was renewed on April 26, 2020, for another five years until April 26, 2025. The annual fee is subject to 4.5% increase annually starting on the second year of the new contract period.
- In 2023 and 2022, PLDT and SMART billed NLEX Corp., MPT SMC, CIC and MPCALA for its communication expenses.



Meralco

- NLEX Corp. provided advances to Meralco for the new electric line applications for Segment 9, a part of Phase II of MNEP, and Balintawak and Valenzuela drainage system. These advances will be used up upon the activation of the electric lines in Segment 9 and Balintawak and Valenzuela drainage system.
- In 2023 and 2022, NLEX Corp. was billed by Meralco for its electric consumption in its head office, in Segment 9, portion of Phase II of MNEP, and for its drainage system in Balintawak and Valenzuela.
- In 2023 and 2022, MPT SMC, CIC and MPCALA paid the utility charges billed by Meralco.

Maynilad

- In 2023 and 2022, NLEX Corp. and CIC were billed by Maynilad for its water consumption in its head office.

Other Transactions

- Compensation of key management personnel of the Company are as follows:

	2023	2022
	<i>(in Millions)</i>	
Short-term employee benefits	₱632	₱561
LTIP expense (Note 26)	3	–
Retirement costs (Note 26)	40	10
	₱675	₱571

- The Company acts as a surety or co-obligor with certain Company officers for the payment of valid corporate expenses, through the use of corporate credit cards at specified approved amounts ranging from ₱0.04 million to ₱0.4 million.
- The Company paid its directors amounting to ₱2.0 million and ₱4.0 million in 2023 and 2022 recorded under “General and administrative expenses” account in the consolidated statements of income (see Note 25).
- Advances to officers and employees amounted to ₱128.6 million and ₱107.1 million as at December 31, 2023 and 2022, respectively (see Note 8).
- In the normal course of business, the Company also grants and avails noninterest-bearing advances to/from subsidiaries, associates, joint ventures and other related parties.

22. Equity

Capital Stock

As at December 31, the capital stock of the Parent Company consists of:

	2023	2022
	<i>(in Millions)</i>	
Issued capital stock:		
Common shares	₱6,779	₱8,783



Movements in shares of stock of the Parent Company are as follows:

	2023		2022	
	Common Shares	Preferred Shares	Common Shares	Preferred Shares
Authorized:				
Balance at beginning of year	31,709,933	761,333	24,709,933	761,333
Decrease in capital stock	(6,946,266)	(761,333)	–	–
Increase in capital stock	761,333	–	7,000,000	–
Balance at end of year	25,525,000	–	31,709,933	761,333
Issued:				
Balance at beginning of year	29,278,220	–	22,261,950	–
Issuance at ₱300 par value	265,166	–	7,016,270	–
Decrease in authorized capital stock	(6,946,266)	–	–	–
Balance at end of year	22,597,120	–	29,278,220	–
Treasury shares:				
Balance at beginning of year	7,016,385	–	115	–
Purchase of treasury shares	–	–	7,016,270	–
Decrease in authorized capital stock	(6,946,266)	–	–	–
Balance at end of year	70,119	–	7,016,385	–
Issued and outstanding at end of year	22,527,001	–	22,261,835	–
Par value per share at end of year	₱300	₱–	₱300	₱300

a. Features of the Preferred Shares follow:

- The Preferred Shares shall have the full voting rights as common shares of the Parent Company.
- Subject to and upon declaration by the Parent Company's BOD, the holders of Preferred shares shall be entitled to receive out of the unrestricted retained earnings of the Parent Company, yearly cumulative dividends at 7% of the issue value of the Preferred Shares, before any dividends shall be set apart and paid to the holders of common shares. The holders of Preferred Shares shall not be entitled to participate with the holders of common shares in any further dividends payable by the Parent Company.
- The Preferred Shares shall not be convertible to common shares or any stock of the Parent Company.
- The Preferred Shares shall be redeemable at any time at the option of the Parent Company by paying the issue value of the Preferred Shares and all outstanding dividends due on the Preferred Shares at the time of redemption. Once redeemed, the Preferred Shares shall become treasury shares.
- In the event of any dissolution, liquidation or winding up of the Parent Company, the holders of the Preferred Shares shall be entitled to be paid in full, or pro rata insofar as the assets and properties of the Parent Company will permit, the issue value of the Preferred Shares and any accrued but unpaid dividends, in respect of such Preferred Shares before any distribution shall be made to the holders of common shares. The holders of Preferred Shares shall not be entitled to any other distribution.

b. In 2021, as a result of the reverse stock split, the Company purchased 1 fractional share amounting to ₱4.



- c. On December 27, 2022, the Parent Company's BOD approved the amendment of the Parent Company's Article of Incorporation to decrease its authorized capital stock by ₱2,083.9 million and to reclassify all or 761,333 preferred shares to common shares.

The Philippine SEC approved the certificate of filing of amended Articles of Incorporation on February 2, 2023. The decrease in authorized capital stock resulted in the retirement of treasury shares amounting to ₱13,608.8 million. The difference of ₱11,525.0 million was charged to APIC.

- d. The Company entered into subscription agreements with MPIC on July 21, 2023 and September 4, 2023. MPIC subscribed to an aggregate of 265,166 common shares of the Company at a subscription price of ₱2,100 per common share, or a total consideration of ₱556.8 million. As a result of the new share issuance, the Company's issued shares increased by 265,166 common shares with a par value of ₱79.5 million. The APIC from this transaction amounted to ₱477.3 million. The proceeds of the new share issuance were used by the Company for the payment of professional fees relating to the Company's indirect equity interests in the Jakarta-Cikampek Elevated toll road project in Indonesia.

Merger between MPTC and MPTNC

On December 2, 2021 and January 18, 2022, the Parent Company's BOD and stockholders, respectively, approved the proposed merger between MPTC and MPTNC, with MPTC, as the surviving corporation (the Merger). On June 29, 2022, MPTC and MPTNC executed the Plan and Articles of Merger. Based on the Articles of Merger, MPTC shall be deemed to have acquired all assets and assumed all the liabilities of MPTNC.

MPTC will issue 7,016,270 new common shares, which will be divided into (i) 7,000,000 common shares to be issued from the increase in MPTC's authorized capital stock, and (ii) 16,270 common shares to be issued from the unissued portion of MPTC's authorized capital stock. The new MPTC common shares will be held in treasury, as MPTC is the principal stockholder and parent company of MPTNC.

The agreed aggregate issue price of the new MPTC common shares to be issued to MPTC is ₱13,746.2 million, equivalent to the net asset value of MPTNC as of the agreed cut-off date between the two parties. The price per share is approximately ₱1,959, which corresponds to the net asset value per common share as of the cut-off date.

The Philippine SEC approved the certificate of filing of the articles and plan of merger between MPTC (surviving corporation) and MPTNC (absorbed corporation) on November 4, 2022. The issuance of shares resulted to an increase in APIC by ₱11,641.3 million, gross of share issuance costs of ₱21.4 million and treasury shares by ₱13,746.2 million.

Also on November 4, 2022, SEC approved the increase in authorized capital stock from ₱7,641.4 million divided into: (i) 24,709,933 common shares with a par value of ₱300 per share; (ii) 761,333 voting, cumulative, non-convertible, redeemable and non-participating preferred shares with a par value of ₱300 per share, to ₱9,741.4 million divided into: (i) 31,709,933 common shares with a par value of ₱300 per share; (ii) 761,333 voting, cumulative, non-convertible, redeemable and non-participating preferred shares with a par value of ₱300 per share.

APIC

As at December 31, 2023 and 2022, APIC amounted to ₱32,730.0 million and ₱43,778.3 million, respectively.



Deposit for Future Stock Subscription

Deposit for future stock subscription represents funds received by the Company from MPIC intended for subscription for an increase in investment in the Company. Deposits for future stock subscription are stated at cost. The deposit of future stock subscription as at December 31, 2023 and 2022 amounted to ₱0.5 million.

Equity Adjustment on Reverse Acquisition

Equity adjustment on reverse acquisition resulted from the transaction involving the transfer of the then shareholders of MPTNC of all their shares in MPTNC (regarded as the accounting acquirer) in exchange for the shares of MPTC (regarded as the legal acquirer and accounting acquiree), which was accounted for as a reverse acquisition in the consolidated financial statements of MPTC in 2007.

Cash Dividends

The Parent Company's BOD declared the following cash dividends to common stockholders in 2023 and 2022:

Declaration Date	Record Date	Payment Date	Cash Dividend per Share	Total <i>(in Millions)</i>
March 6, 2023	March 21, 2023	April 17, 2023	₱71.71	₱1,596
July 11, 2023	July 25, 2023	August 22, 2023	87.33	1,967
March 2, 2022	March 16, 2022	April 12, 2022	35.18	783
July 26, 2022	August 9, 2022	September 5, 2022	55.14	1,228

As at December 31, 2023 and 2022, the unpaid cash dividends to common stockholders of the Parent Company amounted to ₱16.7 million and ₱14.8 million, respectively (see Note 17).

Cash dividends declared to non-controlling stockholders amounted to ₱1,931.2 million and ₱1,043.0 million in 2023 and 2022, respectively. Cash dividends paid to non-controlling stockholders amounted to nil and ₱270.2 million in 2023 and 2022, respectively. As at December 31, 2023 and 2022, unpaid dividends to non-controlling stockholders amounted to ₱721.6 million and ₱348.5 million, respectively (see Note 17).

Scrip Dividends

On October 16, 2008, the BOD of MPTC declared scrip dividends to all stockholders of record as at October 30, 2008, giving the stockholders the right to receive a proportionate share in the amounts that may be received by MPTC, through MPTNC, from Leighton International Limited (LIL) under Section 8.04.02 of the Amended and Restated Shareholders' Agreement (ARSA) with, among others, LIL dated September 30, 2004. Under the agreement, MPTNC has the right to 50% of the difference between the selling price of LIL and USD 19.4 million provided that any payment of LIL to MPTNC shall not exceed USD 4.4 million.

On November 12, 2009, LIL sold the shares to a third-party and thereby paid the amount of USD4.4 million (₱203.9 million) to MPTNC. In view of this, in 2009, the Company recognized the scrip dividends declared in 2008 payable to all stockholders of record as at October 30, 2008 amounting to USD3.9 million (₱181.5 million) giving the stockholders the right to receive a proportionate share in the amounts received by MPTC, through MPTNC, from LIL pursuant to the ARSA. As at December 31, 2023 and 2022 unpaid scrip dividends amounted to ₱0.3 million and were included under "Others" in "Accounts payable and other current liabilities" account (see Note 17).



Retained Earnings Not Available for Dividend Distribution

The Parent Company's retained earnings includes undistributed earnings of subsidiaries and, associates amounting to ₱20,523.5 million and ₱19,051.5 million as at December 31, 2023 and 2022, respectively, which are not currently available for dividend distribution.

Other Comprehensive Income Reserve

	Cumulative Translation Adjustment (CTA)	FVOCI Financial Assets	Income Tax Related to FVOCI Financial Assets	Re-measurement of Defined Benefit Plan	Income Tax Related to Defined Benefit Plan	Share in OCI of an associate	Total	Attributable to Parent Company Owners	Non-controlling Interest
Balance at January 1, 2023	(₱1,658)	₱1,546	(₱173)	(₱115)	₱26	₱620	₱246	₱812	(₱566)
Net movement in CTA	(601)	-	-	-	-	(60)	(661)	(653)	(8)
Change in fair value of financial assets at FVOCI (Notes 15 and 30)	-	(155)	19	-	-	-	(136)	(108)	(28)
Derecognition of OCI due to disposal of an associate (Note 10)	-	-	-	-	-	7	7	7	-
Remeasurement gain (loss) (Note 26)	-	-	-	(15)	3	-	(12)	(7)	(5)
Balance at December 31, 2023	(₱2,259)	₱1,391	(₱154)	(₱130)	₱29	₱567	(₱556)	₱51	(₱607)
Balance at January 1, 2022	(₱1,742)	₱956	(₱89)	(₱51)	₱13	₱597	(₱316)	₱224	(₱540)
Net movement in CTA	84	-	-	-	-	24	108	112	(4)
Change in fair value of financial assets at FVOCI (Notes 15 and 30)	-	590	(84)	-	-	-	506	510	(4)
Reclassification of OCI of an associate to "Asset Held for Sale" (Notes 9 and 10)	-	-	-	-	-	(1)	(1)	(1)	-
Remeasurement gain (loss) (Note 26)	-	-	-	(64)	13	-	(51)	(33)	(18)
Balance at December 31, 2022	(₱1,658)	₱1,546	(₱173)	(₱115)	₱26	₱620	₱246	₱812	(₱566)

Other Reserves

As at December 31, other reserves of the Company consists of:

	2023	2022
	<i>(in Millions)</i>	
Premium paid on acquisition of NCI - net	(₱2,905)	(₱2,905)
Acquisition of a subsidiary	67	67
Dilution of ownership interest in subsidiaries without loss of control, including sale of ownership and effect of rights issuance of a subsidiary (Note 5)	5,251	(46)
Long-term incentive plan reserves (Note 26)	23	23
Other transactions with NCI (Note 5)	128	128
	₱2,564	(₱2,733)



23. Non-toll Revenues

	2023	2022
	<i>(in Millions)</i>	
Revenue from electricity sales	₱565	₱420
Service revenue	274	181
Treated water sales	260	221
Income from advertising	202	189
Income from toll service facility	191	132
Rental income (Note 14)	108	97
Income from utility facilities	50	73
Others	92	63
	₱1,742	₱1,376

Revenue from electricity sales pertains to revenue from sale of electricity of RPSL.

Treated water sales pertain to revenue generated by SCTK for the sale and distribution of water.

Service revenue pertains to the traffic management services, supply and application of pavement markings of MPT Mobility, parking revenue from Dibztech and manpower services of SAVVICE to various customers.

24. Cost of Services

	2023	2022
	<i>(in Millions)</i>	
Amortization of service concession assets (Note 11)	₱2,130	₱1,853
Concession fees (Note 2)	1,946	1,629
Salaries and employee benefits (Note 26)	1,517	1,085
PNCC fee (Note 31)	1,065	876
Repairs and maintenance (Note 21)	558	392
Outside services	383	400
Direct cost of energy	359	343
Communication, light and water (Note 21)	300	187
Insurance	270	233
General services	235	44
Depreciation of property and equipment (Note 12)	224	205
Transportation and travel	219	228
Toll collection and medical services	187	246
Materials and labor	146	66
Provision for heavy maintenance (Note 18)	133	246
Cost of advertising	132	63
Operator's fee	69	63
Cost of water treatment	64	63
Taxes and licenses	64	53
TRB share in non-toll revenues	36	57
Professional fees	25	21
Others	153	136
	₱10,215	₱8,489



25. General and Administrative Expenses

This account consists of:

	2023	2022
	<i>(in Millions)</i>	
Salaries and employee benefits (Note 26)	₱1,536	₱1,306
Taxes and licenses	387	453
Professional fees	350	265
Advertising and marketing expenses	275	224
Depreciation (Notes 12 and 14)	177	165
Representation and travel	135	82
Outside services	113	190
Donations and contributions	88	79
Provisions (Note 18)	82	277
Provisions for ECL (Note 8)	56	36
Office supplies	39	36
Rentals (Note 21)	35	35
Communication, light and water (Note 21)	34	35
Write-off of assets	31	167
Amortization of other intangible assets (Note 13)	21	16
Training and development costs	20	16
Repairs and maintenance (Note 21)	13	13
Directors' fees (Note 21)	2	4
Others	28	97
	₱3,422	₱3,496

26. Salaries and Employee Benefits

This account consists of:

	2023	2022
	<i>(in Millions)</i>	
Salaries expense	₱2,000	₱1,745
LTIP expense (Note 21)	68	-
Retirement costs	139	119
Other employee benefits	846	527
	₱3,053	₱2,391
Cost of services (Note 24)	₱1,517	₱1,085
General and administrative expenses (Note 25)	1,536	1,306
	₱3,053	₱2,391

LTIP

Certain employees of the Company are eligible for long-term employee benefits under the LTIP. The liability recognized on the LTIP comprises the present value of the defined benefit obligation and was determined using the projected unit credit method. Each LTIP performance cycle generally covers three (3) years with payment intended to be made at the end of each cycle (without interim payments) and is contingent upon the achievement of an approved core income target of the Company by the end of the performance cycle. Each LTIP performance cycle is approved by the Company's Compensation Committee and its Board of Directors.



MPIC LTIP. On December 16, 2010, MPIC’s BOD approved the broad outline of MPIC’s strategic plans for 2010 to 2012 focusing on the development of new revenue streams to drive future growth while protecting the existing core business. To ensure the proper execution of the three-year plan, particularly with respect to the manpower resources being committed to such plans, the 2010 to 2012 LTIP, upon endorsement of MPIC’s Compensation Committee, was approved by MPIC’s BOD to cover the period from January 1, 2010 to December 31, 2012, or the 2010 to 2012 Performance Cycle.

Carrying value of the 2010 to 2012 LTIP cost recognized under “Other reserves” in the consolidated statements of financial position amounted to ₱23.1 million as at December 31, 2023 and 2022, representing MPIC’s share in the LTIP cost of the Company as per 2010 to 2012 LTIP (see Note 22).

MPTC LTIP Cycle 2018-2021. In 2018, MPTC’s management started to accrue for the LTIP of MPTC Group which is assumed to be effective January 1, 2018 (the LTIP Cycle 2018-2020). In 2020, the Group was not able to achieve the necessary core income to fulfill the cumulative core income target for the LTIP Cycle 2018-2020. Up until December 31, 2021, there were informal discussions to replace year 2020 with year 2021 in the LTIP Cycle 2018-2020. Subsequently on April 6, 2022, the Company’s Compensation and Remuneration Committee approved the LTIP Cycle 2018-2021, including its amendments, which were also approved by the BOD on April 7, 2022. The actual amount paid by the Company amounted to ₱466 million, and the excess accrual of ₱148 million was used to partially cover the provision for the MPTC 2022-2025 cycle.

MPTC LTIP Cycle 2022 - 2024. In 2023, the Group has started to accrue for the LTIP performance cycle 2022-2024 with expense for the cycle amounting to ₱68.0 million. Long-term incentive plan payable amounted to ₱125.0 million and ₱148.0 million as at December 31, 2023 and 2022, respectively. As at May 10, 2024, the approval of LTIP for the new performance cycle is yet to be approved by the BOD.

As at December 31, the LTIP payable presented in the noncurrent section of the consolidated balance sheet is as follows:

	2023	2022
	<i>(in Millions)</i>	
Balance at beginning of year	₱148	₱668
LTIP expense*	68	–
Payment	–	(466)
Reversal (Note 29)	(91)	(54)
	₱125	₱148

*Included in “Salaries and employee benefits” account under “General and administrative expenses” account.

Multi Employer Retirement Plan

On February 20, 2020, the Company’s BOD approved the MPTC Multi Employer Retirement Plan (the Plan) which aims to establish a harmonized retirement benefit for all employees within the MPTC Group. Companies covered in the Plan are MPTC, MPTNC, MPTDI, NLEX, MPT SMC, CIC and MPT Mobility. The plan would also accommodate possible transfer of employees from and to Participating Companies within the MPTC Group. Eligible Employees under the Plan will be entitled to higher benefits under the new Defined Benefit or their benefit under the Defined Contribution.



The existing Retirement Plan was amended mainly to incorporate the following:

1. The Amended Plan takes effect on February 20, 2020. It supersedes all the existing retirement plans in a Participating Company as of the date of adoption by such Company.
2. The Amended Plan is a hybrid of a Defined Benefit and Defined Contribution.

Under the Defined Benefit, the plan will continue to provide for lump sum benefit payments upon retirement. Contributions and costs are determined in accordance with the actuarial study made for the plan. The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out as of December 31, 2023 by certified actuaries.

No member shall be required to make any contributions to the Fund. However, starting on the Effective Date or his date of membership in this Plan, whichever is later, each Member shall have the option to contribute an amount not to exceed 50% of his net take-home pay for each succeeding month for the duration of his membership in the Plan and it shall be placed in the Member's Personal Retirement Account (PRA).

Beginning on the Effective Date, a Participating Company shall match its Members' contributions up to a maximum percentage of their monthly basic salary every month. This matching contribution shall be placed in the Members' PRA. A Member's contributions in excess of that percentage of his monthly basic salary shall not be accorded any matching contributions.

The total PRA balance shall be paid to the Member only in the event of his retirement, death, disability or separation from the Company. No part of a Member's PRA balance may be withdrawn while in service with the Company.

Upon completing the submission of all the requirements of each Participating Company, including the new sets of requirements required by Bangko Sentral ng Pilipinas in setting up a Retirement Plan, the setup of the Plan was concluded in March 2021.

As part of the amendment of the plan, to take advantage of the tax privileges that come with a formal retirement plan, an actuarial valuation was conducted to calculate the recommended contributions to support the benefits defined in our Retirement Plan Rules and these were submitted to BIR together with the other documentary requirements. The submission of Tax-Exemption Application was completed in April 2021.

Defined Benefit Retirement Plan

ESC, SAVVICE and PT Nusantara and its subsidiaries, have noncontributory defined benefit retirement plans covering all of their regular and full-time employees. The plans provide for lump sum benefit payments upon retirement. Contributions and costs are determined in accordance with the actuarial study made for the plan. The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out as at December 31, 2022 by certified actuaries.

As at December 31, 2023 and 2022, the retirement plans of ESC, SAVVICE and PT Nusantara and its subsidiaries are unfunded.

Under the Indonesian Labor Law, companies are required to pay separation, appreciation and compensation benefits to their employees if the conditions specified in the Indonesian Labor Law are met. PT Nusantara and its subsidiaries have recognized an unfunded employee benefits liability in accordance with the Indonesian Labor Law.



The following tables summarize the components of provision for retirement costs, included in “Salaries and employee benefits” under “Cost of services” (see Note 24) and “General and administrative expenses” (see Note 25) accounts in the consolidated statements of income and “Pension assets” and “Accrued retirement costs” accounts in the consolidated statements of financial position, which are based on the latest actuarial valuation.

Changes in accrued retirement costs (pension assets) of the Company in 2023 are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Accrued Retirement Costs (Pension Assets)
<i>(in Millions)</i>			
At January 1, 2023	₱1,010	₱563	₱447
Net benefit cost in consolidated statement of income:			
Current service cost	118	–	118
Net interest	54	38	16
Past service costs	5	–	5
	<u>177</u>	<u>38</u>	<u>139</u>
Benefits paid	<u>(40)</u>	<u>(13)</u>	<u>(27)</u>
Remeasurements in OCI (Note 22):			
Return on plan assets (excluding amount included in net interest)	–	17	(17)
Actuarial changes in demographic assumptions	1	–	1
Actuarial changes arising from changes in financial assumptions	26	–	26
Actuarial changes due to experience adjustments	5	–	5
	<u>32</u>	<u>17</u>	<u>15</u>
Contributions	–	115	(115)
Translation adjustment	11	–	11
At December 31, 2023	₱1,190	₱720	₱470
Pension assets			(₱4)
Accrued retirement costs			474
			₱470

Changes in accrued retirement costs (pension assets) of the Company in 2022 are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Accrued Retirement Costs (Pension Assets)
<i>(in Millions)</i>			
At January 1, 2022	₱869	₱499	₱370
Net benefit cost in consolidated statement of income:			
Current service cost	97	–	97
Net interest	41	21	20
Past service costs	2	–	2
	<u>140</u>	<u>21</u>	<u>119</u>
Benefits paid	<u>(17)</u>	<u>(1)</u>	<u>(16)</u>

(Forward)



	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Accrued Retirement Costs (Pension Assets)
	<i>(in Millions)</i>		
Remeasurements in OCI (Note 22):			
Return on plan assets (excluding amount included in net interest)	P-	(P6)	P6
Actuarial changes in demographic assumptions	1	-	1
Actuarial changes arising from changes in financial assumptions	(20)	-	(20)
Actuarial changes due to experience adjustments	77	-	77
	58	(6)	64
Contributions	-	50	(50)
Translation adjustment	(40)	-	(40)
At December 31, 2022	P1,010	P563	P447
Pension assets			(P4)
Accrued retirement costs			451
			P447

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The actual return on plan assets amounted to P17 million and P6 million in 2023 and 2022, respectively.

Under the Multi Employer Retirement Plan, MPTC and NLEX Corp. are expected to contribute a total of P115 million on their defined benefit retirement plans in 2023.

The major categories of plan assets follow:

	2023	2022
Investments in:		
Government securities	71.9%	66.4%
Debt securities	6.9%	9.8%
UITF	1.3%	7.6%
Equity securities	19.1%	15.8%
Cash and cash equivalents	0.2%	0.0%
Receivables and others	0.6%	0.4%
	100.0%	100.0%

The plan assets' carrying amount approximates its fair value since these are short-term in nature or marked-to-market. Philippine bonds and treasury notes consist of government-issued securities and corporate bonds and subordinated notes. Government securities consist primarily of fixed-rate treasury notes and retail treasury bonds. Philippine equity securities pertain to investment in shares of various listed entities.



The principal assumptions used to determine accrued retirement costs as of beginning of the year are as follows:

	2023	2022
Discount rate	6.12%-7.31%	7.12%-7.34%
Salary increase rate	5.00%-7.00%	5.00%-7.00%

For subsidiaries with defined benefit retirement plans, the sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31 assuming if all other assumptions were held constant:

		Increase (Decrease) in the Defined Benefit Obligation	
		2023	2022
		<i>(in Millions)</i>	
Discount rate	(Actual + 1.00%)	(P490)	(P718)
	(Actual - 1.00%)	894	825
Salary increase rate	(Actual + 1.00%)	P881	P775
	(Actual - 1.00%)	(499)	(885)

The management performed an Asset-Liability Matching Study annually. The overall investment policy and strategy of the Company's defined benefit plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans. The Company's current strategic investment strategy consists of 99.56% of debt instruments and 0.44% cash.

The average duration of the defined benefit obligation at December 31, 2023 and 2022 is 14.07 years and 17.14 years, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2023	2022
	<i>(in Millions)</i>	
Less than 1 year	P297	P164
More than 1 year to 5 years	316	258
More than 5 years to 10 years	596	559
More than 10 years to 15 years	737	610
More than 15 years to 20 years	563	773
More than 20 years	1,527	2,409



27. Interest Income

Sources of interest income follow:

	2023	2022
	<i>(in Millions)</i>	
Finance lease receivables and concession financial receivables (Notes 9 and 16)	₱157	₱218
Cash and cash equivalents and restricted cash (Note 7)	326	112
Debt instruments at FVOCI (Note 15)	26	70
	₱509	₱400

28. Interest Expense and Other Finance Costs

Details of interest expense and other finance costs follow:

	2023	2022
	<i>(in Millions)</i>	
Interest expense on:		
Long-term debt (Note 19)	₱5,943	₱3,694
Provision for heavy maintenance (Note 18)	31	62
Lease liabilities (Note 17)	9	5
Short-term loans (Note 19)	20	3
Other finance costs:		
Amortization of debt issue costs (Note 19)	58	68
Bank charges	55	16
Penalties on extinguishment of debt (Note 19)	–	95
	₱6,116	₱3,943

29. Other Income

Details of other income follow:

	2023	2022
	<i>(in Millions)</i>	
Gain on sale of investment in associate - net (Note 10)	₱224	₱–
Dividend income (Note 15)	125	103
Reversal of LTIP (Note 26)	91	54
Gain on fair value changes of financial assets (Note 15)	70	6
Loss on deconsolidation – net (Note 9)	(56)	–
Gain on sale of property and equipment (Note 12)	8	7
Management fees (Note 21)	–	11
Others	8	8
	₱470	₱189



30. Income Taxes

The provision for current income tax consists of:

	2023	2022
	<i>(in Millions)</i>	
Regular corporate income tax (RCIT)	₱2,640	₱2,160
MCIT	14	6
Final tax on interest income	80	28
	₱2,734	₱2,194

The components of the Company's net deferred tax liabilities follow:

	2023	2022
	<i>(in Millions)</i>	
Deferred Tax Liabilities		
Present value of concession fees capitalized as service concession asset	₱4,417	₱4,397
Excess of fair values over book values arising from business combinations	2,135	2,047
Difference in method of amortization of service concession assets	855	864
Fair value changes on financial assets at FVOCI	355	263
Unamortized realized foreign exchange losses capitalized	6	8
Pension assets	(5)	(39)
Others	26	48
	7,789	7,588
Deferred Tax Assets		
Service concession fees payable	4,403	4,384
Provision for heavy maintenance	128	142
Accrued retirement costs	30	43
Allowance for ECL	–	12
NOLCO	19	10
Long-term incentive plan payable	4	1
Unearned revenue	1	1
Others	16	3
	4,601	4,596
Deferred tax liabilities – net	₱3,188	₱2,992

Deferred tax assets and deferred tax liabilities reflected in the consolidated statements of financial position are as follows:

	2023	2022
	<i>(in Millions)</i>	
Deferred tax assets – net	₱126	₱29
Deferred tax liabilities – net	(3,314)	(3,021)
	(₱3,188)	(₱2,992)

For tax purposes, NLEX Corp. used the UOP method of amortization for the civil work component of the service concession assets as approved by the BIR. In previous years, CIC used the double



declining balance method of amortization for R-1 Expressway while straight-line method for R-1 Expressway Extension as approved by the BIR. In 2021, BIR approved the change in CIC's amortization methodology to UOP beginning 2021. PT Nusantara used the straight-line method of amortization for the service concession assets as approved by the Directorate General of Taxes (DGT).

Certain subsidiaries under the Company have the following temporary differences, NOLCO and MCIT for which no deferred tax assets have been recognized since management believes that it is more likely than not that these will not be realized in the future:

	2023	2022
	<i>(in Millions)</i>	
NOLCO	₱6,090	₱3,448
Accrued expenses and provisions	63	73
MCIT	42	38
Retirement costs and past service costs	3	22
Depreciation of ROU assets	49	49
Interest accretion on lease liabilities	26	26
	₱6,273	₱3,656

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

As at December 31, 2023 and 2022, the Company has excess MCIT that can be applied as tax credit against future income tax due under RCIT.

Year Paid/Incurred	Expiration Date	2023	2022
		<i>(in Millions)</i>	
2020	December 31, 2023	₱-	₱4
2021	December 31, 2024	32	32
2022	December 31, 2025	2	2
2023	December 31, 2026	8	-
		₱42	₱38

The movements in MCIT are as follows:

	2023	2022
	<i>(in Millions)</i>	
Balance at beginning of year	₱38	₱41
Additions	8	2
Applications	-	(3)
Expirations	(4)	(2)
Balance at end of year	₱42	₱38

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(b) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.



As at December 31, 2023, certain subsidiaries under the Company incurred the following NOLCO which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment Period	Amount	NOLCO Expired/Utilized <i>(in Millions)</i>	NOLCO Unapplied
2022	2023-2025	₱2,359	₱-	₱2,359
2023	2024-2026	2,643	1	2,642
		₱5,002	₱1	₱5,001

The Company has incurred NOLCO in the following taxable years which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	Amount	NOLCO Expired/Utilized <i>(in Millions)</i>	NOLCO Unapplied
2020	2021-2025	₱999	₱173	₱826
2021	2022-2027	263	-	263
		₱1,262	₱173	₱1,089

In 2018, the Company acquired PT Nusantara, which has incurred NOLCO in prior years. Under Indonesian Tax Laws, NOLCO may be carried forward for a maximum period of five (5) years. PT Nusantara's NOLCO that can be claimed as deduction from future taxable income as follows:

Year Incurred	Availment Period	Amount	NOLCO Expired/Utilized <i>(in Millions)</i>	NOLCO Unapplied
2017	2018-2022	₱317	₱317	₱-

The movements in NOLCO are as follows:

	2023	2022
	<i>(in Millions)</i>	
Balance at beginning of year	₱3,448	₱1,579
Additions	2,643	2,359
Expirations	(1)	(489)
Application of NOLCO	-	(1)
Balance at end of year	₱6,090	₱3,448



The reconciliation of provision for income tax computed at the statutory income tax rate to provision for income tax as shown in the consolidated statements of income as follows:

	2023	2022
	<i>(in Millions)</i>	
Income before income tax	₱10,015	₱9,313
Income tax computed at statutory tax rate of 25%	2,504	2,328
Add (deduct) tax effects of:		
Nondeductible expenses and others	372	192
Dividend income not subject to tax	29	16
Interest income subjected to final tax	(108)	(23)
Effect of difference in tax rate of foreign operations	(4)	(55)
Equity in net losses (earnings) of associates and joint ventures	41	(103)
Effect of optional standard deduction (OSD)	(1,058)	(818)
Change in unrecognized deferred tax assets	181	371
Movement in NOLCO	661	169
Adjustment in respect of current income tax of previous year	-	81
Final tax on interest income	80	28
Movement in MCIT	1	1
	₱2,699	₱2,187

On December 18, 2008, the BIR issued Revenue Regulation (RR) 16-2008, which implemented the provisions of RA No. 9504 on OSD, which allowed both individual and corporate taxpayers to use OSD in computing their taxable income. For corporations, they may elect a standard deduction in an amount equivalent to 40% of gross income, as provided by law, in lieu of the itemized allowed deductions.

NLEX Corp. and CIC opted to avail of the OSD for the taxable years 2023 and 2022.

The reconciliation of net deferred tax liabilities is summarized as follows:

	2023	2022
	<i>(in Millions)</i>	
Balance at beginning of year	₱2,992	₱2,932
Income tax effect during the year recognized in OCI (Note 22)	(22)	71
Translation adjustment	253	(4)
Provision for deferred income tax during the year recognized in the profit or loss	(35)	(7)
Balance at end of year	₱3,188	₱2,992

Registration with the Board of Investments (BOI)

On August 3, 2017, the CALAX project was registered with the BOI as a new project on a non-pioneer status under the Omnibus Investment Code of 1987. Under this registration, MPCALA will enjoy certain tax and nontax incentives including a four-year Income Tax Holiday (ITH) on the income arising the CALAX project starting from July 2020 or actual start of commercial operations, whichever is earlier and subject to certain conditions among others, (i) MPCALA shall submit proof



of upgraded service quality as result of the implementation of the modernization project; (ii) the ITH's entitlement shall be based on the project's ability to contribute to the economy's development based on certain parameter indicated in Certificate of Registration; and (iii) MPCALA shall endeavor to undertake meaningful and sustainable corporate social responsibility activities.

On September 7, 2020, MPCALA requested for BOI's approval of the request for a change in the commencement date of its ITH availment period from July 2020 to February 11, 2020.

On October 1, 2020, the BOI approved the adjustment of the ITH incentive availment period, starting from February 11, 2020 to February 10, 2024, which is 4 months and 21 days earlier than July 2020. The ITH incentive enjoyed by MPCALA amounted to ₱0.3 million in 2021.

In January 2021, BOI granted a Certificate for ITH Entitlement to MPCALA for the year 2020. MPCALA has started the availment of ITH upon start of commercial operation in February 2020.

In March 2022, BOI granted a Certificate for ITH Entitlement to MPCALA for the year 2021.

31. Significant Contracts and Commitments

Toll Collection Interoperability Agreement

On September 15, 2017, several companies including MPTC signed a Memorandum of Agreement (MOA) for Toll Collection Interoperability with TRB. The agreement aims to implement the interoperability of electronic toll collection systems and cash payment systems of the covered expressways and future toll expressways. The agreement will be implemented in two phases, covering electronic and cash collection interoperability, and will be operationalized within 12 months from signing of the MOA. MPTC's toll collection lanes (NLEX, SCTEX, CAVITEX and portion of the CALAX) are currently accepting Autosweep tags enrolled to the Easytrip system, with enrollment starting on December 20, 2017.

MPTC will submit a program of activities to TRB for the completion of Phase 2 of the Interoperability, which will include an RFID replacement program. This program will ensure that all Easytrip subscribers who want to register their stickers with San Miguel Corporation (SMC) expressways will be provided with the appropriate RFID sticker after the concurrence of SMHC.

Coordination meetings were held in August 2022, as directed by the House of Representatives and DOTr, with DOTr, TRB, MPTC, SMC Tollways, and Ayala MCX, to discuss the implementation of Phase 3 Interoperability, which is the One RFID tag, one wallet, one account scheme. The parties agreed that Phase 2 implementation and the MPTC RFID tag replacement are no longer required as pre-requisites for Phase 3, and therefore, Phase 3 should proceed. The parties also agreed to use the Neology brand RFID sticker for future installations. However, tollways operators raised concerns, such as the lack of governing laws/policies for unification, no central tolling agency, and no framework for technical, financial, and legal aspects of interoperability. DOTr and TRB requested the tollways operators to provide a presentation of their proposed framework for implementing Phase 3.

In a meeting held on September 5, 2022, MPTC proposed the use of the New Account Management System (AMS) in the Phase 3 Interoperability Project. The proposed architecture involves the connection of the AMS with the application programs of SMC and other Tollways Operators through an Application Programming Interface (API). The New AMS is currently implemented by MPTC at CCLEX in Cebu and will soon be implemented at MPTC Luzon tollways. It was raised during the meeting that creating a clearing house for the implementation of Phase 3 would incur costs, and TRB mentioned that it will consider the activities done by BSP concerning the clearing house.



Starting January 15, 2023, users of the Easytrip RFID were allowed to register their stickers with SMC Tollways' Autosweep. This will allow the registered users to use a single RFID sticker while maintaining two separate RFID accounts with Easytrip and Autosweep.

Last July 25, 2023, on a meeting with TRB, both MPTC and SMC insisted on the return of full contactless payment for it is an important prerequisite to the successful implementation of Phase 3 ETC Interoperability. TRB allowed the contactless dry run for two (2) months which commenced last September 1, 2023. All toll plazas of NLEX, C-5 Link and MCX qualified to conduct the dry run. Selected SMC toll plazas were also included.

On October 23, 2023, the TRB Technical Working Group accepted the proposed opt-in scheme for Phase 3 ETC Interoperability and the adjusted timeline jointly presented by MPTC and SMC. The January 2024 implementation was moved to July 2024 and includes the test in December 2023 required by members of House of Representatives.

On October 31, 2023, the end of two (2) months contactless dry run, TRB announced the extension for another two (2) months which will be up to December 31, 2023.

On November 17, 2023, MPTC and SMC made a joint presentation to TRB Board. MPTC presented the opt-in or voluntary enrolment to interoperability phase 3 and the updated estimated target go-live by July 2024. Both of which are approved and accepted by the TRB Board but they emphasized that MPTC devise ways to digitize the enrolment process and/or minimize the need for the toll users' presence in the implementation of Phase 3.

On December 20, 2023, MPTC-SMC Proof of Concept (POC) testing was done with TRB and DPWH. The full interoperability (one sticker, one wallet) functionality was tested and is working with some issues encountered upon generation of SOA. Issues include, incorrect toll vehicle class, toll fee amount excluded VAT, and incorrect mapping of entry and exit plazas.

Rectifications were made and on January 10, 2023, 2nd POC was held with the same attendees. The 2nd POC results were successful. The direct data exchange system was demonstrated during the testing and the results were considered successful with identified improvements.

NLEX PNCC Fee

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

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

On December 2, 2010, NLEX Corp. received a letter from the TRB dated November 30, 2010, citing a decision of the Supreme Court (SC) dated October 19, 2010 directing NLEX Corp. to remit forthwith to the National Treasury, through TRB, all payments representing PNCC's percentage share of the toll revenues and dividends, if any, arising out of PNCC's participation in the MNEP. In the said decision, the SC ruled, among others, that after the expiration of the franchise of PNCC, its share/participation in the JVAs and STOAs, inclusive of its percentage share in toll fees collected by



joint venture companies currently operating the expressways, shall accrue to the Philippine Government.

On April 12, 2011, the SC issued a resolution directing NLEX Corp. to remit PNCC's share in the net income from toll revenues to the National Treasury and the TRB, with the assistance of the Commission on Audit (COA), was directed to prepare and finalize the implementing rules and guidelines relative to the determination of the net income remittable by PNCC to the National Treasury.

In accordance with the TRB directive, 90% of the PNCC fee and dividends payable is being remitted to the TRB, while the balance of 10% to PNCC. NLEX Corp. recorded PNCC fee amounting to ₱1,064.5 million and ₱876.1 million in 2023 and 2022, respectively (see Note 24).

NLEX Harbor Link Port Extension to Anda Circle Project

On October 19, 2020, the recommendation of the DPWH to TRB to implement the proposed Harbor Link Port Extension to Anda Circle Project of NLEX Corp. has been approved. This project is within the scope of the existing NLEX-Main concession. NLEX Corp. has been advised to proceed on the preparation, completion and submission of requirements, documents and processes that are necessary on the implementation of the project. As at May 10, 2024, NLEX Corp. is still waiting for the approval of the project's investment scheme by TRB.

Construction of NLEX-SLEX Connector Road

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

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

The project will utilize portions of the existing right of way of the PNR.

The NLEX Connector Road Section 1 was opened to the public while Section 2 is 78.73% complete. The connection between the Connector Road with SLEX is still ongoing construction.

NLEX Candaba Central Infill (3rd Viaduct)

On February 1, 2023, the Company entered into a ₱6.21 billion target cost contract with Leighton Contractors (Asia) Limited (LCAL) for the design and construction of the Candaba 3rd Viaduct Project over a period of 23 months. The Project has been approved by the TRB last June 2022 based on the preliminary cost estimate. In January 2023, after completing the competitive selection of contractor with the most responsive preliminary engineering design and costing, the Company submitted an updated supplemental project information memorandum to the TRB. This incorporates the actual bid price of the preferred contractor and the corresponding investment recovery scheme in the form of an add-on toll in the closed system of NLEX. As at December 31, 2023, the construction of Candaba Central Infill (3rd Viaduct) is 31.46% complete.

As at May 10, 2024, the 3rd Viaduct is expected to be completed in November 2024.

Construction of Feeder Roads

On October 20, 2011, CIC and CHI executed a MOA, wherein, CHI shall grant CIC a right-of-way to certain segments of the property CHI plans to reclaim, to allow CIC to construct four (4) feeder roads. The four (4) feeder roads are estimated to cost ₱520.0 million where CHI shall be liable for



approximately 50% of construction costs. Actual contribution of CHI amounting to ₱256.7 million was received by CIC in 2012 and presented as “Other noncurrent liabilities” account as at December 31, 2023 and 2022. As at May 10, 2024, the construction of the feeder roads has not yet started.

Construction of the CALAX

Laguna Segment. On February 14, 2017, MPCALA awarded the contract to DMCI for the construction of the 18.15 km Laguna segment of the CALAX project. A formal groundbreaking ceremony was held last June 19, 2017 and construction officially commenced last July 3, 2017.

Sub-sections 4, 5 and 6 to 8, portion of the Laguna Segment, commenced operations in November 2023, August 2021 and October 2019, respectively. The remaining section of the Laguna Segment is expected to be completed in 2024.

Cavite Segment. In July 2017, MPCALA signed a contract with LCAL for the construction of the 26.48 km Cavite segment of the CALAX project. The Cavite Segment is expected to be completed in 2025.

Grant of Original Proponent Status to MPT South for Cavite Tagaytay Batangas Expressway (CTBEx)

On July 26, 2018, MPT South, a subsidiary of MPTC, was granted Original Proponent Status by the DPWH in relation to its unsolicited proposal for the CTBEx Project.

The CTBEx Project, a 50.42-km toll facility, is intended to connect seamlessly with the CALAX and CAVITEX of MPTC and is expected to provide congestion relief to Aguinaldo Highway and Tagaytay-Nasugbu road. It is currently configured to have eight (8) main interchanges and two (2) spur roads.

The final award of the CTBEx Project to MPT South will be subject to completion of all regulatory approvals and the Swiss Challenge under existing laws.

On July 5, 2021, MPT South secured the Silang Local Government Unit endorsement of CTBEx Project. The required endorsement from the Batangas Provincial District Council was secured on January 21, 2021. Once secured, the CTBEx Project was presented for approval and endorsement by the National Economic and Development Authority (NEDA) Regional District Council. Project is still under review by the NEDA Investment Coordination Committee Technical Board with ongoing exchanges of responses on the proposed Parameters, Terms, and Conditions (PTC).

Following the implementation of the Revised BOT Law IRR dated October 2022, the Grantor requested for the re-submission of the unsolicited proposal with additional requirements currently being complied with by the Proponent. The CTBEx, however, remains to be listed as a Priority Project by the National Government.

Construction of CAVITEX C-5 South Link Expressway

On May 16, 2018, the Company entered into a contract with FF Cruz for the construction of Phase 1 (Segment 3-A). Construction officially commenced on June 2, 2018. The project was completed by second quarter of 2019.

On July 10, 2020, the Company entered into a contract with A.M. Oreta & Co., and China Harbour Engineering Company for the construction of Phase 2 (Segments 2 and 3A-2). Construction officially commenced on July 22, 2020. The C-5 South Link is expected to be fully operational by 2025.



Lease Contract

MPT Mobility entered into various lease agreements covering its leased commercial spaces. The lease agreements have lease terms of five (5) to 20 years and a rental fee that is based on a minimum guaranteed rent for the first two (2) or three (3) years depending on the agreement with the lessee, or a percentage of gross sales, whichever is higher.

Upon signing of the lease contract, the lessees shall pay an advance rent and rental deposit which shall be returned to the lessee after the expiration or termination of the lease contract.

Rental income earned from this investment property amounted to ₱108.2 million and ₱97.1 million in 2023 and 2022, respectively (see Notes 14 and 23).

Agreements to Purchase Parcels of Land

CCLEC. On July 20, 2017, CCLEC entered into an option agreement with an individual with respect to a parcel of land in Cordova, Cebu. Under the terms of the agreement, CCLEC may purchase all or part of the subject land, measuring 41,098 square meters, for ₱5,000/sq. m on or before the option period of 120 days. CCLEC paid an option money amounting to ₱10.0 million which will be applied as part of the agreed purchase price.

On November 23, 2017, the parties entered into a supplemental agreement extending the option period from 120 days to 150 days, which ended on April 22, 2018. On the same date, CCLEC made an advance payment amounting to ₱20.0 million which will also be applied as part of the agreed purchase price. Under the provisions of the supplemental agreement, CCLEC may exercise the option to buy a portion of the land equivalent to the total amount of ₱30.0 million in the event that the CCLEX project does not materialize. In 2018, the Company paid an additional ₱20.0 million for the purchase of the parcel of land.

On October 1, 2018, the Company entered into a deed of absolute sale with a third-party corporation for a purchase of a parcel of land for a total a total consideration of ₱13.9 million (inclusive of VAT). The said property was capitalized to service concession assets in 2019 since it is used for the construction of the project.

In 2019, CCLEC entered into the following deeds of absolute sale with third party individuals:

- On May 9, for a purchase of a parcel of land for a total consideration of ₱68.9 million (inclusive of all taxes); and
- On December 9, for a purchase of parcels of land for a total consideration of ₱35.0 million (inclusive of all taxes).

As at December 31, 2023 and 2022, the costs of the parcels of land are recorded under the “Service concession assets” account in the consolidated statements of financial position.

MPT Vizmin. On September 17, 2020, MPT Vizmin entered into a construction contract with BNR CDC (the Contractor) for the construction of Cebu-Cordova Link Expressway Operations Center and MPT Vizmin Corporate Center and Motorist Assistance Area Embankment and Building Foundation Works. The project was completed on November 26, 2021.

On August 3, 2021, MPT Vizmin entered into another construction contract with PSC (the Contractor) for the construction of MPT Vizmin Corporate Office and Motorist Assistance Area and Other Ancillary Works. The project was fully completed on October 10, 2022.



MPT South. In May 2018, MPT South entered into a Deed of Sale with Donidale Holdings, Incorporated for the acquisition of a parcel of land located in Imus Estate Subdivision, Province of Cavite, for a total consideration of ₱180.0 million, inclusive of VAT and withholding tax. The land is acquired for the construction of the South headquarters to be used by MPT South, CIC, MPCALA and MPT SMC. Consequently, the title of the land was transferred to the Company.

On October 1, 2020, the Company entered into a deed of assignment with MPT SMC whereby all of MPT South's rights, title, and interest in and to the land is assigned to MPT SMC and MPT South shall subscribe to additional shares of stock of MPT SMC, subject to the availability of the latter's unissued shares of stock.

On January 24, 2021, a MOA was executed between the MPT South and MPT SMC which states that MPT SMC will be the beneficial owner of the land upon arrival of its increase in capital stocks from the Philippine SEC. On January 18, 2022, MPT South filed for an increase in the authorized capital stock with the Philippine SEC.

On July 20, 2022, the Philippine SEC approved the increase of MPT SMC's capital stock from 200,025,000 common shares with a par value of ₱1.00 per share to 400,000,000 common shares with a par value of ₱1.00 per share. Subsequently, MPT South subscribed and paid for 170,000,000 new common shares of the Company with a par value of ₱1.00 per share by way of transfer of MPT South's land with a transfer value amounting to ₱170.0 million.

Agreement for the Design, Supply, Installation, Testing and Commissioning of Fixed Operating Equipment (FOE)

On December 14, 2020, CCLEC entered into an agreement with Indra Philippines, Inc (Indra). for the design, supply, installation, testing and commissioning of CCLEX FOE specifically the traffic management and telecommunication systems. The period of the contract is 14 months from the issuance of the Notice to Proceed. As at May 10, 2024, the work is still on-going.

On January 27, 2021, the Company entered into an agreement with RTS Technology Philippines, Inc. for the design, supply, installation, testing and commissioning of CCLEX FOE specifically the toll collection systems. The period of the contract is 14 months from the issuance of the Notice to Proceed. The work is completed on December 11, 2022.

A.P. Pettarani Elevated Toll Road

On April 2, 2018, MMN entered into agreement for the Contract of Design and Construction of A.P. Pettarani Elevated Toll Road (Section III) Makassar (Pettarani toll road) with PT Wijaya Karya Beton Tbk. The 4.4-km Pettarani toll road connects Soekarno-Hatta Port (Makassar) and Sultan Hasanuddin Airport to Makassar's business district and city center. Construction of the Pettarani toll road was completed in March 2021 while toll collection started in May 2021.

Appointment of Implementation of PT Bintaro Serpong Damai (BSD) Construction Project

On January 24, 2022, BSD obtained work order from the Indonesian Toll Road Authority ("BPJT") for the construction of Weaving the Serpong Ramp Junction and the Pamulang Exit Ramp and the widening of Pamulang Exit Arterial Road, and Flood Mitigation KM 8. The project construction had commenced in March 2022 and was completed in December 2023. Total project cost amounted to ₱2.4 billion.

On February 7, 2022, BSD obtained work order from BPJT for the construction of toll access to Makassar New Port in Makassar, South Sulawesi. The project construction had commenced in March 2022 and was completed in December 2023. Total project cost amounted to ₱2.6 billion.



32. Financial Risk Management Objectives and Policies and Capital Management

The Company's principal financial instruments consist mainly of borrowings from third-party creditors, proceeds of which were used for the acquisition of investments and for financing operations. The Company has various other financial instruments such as cash and cash equivalents, receivables from trade debtors and payables to trade creditors and other government bodies, which arise directly from its operations. The Company also holds financial assets at FVTPL and FVOCI in 2023 and 2022.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk which are discussed in detail below. The BOD reviews and approves policies of managing each of these risks and they are enumerated in the next pages:

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to the Company's long-term debt obligations with floating interest rates. To minimize interest rate risk, the Company manages interest cost by evaluating market rate trends. Management conducts assessments among interest rates offered by banks to obtain the most favorable interest rates before making decisions on its placements and prior to entering loan agreements. The Company also continuously monitors fluctuations of interest rates to manage interest rate risks.

The following tables set out the principal amount, by maturity, of the Company's interest-bearing financial assets and liabilities:

	December 31, 2023					Total
	Interest Rate	Within the Year	2-3 Years	4-5 Years	More than 5 Years	
<i>(in Millions)</i>						
Fixed-rate financial assets:						
Cash and cash equivalents and restricted cash ^(a)	0.10%–4.00%	₱30,664	₱–	₱–	₱–	₱30,664
Financial assets at FVOCI	2.13%–5.75%	99	1,816	–	–	1,915
		₱30,763	₱1,816	₱–	₱–	₱32,579
Fixed-rate financial liabilities:						
Term loan facilities	4.80%–8.88%	₱4,875	₱5,028	₱17,236	₱49,074	₱76,213
Fixed-rate bonds	5.50%–6.90%	2,600	4,000	2,000	–	8,600
Corporate notes	4.66%–4.97%	2,268	2,268	4,634	8,377	17,547
Short-term loans	6.00%–6.70%	3,530	–	–	–	3,530
Floating-rate loans:						
Term loan facilities	6.06%–8.18%	211	211	2,321	18,252	20,995
Foreign currency-denominated loans:						
Syndicated loan facility	8.51%	336	455	2,266	1,931	4,988
Term-loan facilities	7.25%–9.75%	14,841	982	902	4,608	21,333
		₱28,661	₱12,944	₱29,359	₱82,242	₱153,206

(a) Excluding cash on hand amounting to ₱174.3 million as at December 31, 2023.

	December 31, 2022					Total
	Interest Rate	Within the Year	2-3 Years	4-5 Years	More than 5 Years	
<i>(in Millions)</i>						
Fixed-rate financial assets:						
Cash and cash equivalents and restricted cash ^(a)	0.10%–4.00%	₱13,386	₱–	₱–	₱–	₱13,386
Financial assets at FVOCI	2.13%–5.75%	107	1,963	–	–	2,070
		₱13,493	₱1,963	₱–	₱–	₱15,456
Fixed-rate financial liabilities:						
Term loan facilities	4.45%–8.88%	₱3,582	₱4,758	₱18,143	₱38,728	₱65,211
Fixed-rate bonds	5.50%–6.90%	–	2,600	4,000	2,000	8,600
Corporate notes	5.50%–6.90%	2,268	2,268	6,812	8,467	19,815
Short-term loans	4.30%–6.90%	530	–	–	–	530

(Forward)



	December 31, 2022					Total
	Interest Rate	Within the Year	2-3 Years	4-5 Years	More than 5 Years	
			<i>(in Millions)</i>			
Floating-rate loans:						
Term loan facilities	6.06%–8.18%	₱105	₱211	₱1,161	₱19,623	₱21,100
Foreign currency-denominated loans:						
Syndicated loan facility	7.00%	239	794	1,349	2,863	5,245
Term-loan facilities	7.5%–9.75%	3,790	13,079	762	964	18,595
		₱10,514	₱23,710	₱32,227	₱72,645	₱139,096

(a) Excluding cash on hand amounting ₱105.5 million as at December 31, 2022.

Interest on financial instruments classified as floating rate is repriced semi-annually on each interest payment date. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument, except for certain term loan facilities which will be repriced after five (5) or seven (7) years from their initial drawdown dates. Should the interest rate on the repricing date be significantly higher than the current fixed rate, the Company has an option to prepay or refinance the loan.

The other financial instruments of the Company that are not included in the above table are noninterest-bearing and are therefore not subject to cash flow interest rate risk.

The following table demonstrates the sensitivity of income to changes in interest rates with all other variables held constant. The management expects that interest rates will move by ± 50 basis points within the next reporting period. There is no other impact on the Company's equity other than those already affecting the consolidated statement of income:

	Increase/Decrease in Basis Points	Effect on Income Before Income Tax <i>(in Millions)</i>
2023	+50	(₱207)
	-50	207
2022	+50	(₱32)
	-50	32

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company consolidates PT Nusantara, an infrastructure company based in Indonesia. Payment for PT Nusantara's loans, which are denominated in Rupiah, is to be sourced from cash generated from operations, also denominated in Rupiah.

The Company aims to minimize economic and material transactional exposures arising from currency movements against the peso.



The following table demonstrates the sensitivity of income to changes in foreign exchange rates with all other variables held constant. The estimates in the movement of the foreign exchange rates were based on the management's annual financial forecast. There is no other impact on the Company's equity other than those already affecting the consolidated statements of income:

	Increase/Decrease in Foreign Exchange Rates	Effect on Income Before Income Tax <i>(in Millions)</i>
2023	+4%	(P25)
	-4%	25
2022	+4%	P23
	-4%	(23)

Credit Risk

Credit risk is the risk that the Company will incur loss arising from customers, clients or counterparties that fail to discharge their contracted obligations. Exposure to credit risk is managed through a credit review where an analysis of the obligors to meet their obligations is considered.

Receivables arose mainly from electronic toll card service providers of PT Nusantara motorists ply on its toll roads. Trade receivables also come from energy sales and treated water sales from the respective customers of RPSL and DCC which are instrumentalities of the government of Indonesia.

The company has trade receivables that came from non-toll revenues such as advertising services and manpower services provided to external customers. These receivables are considered as low-risk as these came from well-established companies. Receivables also arose from motorists who cause accidental damage to NLEX property from day-to-day operations. Property damage claims are initially processed by NLEX Corp. The Company also has advances to DPWH, a Philippine government entity, which is covered by a Reimbursement Agreement.

The Company also generates non-toll revenues in the form of service fees collected from business locators, generally called TSF, along the stretch of the NLEX. The collection of such fees is provided in the STOA and is based on the principle that these TSF derive benefit from offering goods and services to NLEX motorists. The fees range from one-time access fees to recurring fees calculated as a percentage of sales. The arrangements are backed by a service facility contract between the Company and the various locators. The credit risk on these arrangements is minimal because the fees are collected monthly mostly from well-established companies. The exposure is also limited given that the recurring amounts are not significant and there are adequate safeguards in the contract against payment delinquency. Nevertheless, the Company closely monitors receivables from the TSF.

The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets. The Company does not require any collateral for its financial assets.



The table below shows the maximum exposure to credit risk for the Company's financial assets, without taking account of any collateral, credit enhancements and other credit risk mitigation techniques:

	2023	2022
	(in Millions)	
Cash and cash equivalents ^(a)	₱15,127	₱11,084
Financial assets at FVTPL	1,742	8,827
Receivables ^(b)	3,261	2,747
Restricted cash	15,537	2,302
Concession financial receivables ^(c)	1,169	1,115
Due from related parties	70	470
Refundable deposits ^(d)	27	60
	₱36,933	₱26,605

^(a) Excluding cash on hand amounting to ₱174.3 million and ₱105.5 million as at December 31, 2023 and 2022, respectively (see Note 7).

^(b) Amount is gross of allowance for ECL and excluding advances to officers and employees amounting to ₱128.6 million and ₱107.1 million as at December 31, 2023 and 2022, respectively (see Note 8).

^(c) Included in "Other current assets" (see Note 9) and "Other noncurrent assets" (see Note 16) accounts in the consolidated statements of financial position.

^(d) Included in "Other noncurrent assets" account in the consolidated statements of financial position (see Note 16).

The Company's cash and cash equivalents, restricted cash and financial assets at FVTPL are placed with reputable local and international banks and companies and the Philippine government which meet the standards of the Company's BOD.

The table below shows the gross carrying amount of financial assets and the loss allowances:

	Not Credit-impaired		Credit-impaired		Total	
	Gross Carrying Amount	Allowance for ECL	Gross Carrying Amount	Allowance for ECL	Gross Carrying Amount	Allowance for ECL
(in Millions)						
December 31, 2023						
Cash and cash equivalents	₱15,127	₱-	₱-	₱-	₱15,127	₱-
Restricted cash	15,537	-	-	-	15,537	-
Financial assets at FVTPL	1,742	-	-	-	1,742	-
Receivables	2,950	-	311	311	3,261	311
Due from related parties	70	-	-	-	70	-
Concession financial receivables	1,169	-	-	-	1,169	-
Refundable deposits	27	-	-	-	27	-
	₱36,622	₱-	₱311	₱311	₱36,933	₱311
December 31, 2022						
Cash and cash equivalents	₱11,084	₱-	₱-	₱-	₱11,084	₱-
Restricted cash	2,302	-	-	-	2,302	-
Financial assets at FVTPL	8,827	-	-	-	8,827	-
Receivables	2,520	-	227	227	2,747	227
Due from related parties	470	-	-	-	470	-
Concession financial receivables	1,115	-	-	-	1,115	-
Refundable deposits	60	-	-	-	60	-
	₱26,378	₱-	₱227	₱227	₱26,605	₱227



Set out below is the information about the credit risk exposure on the Company's receivables:

	Current	Days past due				Total
		<30	31-60	61-90	>90	
<i>(In Millions except for expected loss rates)</i>						
December 31, 2023:						
Expected loss rate	–%	–%	–%	–%	27%	7%
Gross carrying amount	₱192	₱54	₱174	₱906	₱1,935	₱3,261
Loss allowance	–	7	–	–	304	311
December 31, 2022:						
Expected loss rate	–%	–%	–%	–%	27%	7%
Gross carrying amount	₱416	₱94	₱200	₱744	₱1,293	₱2,747
Loss allowance	–	–	–	–	277	277

With the exception of the impaired portion and past due accounts, all of the Company's financial assets are considered high-grade receivables since these are receivables from counterparties who are not expected to default in settling their obligations and from reputable companies. Other counterparties also have corresponding collectibles from the Company for certain contracted services. The first-layer of security comes from the Company's ability to offset amounts receivable from these counterparties against payments due to them.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is not exposed to significant liquidity risk because of the nature of its operations which provides daily inflows of cash from toll collections. The Company is able to build up sufficient cash from operating revenues prior to the maturity of its payment obligations. The Company has arranged additional short-term lines to boost its ability to meet short-term liquidity needs. The Company has short-term credit lines amounting to ₱530.0 million as at December 31, 2023 and 2022, and cash and cash equivalents amounting to ₱15,301.3 million and ₱11,190.0 million as at December 31, 2023 and 2022, respectively, that are allocated to meet the Company's short-term liquidity needs.

The table below summarizes the maturity profile of the Company's financial liabilities as at December 31 based on undiscounted payments:

	2023				Total
	Within the Year	2-3 Years	4-5 Years	More than 5 Years	
<i>(in Millions)</i>					
Financial Liabilities					
Accounts payable and other current liabilities ^(a)	₱15,026	₱–	₱–	₱–	₱15,026
Dividends payable ^(c)	738	–	–	–	738
Short-term loans	3,530	–	–	–	3,530
Long-term debt ^(b)	25,345	12,197	22,226	88,981	148,749
Service concession fees payable ^(d)	–	8,979	4,854	12,149	25,982
Due to related parties	8	565	–	–	573
	₱44,647	₱21,741	₱27,080	₱101,130	₱194,598

^(a) Excluding statutory liabilities amounting to ₱1,940.1 million as at December 31, 2023 (see Note 17).

^(b) Including interest to be paid.

^(c) Included in "Accounts and other current liabilities" account in the consolidated statements of financial position (see Note 17).

^(d) Pertains to undiscounted balances.



	2022				Total
	Within the Year	2-3 Years	4-5 Years	More than 5 Years	
	<i>(in Millions)</i>				
Financial Liabilities					
Accounts payable and other current liabilities ^(a)	₱12,486	₱–	₱–	₱–	₱12,486
Dividends payable ^(c)	363	–	–	–	363
Short-term loans	530	–	–	–	530
Long-term debt ^(b)	9,865	23,540	31,937	72,144	137,486
Service concession fees payable ^(d)	–	8,979	4,854	12,149	25,982
Due to related parties	7	570	–	–	577
	₱23,251	₱33,089	₱36,791	₱84,293	₱177,424

^(a) Excluding statutory liabilities amounting to ₱989.1 million as at December 31, 2022 (see Note 17).

^(b) Including interest to be paid.

^(c) Included in “Accounts and other current liabilities” account in the consolidated statements of financial position (see Note 17).

^(d) Pertains to undiscounted balances.

Capital Management

The primary objective of the Company’s capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value while complying with the financial covenants required by the lenders.

NLEX Corp. Under the loan agreements, NLEX Corp. is required a Maintenance DSCR of not less than 1.15 times and maintain a Debt to Equity Ratio (DER) not exceeding 3.0 times until the loan maturity. For the Fixed Rate Bonds, NLEX Corp. is required to maintain a DER of not exceeding 3.0 times for the first three (3) years after the date of the loan agreement and not exceeding 2.5 times after such period. The loan agreement provides that NLEX Corp. may incur new loans or declare dividends as long as the pro-forma DSCR for the relevant year is not less than 1.3 times.

As at December 31, 2023 and 2022, NLEX Corp. has the capacity to incur additional long-term debt to build up its capital and in preparation for the financing of expansion projects.

CIC. Under the Omnibus Agreement, CIC is required a Maintenance DSCR of not less than 1.05 times and maintain a DER not exceeding 3.0 times until the loan maturity. These shall be calculated every calendar quarter following the occurrence of the First Commercial Operations Date, which is the date on which CIC has:

- i. Completed a subsection or segment as evidenced by Certificate of Subsection Completion or Certificate of Segment Completion issued by the DPWH;
- ii. Authorized to operate and maintain a subsection or segment as evidenced by a Toll Operation Permit (TOP) issued by TRB for such subsection or segment; and
- iii. Received a notice to start collection issued by TRB for such subsection or segment.

MPTC. Under the loan agreement, MPTC is required to maintain a DER not exceeding 70:30 and a DSCR of not less than 1.3 times during the term of the loan.

MPT SMC. Under the loan agreement, MPT SMC is required to maintain a DER not exceeding 2.3 times and a DSCR not less than 1.2 times during the term of the loan.

PT Nusantara. PT Nusantara and its subsidiaries are parties to various loan agreements. Under the loan agreements, PT Nusantara is required a Maintenance DSCR of not less than 1.0 and maintain a DER not exceeding 4.0 times until the loan maturity (DER requirement varies per subsidiary).

MPTC Group. The Company is in compliance with the above capital ratios and financial covenants in 2023 and 2022, except for the entities mentioned in Note 19 to the consolidated financial statements. The Company manages its capital structure and adjusts it in light of changes in economic



conditions. To maintain or adjust the capital structure, the Company may obtain additional advances from shareholders, return capital to shareholders, issue new shares or issue new debt or redemption of existing debt. No changes were made in the objectives, policies or processes in 2023 and 2022. The Company monitors capital on the basis of DER. DER is calculated as long-term debt over equity.

In 2023, the Company's strategy, which was unchanged from 2022, was to maintain a sustainable DER. The DER as at December 31 are:

	2023	2022
	<i>(in Millions)</i>	
Long-term debt (Note 19)	₱148,749	₱137,486
Total equity	79,397	65,894
DER	1.87	2.09

The Company continuously evaluates its capital structure to continuously support its business strategy.

33. Financial Assets and Financial Liabilities

Fair Values

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

	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	<i>(in Millions)</i>			
Financial Assets				
Financial assets at FVTPL	₱1,742	₱1,742	₱8,827	₱8,827
Financial assets at FVOCI:				
Investments in quoted equity shares	99	99	107	107
Investments in unquoted equity shares	1,808	1,808	1,955	1,955
Investment in quoted club shares	8	8	8	8
	₱3,657	₱3,657	₱10,897	₱10,897
Financial Liabilities				
Financial liabilities at amortized cost:				
Long-term debt	₱148,749	₱143,478	₱137,486	₱130,372
Service concession fees payable	17,750	16,043	18,035	16,518
	₱166,499	₱159,521	₱155,521	₱146,890

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



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

Financial Assets at Fair Value

The fair value of the UITF and quoted equity shares are based on the estimated fair market value of the assets of the fund based on prices supplied by independent sources as at December 31, 2023 and 2022.

The fair value of investment in club shares is based on the quoted market price of the financial instruments as at December 31, 2023 and 2022.

To estimate the fair value of the unquoted equity shares, the Company uses the guideline public company method. This valuation model is based on published data regarding comparable companies' quoted prices, earnings, revenues and EBITDA expressed as a multiple, adjusted for the effect of the non-marketability of the equity securities. The estimate is adjusted for the net debt of the investee, if applicable. Adjusted market multiple ranges from 8 to 37 and discount for lack of marketability of up to 30% in 2023 and 2022.

Long-term Debt

Except for the fixed-rate bonds where the fair value is based on its quoted market price as at December 31, 2023 and 2022, estimated fair value is based on the discounted value of future cash flows using the prevailing credit-adjusted IDR risk-free rates and prevailing peso interest rates. In 2023 and 2022, the prevailing credit adjusted IDR and peso interest rates ranged from 4.8% to 8.0% and 3.9% to 10.4%, respectively.

Service Concession Fees Payable

The estimated fair value of the service concession fees payable is based on the discounted value of future cash flows using the prevailing peso interest rates. In 2023 and 2022, the prevailing peso interest rates ranged from 5.1% to 6.1% and 4.2% to 7.2%, respectively.

Fair Value Hierarchy

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

	December 31, 2023	Level 1	Level 2	Level 3
		<i>(in Millions)</i>		
Assets measured at fair value:				
Financial assets at FVTPL	₱1,742	₱–	₱1,742	₱–
Financial assets at FVOCI:				
Investments in quoted equity shares	99	99	–	–
Investments in unquoted equity shares	1,808	–	–	1,808
Investment in quoted club shares	8	–	8	–
	₱3,657	₱99	₱1,750	₱1,808
Liabilities for which fair values are disclosed:				
Financial liabilities at amortized cost:				
Long-term debt	₱143,478	₱8,682	₱134,796	₱–
Service concession fees payable	16,043	–	–	16,043
	₱159,521	₱8,682	₱134,796	₱16,043



	December 31, 2022	Level 1	Level 2	Level 3
		<i>(in Millions)</i>		
Assets measured at fair value:				
Financial assets at FVTPL	₱8,827	₱–	₱8,827	₱–
Financial assets at FVOCI:				
Investments in quoted equity shares	107	107	–	–
Investments in unquoted equity shares	1,955	–	–	1,955
Investment in quoted club shares	8	–	8	–
	<u>₱10,897</u>	<u>₱107</u>	<u>₱8,835</u>	<u>₱1,955</u>
Liabilities for which fair values are disclosed:				
Financial liabilities at amortized cost:				
Long-term debt	₱130,372	₱8,648	₱121,724	₱–
Service concession fees payable	16,518	–	–	16,518
	<u>₱146,890</u>	<u>₱8,648</u>	<u>₱121,724</u>	<u>₱16,518</u>

34. Contingencies

a. VAT

On various dates, NLEX Corp. received VAT assessments from the BIR covering taxable years 2006 – 2009. The assessments are at various stages. On June 11, 2010, NLEX Corp. filed its Position Paper with the BIR reiterating its claim that it is not subject to VAT on toll fees.

On April 3, 2014, the BIR accepted and approved NLEX Corp.'s application for abatement and issued a Certificate of Approval for the cancellation of the basic output tax, interest and compromise penalty amounting to ₱1,010.5 million and ₱584.6 million for taxable years 2006 and 2007, respectively. As at May 10, 2024, the VAT assessments for taxable years 2008 and 2009 remain pending with the BIR and there were no abatements made for these assessments.

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

b. NLEX Corp. and MPTNC are also parties to certain claims and assessments relating to real property taxes (RPT) as follows:

- i. In July 2008 and April 2013, NLEX Corp. filed Petitions for Review under Section 226 of the Local Government Code with the LBAA of the Province of Bulacan seeking to declare as null and void tax declarations issued by the Provincial Assessor of the Province of Bulacan. The said tax declarations were issued in the name of NLEX Corp. as owner/administrator/beneficial user of the NLEX and categorized the NLEX as a commercial property subject to RPT. The LBAA has yet to conduct an ocular inspection to determine whether the properties, subject of the tax declarations, form part of the NLEX, which NLEX Corp. argues is property of the public dominion and exempt from RPT. As at May 10, 2024, the cases are pending.



- ii. In September 2013, NLEX Corp. received notices of realty tax delinquencies for the years 2006 to 2013 issued by the Provincial Treasurer of Bulacan stating that if NLEX Corp. fails to pay or remit the alleged delinquent taxes, the remedies provided for under the law for the collection of delinquent taxes shall be applied to enforce collection. On September 27, 2013, the Bureau of Local Government Finance of the Department of Finance (DOF-BLGF) wrote a letter to the Province of Bulacan advising it to hold in abeyance any further course of action pertaining to the alleged real property tax delinquency. In January 2017, the Provincial Treasurer of Bulacan issued a notice of realty tax delinquencies for the years 2006 to 2017 stating that it could apply the remedies provided under the law for the collection of delinquent taxes. The matter is pending as of May 10, 2024.

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

c. Toll Rate Adjustments

- i. NLEX Corp., as petitioner-applicant, filed the following Petitions for Approval of Periodic Toll Rate Adjustment with the TRB praying for the adjustment of the toll rates for the NLEX, as follows:

Petition	Date Filed	Effectivity
2012 Petition	June 2012	January 1, 2013
2014 Petition	September 2014	January 1, 2015
2016 Petition	September 2016	January 1, 2017
2018 Petition	September 2018	January 1, 2019
2020 Petition	September 2020	January 1, 2021
2022 Petition	September 2022	January 1, 2023

2012 and 2014 Petitions

In February 2019, NLEX Corp. received a Consolidated Resolution from TRB allowing toll rate adjustments to be implemented on a staggered basis in 2018, 2020, 2021 and 2023. The first tranche collection started on March 21, 2019, and the second tranche collection started on October 9, 2020, after NLEX Corp. completed the publication of the toll fee matrix and filed a Manifestation of Compliance. On October 9, 2020, the TRB issued a Notice to Start Collection of the second tranche effective immediately. On May 6, 2021 and February 7, 2023, the TRB issued a Notice to Start Collection of the third tranche and 4th and final tranche of the consolidated resolution on the 2012 and 2014 Petitions.

2016 Petition

In January 2022, NLEX Corp. received a Resolution from the TRB allowing to implement toll rate adjustments on a date not earlier than January 1, 2022. The TRB directed NLEX Corp. to publish the adjusted toll rates before issuing a Notice to Start Collection. The TRB issued a Notice to Start Collection on March 22, 2022, and NLEX implemented the toll rate adjustments on May 12, 2022.

2018, 2020 and 2022 Petitions

On February 20, 2023, NLEX Corp. received a letter from the TRB informing the Company of the TRB’s approval of the consolidated 2018 and 2020 Petitions. The TRB has directed the Company to implement the provisionally approved toll adjustment in two (2) equal



tranches over 2023 and 2024, not earlier than April 1, 2023 in order to mitigate the impact on inflation. The TRB issued a Notice to Start Collection on May 25, 2023, and NLEX implemented the first tranche of the periodic toll rate adjustments on June 15, 2023.

As at May 10, 2024, NLEX Corp. has yet to receive regulatory approval for the NLEX 2022 petition.

Segment 10 Add-on Toll Rate Petition

In March 2019, the TRB granted provisional authority to NLEX Corp. to collect add-on tolls for the Open System of the NLEX and allowed the implementation of the new authorized toll price for the NLEX. This was stated in a letter sent to NLEX Corp. which also contained the Integrated Toll Fee Matrix. The matrix included the first tranche of the approved adjusted toll rates in the 2012 and 2014 Petitions as well as the provisionally approved add-on toll rates in the Segment 10 Add-on Toll Rate Petition. On March 20, 2019, the TRB issued a Notice to Start Collection effective March 21, 2019.

C3-R10 Add-on Toll Rate Petition

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

NLEX Lane Widening Phase 2 Add-on Toll Rate Petition

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

SCTEX Petition

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

2020 and 2022 Petitions

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

2023 Petition

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

NLEX - SLEX Connector Road Project Petition

On March 9, 2023, NLEX Corp. filed a Petition for the Implementation of the Fractional Initial Base Toll for Section 1 of the NLEX – SLEX Connector Road Project with application for Provisional Relief with the TRB (Connector Section 1 Petition). On July 3, 2023, NLEX Corp. received the TRB Notice to Start Collection for the provisional Fractional Opening Base Toll Rate for Section 1 of the NLEX – SLEX Connector Road Project which shall take effect immediately. On July 20, 2023, the TRB issued an Order directing NLEX Corp. to



publish in full the contents of the Connector Section 1 Petition, along with the applicable toll fee matrix, in a newspaper of general circulation at least once a week for three (3) consecutive weeks. On August 8, 2023, NLEX Corp. filed a Manifestation of Compliance of its full and complete compliance with the TRB Order dated July 20, 2023. On August 8, 2023, NLEX Corp. implemented the provisional Fractional Initial Toll for Section 1 of the NLEX – SLEX Connector Road Project. On November 6, 2023, NLEX Corp. filed a Supplemental Petition for Implementation of the Updated Fractional Initial Base Toll for Section 1 and the Commercially Operable Portion of Section 2 of the NLEX- SLEX Connector Road Project. As at May 10, 2024, NLEX Corp. has yet to receive regulatory approval for this Supplemental Petition.

ii. CAVITEX R1 Enhancement Phase 1

On July 15, 2019, the TRB allowed the implementation of Add-On Toll Rates for vehicle classes 1, 2, and 3 amounting to ₱1.00, ₱2.00, and ₱3.00 (VAT-inclusive), respectively. The implementation was subject to continuing review and validation by TRB to assess its reasonableness and the issuance of a recommendation by COA after completing its audit. The effective date of the toll rate was October 24, 2019.

CAVITEX R1 Enhancement Phase 2

On November 27, 2020, CIC and PRA submitted a petition to TRB for approval of an Add-On Agreed Toll Rate with an application for provisional relief for the R-1 Expressway Segment 1 enhancement.

On April 21, 2022, TRB issued a Notice of Toll Rate Adjustment Implementation approving the implementation of the adjusted Add-On Toll Rate of ₱27.00, ₱54.00 and ₱81.00 (VAT-inclusive) for vehicle classes 1, 2 and 3, respectively. The TRB directed the publication of the adjusted toll rates matrix in a newspaper of general circulation for three consecutive weeks, and it was published in the Manila Standard in April and May 2022.

After the joint manifestation of compliance filed by CIC and PRA in May 2022, TRB issued a notice to start collecting the approved toll rates, which were implemented on May 22, 2022.

C-5 South Link Expressway Segment 3A-1

CIC filed a petition in July 2019 requesting the TRB to approve the implementation of initial toll fees for the C-5 South Link Expressway. The TRB approved the provisional initial toll rate in August 2019, subject to review by the COA and TRB's continuing authority to review its reasonableness. CIC was required to submit an updated investment recovery scheme within six months. In April 2020, CIC requested an extension due to the COVID-19 pandemic. Despite compliance with TRB requirements, TRB's authority for toll collection lapsed on April 24, 2020. After further communication and compliance, CIC was allowed to resume toll collection in July 2020, which was further extended until April 22, 2021. CIC filed a motion to confirm the continuing implementation and collection of the provisional initial toll for Segment 3A-1 on April 16, 2021. The TRB issued a resolution extending CIC's provisional authority to collect the initial toll fee until October 23, 2021, subject to a surety bond from a reputable company.

On October 1, 2021, TRB extended the provisional authority to collect initial toll fees for Segment 3A-1 for another six months until April 14, 2022, requiring CIC and PRA to post a bond worth ₱255 million to guarantee the refund of collected provisional initial toll fees to toll users if CIC and PRA are not entitled to them. On October 15, 2021, CIC filed a motion for partial reconsideration, asking TRB to declare the finality of the authority to collect



provisional initial toll for Segment 3A-1 and declare the provisional initial toll for Segment 3A-1 as final until the final initial toll rate for the C-5 Link Expressway is determined.

On October 22, 2021, the CIC provided proof of the renewal of their Surety Bond in the amount of ₱255.3 million by filing a Manifestation of Compliance. The TRB acknowledged the submission of this document on October 16, 2021.

As the Surety Bond was set to expire on April 24, 2022, CIC and PRA were directed to obtain a new bond from a reputable bonding company covering the amount of ₱388.9 million, effective from April 25, 2022 to April 24, 2023. A Manifestation of Compliance was submitted to the TRB on April 22, 2022, indicating that this requirement had been fulfilled.

C-5 South Link Expressway Segment 3A-2

CIC and PRA filed a Supplemental Petition for provisional initial toll approval for Segments 3A-1 and 3A-2 on April 29, 2022, which was followed by an Amended Supplemental Petition on June 2, 2022, in response to the TRB's directive. The TRB issued a Resolution on June 30, 2022, directing CIC and PRA to publish the Notice of Toll Rate Implementation for three weeks and post a Surety Bond before starting the collection. The TRB granted a Toll Operation Permit for Segment 3A-2 on the same date. CIC and PRA complied with the publication requirement and posted the Surety Bond worth ₱86.3 million, with the Manifestation of Compliance filed on July 15, 2022.

On November 7, 2022, the TRB approved the implementation of the provisional initial per kilometer toll rates for Segments 3A-1 and 3A-2.

After CIC and PRA's compliance with regulatory requirements which includes the posting of a surety bond, the TRB issued the Notice to Start Collection on November 25, 2022 effective immediately.

The surety bond posted by CIC and PRA was initially effective until July 15, 2023 and was subsequently extended until July 15, 2024.

CAVITEX R-1 Expressway

CIC and PRA were directed by the TRB's Order dated September 9, 2021, to publish the approved adjusted toll rates matrix for the 2011 and 2014 Petitions for Periodic Toll Rate Adjustment in a newspaper of general circulation for three consecutive weeks. CIC and PRA complied with this order on September 10, September 17, and September 24, 2021, and submitted proof of compliance on September 24, 2021.

On March 24, 2022, the TRB issued a Consolidated Resolution providing the approved adjusted toll rates and a Notice to Start Collection effective immediately. However, on April 5, 2022, the Notice was canceled, and CIC and PRA were directed to publish the adjusted toll rates matrix in a newspaper of general circulation once a week for three consecutive weeks. CIC and PRA complied with the directive on April 11 and 18, 2022, and filed a Manifestation of Compliance with the TRB on April 25, 2022. On April 29, 2022, the TRB issued another Notice to Start Collection, and the adjusted toll rates were implemented on May 22, 2022.

The rates for R-1 Expressway are as follows: ₱35.00, ₱70.00, and of ₱104.00 (VAT-inclusive) for vehicle classes 1, 2 and 3, respectively.



CAVITEX R-1 Expressway Extension

On September 29, 2017, CIC and PRA filed a Petition for approval of the periodic toll rate adjustment for R-1 Expressway and R-1 Expressway Extension.

On July 3, 2023, the TRB issued a Notice of Resolution and Order indicating its approval of the provisional adjusted agreed toll rates for R-1 Expressway and R-1 Expressway Extension subject to CIC and PRA's compliance with publication and surety bond requirements.

On July 19, 2023, CIC filed a Manifestation of Partial Compliance with Motion for Extension to Comply with the Order, which covers: (a) manifestation of completion of the 3-week publication requirement, and (b) request for an extension of 10 calendar days to submit the Surety Bond, in light of changes in PRA management, which was noted by the TRB in its Order dated July 26, 2023.

On July 28, 2023, CIC submitted a certified copy of the required surety bond as compliance with the TRB Order. To date, CIC awaits the issuance by the TRB of Notice to Start Collection of the adjusted toll rates.

On August 11, 2023, the TRB issued a Notice to Start Collection of the provisionally approved 2017 Periodic Toll Rate Adjustment effective immediately.

While the 2020 Petition for Periodic Toll Rate Adjustment for R-1 Expressway and R-1 Expressway Extension remains pending, CIC and PRA filed the 2023 Petition for Periodic Toll Rate Adjustment on September 29, 2023, in accordance with its right to a periodic adjustment of the Agreed Toll Rate every three (3) years from the identified Toll Rate Review Date.

On November 6, 2023, the TRB issued an Order directing CIC and PRA to publish in full once the following: (a) 2023 Petition for Periodic Toll Rate Adjustment (including Annexes); (b) the existing and proposed adjusted toll fare matrix; and (c) Notice to Expressway Users in a newspaper of general circulation within 15 days from receipt of the Order.

On November 10, November 17, and November 24, CIC and PRA caused the publication of the 2023 Petition for Periodic Toll Rate Adjustment containing the proposed adjusted toll fare matrix and the Notice to Expressway Users in a newspaper of general circulation. CIC submitted proof of its Compliance with TRB's November 6 Order on November 20, 2023, for the first publication and on November 28, 2023 for the second and third publications, done over and above the TRB Order's requirement, to further ensure due notice to the public.

iii. CALAX

CALAX Subsections 6-8

The TRB issued a Notice to Start Collection for the initial toll rates for Subsections 6 to 8 of CALAX on February 10, 2020, and it became effective on February 11, 2020. A provisional initial toll rate was granted to MPCALA for the 10-km segment of CALAX, which became effective on the same date.

CALAX Subsection 5

TRB issued Notice to Start Collection for the initial toll rates for Subsection 5 On July 13, 2021. MPCALA was granted a provisional initial toll for the 7.2-km segment of CALAX effective on August 24, 2021.



d. Garlitos, Jr. vs. Bases Conversion and Development Authority, NLEX Corp. and the Executive Secretary, SC (G.R. No. 217001)

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

NLEX Corp. filed its comment praying that the Petition be denied. The BCDA, through the Office of the Government Corporate Counsel, and the Executive Secretary, through the Office of the Solicitor General, also filed their respective Comment praying that the Petition be denied due course and dismissed for lack of merit. In November and December 2015, the petitioner filed a Manifestation and Motion to Resolve Prayer for TRO and/ or Writ of Preliminary Injunction. On July 4, 2016, the Supreme Court issued a Resolution noting the Manifestations of the petitioner. In February 2020, the Supreme Court issued a Notice that petitioner's counsel had failed to pay the ₱1,000 fine due to his failure to comply with a show cause resolution for non-filing of a consolidated reply to the separate comments of the Executive Secretary and BCDA. In July 2020, the Supreme Court issued another Notice for the petitioner's counsel to pay an increased fine of ₱2,000 and to comply with the resolution to file a consolidated reply to the separate comments of the Executive Secretary and BCDA. On October 28, 2020, NLEX Corp.'s counsel received from BCDA's counsel a Motion for Leave to File Manifestation with Motion for Submission for Resolution dated October 1, 2020. In a Resolution dated March 28, 2022, the Supreme Court (a) imposed upon petitioner's (withdrawing) counsel an additional fine which, together with the original fine, shall be paid to the Supreme Court and (b) ordered petitioner's (withdrawing) counsel to submit a consolidated reply to the separate comments of the Executive Secretary and BCDA. The case is pending as at May 10, 2024.

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



35. Supplemental Cash Flow Information

Changes in liabilities arising from financing activities

	January 1, 2023	Cash flows	Amortization of DIC	Interest accretion	Others	December 31, 2023
Current portion of long-term debt (Note 19)	₹9,865	(₹1,238)	₹58	₹-	₹16,527	₹25,212
Long-term debt (Note 19)	127,621	11,343	107	-	(15,534)	123,537
Short-term loans (Note 19)	530	3,030	-	20	(50)	3,530
Interest payable (Note 17)	1,206	(8,467)	-	-	8,918	1,657
Dividends payable (Notes 17 and 22)	363	(5,119)	-	-	5,494	738
Service concession fees payable (Note 20)	18,035	-	-	210	(495)	17,750
Lease liabilities (Notes 17 and 28)	79	(82)	-	9	68	74
Total liabilities from financing activities	₹157,699	(₹533)	₹165	₹239	₹14,928	₹172,498

	January 1, 2022	Cash flows	Amortization of DIC	Interest accretion	Others	December 31, 2022
Current portion of long-term debt (Note 19)	₹4,641	₹578	₹48	₹-	₹4,598	₹9,865
Long-term debt (Note 19)	98,095	34,292	138	-	(4,904)	127,621
Short-term loans (Note 19)	300	230	-	-	-	530
Interest payable (Note 17)	1,247	(6,943)	-	-	6,902	1,206
Dividends payable (Notes 17 and 22)	634	(3,325)	-	-	3,054	363
Service concession fees payable (Note 20)	19,834	-	-	858	(2,657)	18,035
Lease liabilities (Notes 17 and 28)	128	(53)	-	4	-	79
Total liabilities from financing activities	₹124,879	₹24,779	₹186	₹862	₹6,993	₹157,699

The 'Others' column includes the effect of foreign currency translation adjustments of IDR denominated loans, loss on extinguishment of Series 2010-1 Notes, the interest expense on interest-bearing loans and borrowings, and dividends declared to stockholders and NCI. The 'Others' column also includes the effect of reclassification of noncurrent portion of interest-bearing loans and borrowings and lease liabilities.

Non-cash investing activities

The following table shows the Company's significant non-cash investing activities and corresponding transaction amounts/balances for the years ended December 31:

	2023	2022
	<i>(in Millions)</i>	
Additions to service concession assets and service concession fees payable pertaining to accretion of service concession fees payable (Notes 11 and 20)	₹1,131	₹858
Additions to property and equipment due to recognition of ROU assets (Note 12)	68	39
Interest receivable	4	4



36. Consolidated Subsidiaries

The consolidated subsidiaries of MPTC are as follows:

Name of Subsidiary	Place of Incorporation	December 31, 2023			December 31, 2022			Principal Activity
		MPTC Direct Interest	Direct Interest of Subsidiary (In %)	MPTC Effective Interest	MPTC Direct Interest	Direct Interest of Subsidiary (In %)	MPTC Effective Interest	
Cavitex Infrastructure Corporation (CIC)	Philippines	100.0	–	100.0	100.0	–	100.0	Tollway operations; Interest in CIC is held through a Management Letter Agreement. CIC holds the concession agreement for CAVITEX (see Note 2)
Metro Strategic Infrastructure Holdings, Inc. (MSIHI)	Philippines	97.0	–	97.0	97.0	–	97.0	Investment holding
Metro Pacific Tollways Digital, Inc. (formerly Metro Pacific Tollways Data Services, Inc.; MPTDI)	Philippines	100.0	–	100.0	100.0	–	100.0	Toll collection function of CAVITEX and CALAX.
Metro Pacific Tollways South Corporation (MPT South)	Philippines	100.0	–	100.0	100.0	–	100.0	Investment holding
Metro Pacific Tollways Vizmin Corporation (MPT Vizmin)	Philippines	100.0	–	100.0	100.0	–	100.0	Investment holding
MPT Asia, Corporation (MPT Asia)	BVI	100.0	–	100.0	100.0	–	100.0	Investment holding
Easytrip Services Corporation (ESC)	Philippines	66.0	–	66.0	66.0	–	66.0	Electronic toll collection services
Metro Pacific Tollways Asia, Corporation Pte. Ltd.	Singapore	100.0	–	100.0	100.0	–	100.0	Investment holding.
Dibztech, Inc. (Dibztech)	Philippines	100.0	–	100.0	100.0	–	100.0	Parking management
MPT Mobility Corporation (formerly NLEX Ventures Corporation; MPT Mobility)	Philippines	100.0	–	100.0	100.0	–	100.0	Service facilities management
MPCALA Holdings, Inc. (MPCALA)		–	100.0	100.0	–	100.0	100.0	Tollway operations (Note 1); MPCALA is owned by MPTNC at 40% and the remaining 60% owned equally by CWHI, LHI and MPT South.; holds the concession agreement for CALAX.
NLEX Corporation (NLEX Corp.)	Philippines	75.1	–	75.1	75.1	–	75.1	Tollway operations (see Note 1); 4.3% is owned through 42.8% ownership in Egis Investment Partners Philippines Inc.
Collared Wren Holdings, Inc. (CWHI)	Philippines	–	–	–	–	100.0	100.0	Investment holding; Merged with MPT South on May 17, 2023
Larkwing Holdings, Inc. (LHI)	Philippines	–	–	–	–	100.0	100.0	Investment holding; Merged with MPT South on May 17, 2023
Luzon Tollways Corporation (LTC)	Philippines	–	100.0	100.0	–	100.0	100.0	Tollway operations; Dormant



Name of Subsidiary	Place of Incorporation	December 31, 2023			December 31, 2022			Principal Activity
		MPTC Direct Interest	Direct Interest of Subsidiary	MPTC Effective Interest	MPTC Direct Interest	Direct Interest of Subsidiary	MPTC Effective Interest	
		<i>(In %)</i>			<i>(In %)</i>			
MPT South Subsidiaries								
Metro Pacific Tollways South Management Corporation (MPT SMC)	Philippines	–	100.0	100.0	–	100.0	100.0	Tollway operations
MPTS Ventures Corporation	Philippines	–	100.0	100.0	–	100.0	100.0	Road safety and traffic management services
MPT Vizmin Subsidiary								
Cebu Cordova Link Expressway Corporation (CCLEC)	Philippines	–	100.0	100.0	–	100.0	100.0	Tollway operations; CCLEC holds the concession agreement for the CCLEX (see Note 1)
MPTDI Subsidiary								
SAVVICE Corporation (SAVVICE) (formerly Southbend Express Services, Inc.)	Philippines	–	100.0	100.0	–	100.0	100.0	Manpower services provider
MPT Mobility Subsidiary								
Assist and Assistance Concept, Inc. (AACI)	Philippines	–	100.0	100.0	–	–	–	Roadside, travel and health assistance provider; Acquired on July 31, 2023 (see Note 5)
MPT Asia Subsidiaries								
MPT Thailand, Corporation (MPT Thailand)	BVI	–	100.0	100.0	–	100.0	100.0	Investment holding
PT Metro Pacific Tollways Indonesia (PT MPTI)	Indonesia	–	100.0	100.0	–	100.0	100.0	Investment holding
Metro Pacific Tollways Asia, Corporation Pte. Ltd. Subsidiaries								
CAIF III Infrastructure Holdings Sdn Bhd (CAIF III)	Malaysia	–	100.0	100.0	–	100.0	100.0	Investment holding
CIIF Infrastructure Holdings Sdn Bhd (CIIF)	Malaysia	–	100.0	100.0	–	100.0	100.0	Investment holding
Metro Pacific Tollways Vietnam Company Limited	Vietnam	–	100.0	100.0	–	100.0	100.0	Investment holding
PT Metro Pacific Tollways Indonesia Services (PT MPTIS)	Indonesia	–	100.0	100.0	–	–	–	Investment holding; Incorporated on November 28, 2023 (see Note 5)



Name of Subsidiary	Place of Incorporation	December 31, 2023			December 31, 2022			Principal Activity
		MPTC Direct Interest	Direct Interest of Subsidiary	MPTC Effective Interest	MPTC Direct Interest	Direct Interest of Subsidiary	MPTC Effective Interest	
			(In %)			(In %)		
Metro Pacific Tollways Vietnam Company Limited Subsidiary								
MPT Management Vietnam Co., Ltd. (MPT Management Vietnam)	Vietnam	–	100.0	100.0	–	100.0	100.0	Investment holding
MPT Management Vietnam Subsidiary								
MPT Service Vietnam Co., Ltd.	Vietnam	–	100.0	100.0	–	100.0	100.0	Investment holding
PT MPTIS Subsidiary								
PT Nusantara Infrastructure Tbk (PT Nusantara)	Indonesia	–	76.3	76.3	–	76.3	76.3	Infrastructure company
PT Nusantara Subsidiaries								
PT Margautama Nusantara (MUN)	Indonesia	–	43.4	50.9	–	75.0	82.2	Construction, trading and services – Toll; PT MPTIS holds 17.7% in MUN
PT Potum Mundi Infranasantara (Potum)	Indonesia	–	100.0	76.3	–	100.0	76.3	Water and waste management services
PT Energi Infranasantara (EI)	Indonesia	–	100.0	76.3	–	100.0	76.3	Construction, trading and services - Power
PT Portco Infranasantara (Portco)	Indonesia	–	100.0	76.3	–	100.0	76.3	Port management
PT Meta Media Infranasantara (formerly PT Telekom Infranasantara)	Indonesia	–	100.0	76.3	–	100.0	76.3	Trading, supplies and other telecommunications
PT Marga Metro Nusantara	Indonesia	–	70.0	53.4	–	70.0	53.4	Construction and trading services
PT Metro Tekno Media Infranasantara	Indonesia	–	100.0	76.3	–	100.0	76.3	Digital platform and software publisher
MUN Subsidiaries								
PT Bintaro Serpong Damai	Indonesia	–	88.9	45.2	–	88.9	63.6	Toll road operator
PT Metro Makassar Network (formerly PT Bosowa Marga Nusantara; MMN)	Indonesia	–	99.6	50.6	–	99.6	71.2	Toll road operator
MMN Subsidiary								
PT Jalan Tol Seksi Empat (JTSE)	Indonesia	–	99.4	50.3	–	99.4	70.8	Toll road operator
JTSE Subsidiary								
PT Metro Jakarta Ekspresway	Indonesia	–	85.0	42.8	–	85.0	60.2	Trade, development, and business management consulting services



Name of Subsidiary	Place of Incorporation	December 31, 2023			December 31, 2022			Principal Activity
		MPTC Direct Interest	Direct Interest of Subsidiary	MPTC Effective Interest	MPTC Direct Interest	Direct Interest of Subsidiary	MPTC Effective Interest	
			(In %)		(In %)			
Potum Subsidiaries								
PT Tirta Bangun Nusantara	Indonesia	–	–	–	–	100.0	76.3	Water and waste management services; Divested on January 25, 2023 (see Note 9)
PT Dain Celicani Cemerlang (DCC)	Indonesia	–	74.5	56.8	–	74.5	56.8	Water and waste management services
PT Sarana Catur Tirta Kelola (SCTK)	Indonesia	–	65.0	49.6	–	65.0	49.6	Water management services
SCTK Subsidiaries								
PT Sarana Tirta Rejeki (STR)	Indonesia	–	90.0	47.2	–	90.0	47.2	Water management services; PT Sarana Tirta Rejeki is owned by SCTK at 80% while 10% is owned by Potum.
PT Jasa Sarana Nusa Makmur (JSMN)	Indonesia	–	100.0	49.6	–	100.0	49.6	Water management services
EI Subsidiaries								
PT Inpola Meka Energi (IME)	Indonesia	–	100.0	76.3	–	61.2	46.6	Power supply services
PT Rezeki Perkasa Sejahtera Lestari	Indonesia	–	80.0	61.0	–	80.0	61.0	Power supply services
PT Auriga Energi (AE)	Indonesia	–	100.0	76.3	–	100.0	76.3	Power plants/Electricity support facilities
AE Subsidiaries								
PT Centara Energi	Indonesia	–	100.0	76.3	–	100.0	76.3	Power plants/Electricity support facilities
PT Eris Serra Energi	Indonesia	–	100.0	76.3	–	100.0	76.3	Power plants/Electricity support facilities
PT Energi Surya Nusantara (formerly PT Energi Parindu Nusantara)	Indonesia	–	100.0	76.3	–	100.0	76.3	Power plants/Electricity support facilities
PT Eridanusa Energi Nusantara	Indonesia	–	100.0	76.3	–	100.0	76.3	Power plants/Electricity support facilities

