C O V E R S H E E T

3 1 1 7 1
S. E. C. Registration Number

P E T R O N
C O R P O R A T I O N
(Company's Full Name)

S M C H E A D O F F I C E C O M P L E X 4 0 S A N
M I G U E L A V E. M A N D A L U Y O N G C I T Y
(Business Adress: No. Street City / Town / Province)

ATTY. JHOANNA JASMINE M. JAVIER-ELACIO
Contact Person

8884-9200
Company Telephone Number

1	2		3	1
Month			Day	

Fiscal Year

SEC FORM 20-IS
DEFINITIVE INFORMATION STATEMENT 2025
FORM TYPE

0	5		0	2
Month			Day	

Annual Meeting
(for 2025)

Certificates of Permit to Offer Securities for Sale dated 1994, 1995, 1996, 2010, 2014, 2016, 2018, 2019, 2021, 2023 and 2024
Secondary License Type, if Applicable

Dept. Requiring this Doc.

N/A
Amended Articles Number/Section

Total Amount of Debt Outstanding: P256,349 Million (as of December 31, 2024 - CONSO)

143,711 (as of December 31, 2024)
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

Fiscal Numer

LCU

Document I. D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

Information Statement Pursuant to Section 20
of the Securities Regulation Code

1. Check the appropriate box:
   _ Preliminary Information Statement
   X Definitive Information Statement

2. Name of Registrant as specified in its charter **PETRON CORPORATION ("Petron" or the "Company")**

3. Province, country or other jurisdiction of incorporation or organization **PHILIPPINES**

4. SEC Identification Number **31171**

5. BIR Tax Identification Code **000-168-801**

6. Address of principal office

   SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City

   Postal Code **1550**

7. Registrant's telephone number, including area code **(632) 8.886-3888**

8. Date, time and place of the meeting of security holders

Date	-	**May 2, 2025, Friday**
Time	-	**2:00 p.m.**
Livestream	-	**via** https://petron.com/2025asm

   (The Chairman of the meeting will call and preside over the meeting at the SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City 1550.)

9. Approximate date on which the Information Statement is first to be sent or given to security holders

   April 2, 2025

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares Outstanding
Common Stock	**8,915,948,400 shares**
Series 3B Preferred Shares	**6,597,000 shares**
Series 4A Preferred Shares	**5,000,000 shares**
Series 4B Preferred Shares	**2,995,000 shares**
Series 4C Preferred Shares	**6,005,000 shares**
Series 4D Preferred Shares	**8,500,000 shares**
Series 4E Preferred Shares	**8,330,000 shares**
Total Liabilities (consolidated as of December 31, 2024)	**Php256,349 million**

Series D Bonds due 2025	**Php**	**6.8 billion**
Series E Bonds due 2025	**Php**	**9.0 billion**
Series F Bonds due 2027	**Php**	**9.0 billion**

11. Are any or all of registrant's securities listed on any Philippine stock exchange?

Yes X No _______

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange	**Common Shares** **Series 3B Preferred Shares** **Series 4A Preferred Shares** **Series 4B Preferred Shares** **Series 4C Preferred Shares** **Series 4D Preferred Shares** **Series 4E Preferred Shares**
Philippine Dealing & Exchange Corp.	**Series D Bonds due 2025** **Series E Bonds due 2025** **Series F Bonds due 2027**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The annual meeting of the stockholders of Petron Corporation (the "Company") will be held on May 2, 2025, Friday, at 2:00 p.m. and will be conducted virtually and streamed live through https://petron.com/2025asm, which shall also be accessible through the Company website.

The agenda of the meeting are as follows:

1. Call to Order
2. Report on Attendance and Quorum
3. Review and Approval of the Minutes of the Previous Annual Stockholders' Meeting
4. Management Report and Submission to the Stockholders of the 2024 Financial Statements
5. Ratification of All Acts of the Board of Directors and Management Since the 2024 Annual Stockholders' Meeting
6. Appointment of the External Auditor and Ratification of External Auditor Fees
7. Election of the Board of Directors for the Ensuing Term
8. Ratification of Directors' Fees for 2025
9. Other Matters
10. Adjournment

Attendance only via Remote Communication; Questions through Dedicated Email Address

Pursuant to Memorandum Circular No. 6 (Series of 2020) issued by the Securities and Exchange Commission, and by the unanimous vote by the Board of Directors at its regular meeting held on March 4, 2025, the Company will conduct its annual stockholders' meeting for 2025 through livestreaming and will not hold a physical meeting. Stockholders can therefore only attend the meeting by remote communication. Stockholders intending to attend the meeting by remote communication should notify the Company by email to 2025asmpetron@petron.com by April 15, 2025 at 12 noon. The procedure and further details for attending and voting at the meeting through remote communication are set forth in Appendix 1.

Votes will be cast through ballots or proxies. The deadline for the submission of ballots and proxies is on April 15, 2025. For your convenience, a sample of a ballot/proxy is attached to the Definitive Information Statement (SEC Form 20-IS) issued by the Company for this meeting. For an individual, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its Corporate Secretary's certification setting the representative's authority to represent the corporation in the meeting. Ballots and proxies may be sent through email at 2025asmpetron@petron.com or by mail to the office of SMC Stock Transfer Service Corporation at the 2nd Floor, SMC Head Office Complex, 40 San Miguel Avenue, 1550 Mandaluyong City. Proxies need not be notarized. Validation of ballots and proxies will be on April 25, 2025 at 2:00 p.m. at the above office of SMC Stock Transfer Service Corporation Office.

Questions and comments to the Board of Directors and/or Management may be sent in advance of, or during, the meeting by email to 2025asmpetron@petron.com.

Rationale for Agenda; Dividend Policy; Draft Minutes

Please refer to Appendix 2 of this notice for a brief discussion of and the rationale for the above agenda items. The dividend policy of the Company is discussed in the Definitive Information Statement.

The draft of the minutes of the annual stockholders' meeting held in 2024 has been posted on the company website www.petron.com since May 28, 2024, the fifth business day after the meeting.

Mandaluyong City, March 4, 2025.

Jhoanna Jasmine M. Javier-Elacio
Vice President - General Counsel
and Corporate Secretary

Appendix 1

PROCEDURE FOR ATTENDING AND VOTING AT THE MEETING THROUGH REMOTE COMMUNICATION

i. Stockholders of record as of March 18, 2025 who intend to attend the meeting through remote communication are requested to notify the Company by email to 2025asmpetron@petron.com by April 15, 2025 at 12 noon. Stockholders whose shares are lodged with brokers are requested to directly contact their respective brokers for guidance on their participation in the meeting.

ii. For validation purposes, the email should contain the following information: (i) name; (ii) address; (iii) telephone number; and (iv) email address, and a scanned copy of any valid government-issued identification card ("ID") with photo of the stockholder.

   Only the stockholders who have notified the Company of their intention to participate through remote communication as above-described and have been validated to be stockholders of record of the Company will be considered in computing stockholder attendance at the meeting, together with the stockholders attending through proxies.

iii. Unregistered stockholders may still attend the meeting by accessing the livestreaming link https://petron.com/2025asm.

iv. Votes of all stockholders on all the agenda items can only be cast through ballots or proxies submitted from the date of the distribution of this Definitive Information Statement until April 15, 2025. A sample of the ballot and proxy is included in the Definitive Information Statement. The other details of the voting procedure (including the required number of votes to approve any agenda item) are set out in Item 2 ("Voting and Voting Procedure") of Appendix 2 of this Definitive Information Statement.

   All ballots and proxies should be received by the Corporate Secretary on or before April 15, 2025 at 12 noon by email sent to 2025asmpetron@petron.com or by mail sent to the office of SMC Stock Transfer Service Corporation at the 2nd Floor, SMC Head Office Complex, 40 San Miguel Avenue, 1550 Mandaluyong City.

   For an individual, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its corporate secretary's certification stating the representative's authority to represent the corporation in the meeting.

   Validation of ballots and proxies received via email or mail will be on April 25, 2025 at 2:00 p.m. at the above-mentioned office of the SMC Stock Transfer Service Corporation ("STSC"). Validation of ballots and proxies by STSC includes the verification of the due execution and completeness of the ballots and proxies (such as checking if the persons signing such ballots or proxies are stockholders as of record date and if the forms are signed and/or their supporting documents such as the Secretary's Certificate for corporate stockholders are complete) and the encoding of the votes in the stockholder database of STSC. The stockholder database system contains the list of stockholders as of record date, the number of shares owned/held, and the votes cast for each agenda item.

v. Shareholders may send their questions and/or comments prior to or during the meeting to 2025asmpetron@petron.com.

   Questions and comments may also be written in the space provided in the sample ballot/proxy form.

vi. The proceedings of the meeting will be recorded.

Should you have questions or requests for clarification on the procedure for attending the annual stockholders' meeting through remote communication, please email them to 2025asmpetron@petron.com.

Appendix 2

RATIONALE AND BRIEF DISCUSSION OF THE AGENDA OF THE 2025 ANNUAL STOCKHOLDERS' MEETING (THE "ANNUAL STOCKHOLDERS' MEETING")

1. Call to Order

The Chairman of the meeting (the "Chairman") will call the meeting to order.

2. Report on Attendance and Quorum

Notice and Quorum

The Corporate Secretary (or the Secretary of the meeting, as the case may be) (the "Secretary") will certify the date when the written notice of the Annual Stockholders' Meeting was sent to the stockholders as of record date of March 18, 2025 and the dates of publication of the notice in newspapers of general circulation.

The Secretary will likewise certify the presence of a quorum. Under the By-laws of the Company (the "Company's By-laws"), the holders of a majority of the issued and outstanding capital stock of the Company entitled to vote shall, if present in person or by proxy, constitute a quorum for the transaction of business.

Voting and Voting Procedure

- Each common share is entitled to one vote. Preferred shareholders have no voting rights except under instances provided under the Revised Corporation Code of the Philippines.

- A simple majority vote of the stockholders holding common shares, where a quorum is present, will be needed for the approval of the minutes of the previous stockholders' meeting, the ratification of all acts of the Board of Directors and Management since the last annual stockholder's meeting in 2024, the appointment of the external auditor of the Company for 2024, the ratification of external auditor fees for 2025, and the ratification of directors' fees for 2025.

- In the election of directors, the 15 nominees who get the highest votes shall be deemed duly elected as directors. Under the express provisions of the Company's By-laws, cumulative voting is allowed in the election of directors. Thus, a stockholder may distribute his/her votes per share to as many persons as there are directors to be elected, or he/she may cumulate his/her shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares he/she has, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the Company multiplied by the whole number of directors to be elected.

Question and Answer

The Secretary will advise the stockholders of the holding of an open forum after the Management's Report and provide the guidelines in the conduct of the open forum.

Priority will be given to written questions emailed in advance to 2025asmpetron@petron.com.

Questions or comments during the meeting may be emailed to 2025asmpetron@petron.com and the stockholders sending the questions or comments will be requested to include their full name, address, email address, telephone number, and consent to the processing of personal information.

3. Review and Approval of the Minutes of the Previous Annual Stockholders' Meeting

A draft of the minutes of the annual stockholders' meeting held on May 21, 2024 has been posted on the company website www.petron.com since May 28, 2024, the fifth business day after the meeting.

The stockholders will be requested to approve the draft of the minutes of the 2024 annual stockholders' meeting.

The minutes of the 2024 annual stockholders' meeting cover the description of the manner, procedure and results of voting, the questions and answers during the meeting, the matters discussed, the resolutions approved, the stockholders in attendance and the list of directors, officers, and representatives of the external auditors in attendance.

4. Management Report and Submission to the Stockholders of the 2024 Financial Statements

The Management of the Company will deliver the report on the performance of the Company for 2024.

The stockholders will be given the opportunity to ask questions or raise comments through emails submitted to 2025asmpetron@petron.com and which should include the stockholders' full name, address, telephone number, and consent to the processing of personal information.

The stockholders will then be requested to approve the report and the audited financial statements of the Company for 2024.

Duly authorized representatives of R. G. Manabat & Co./KPMG ("KPMG"), the external auditor for 2024, will be present at the Annual Stockholders' Meeting to respond to appropriate questions concerning the 2024 financial statements of the Company.

5. Ratification of All Acts of the Board of Directors and Management Since the 2024 Annual Stockholders' Meeting

The acts and resolutions of the Board of Directors, including those of the Executive Committee, are reflected in the minutes of meetings, the material of which are disclosed to the Securities and Exchange Commission ("SEC"), the Philippine Stock Exchange ("PSE") and the Philippine Dealing & Exchange Corp. ("PDEx") and posted on the company website, www.petron.com. A list of such acts and resolutions are also set out in the Annex A attached to the Definitive Information Statement.

The acts of Management were taken in furtherance of the conduct of the business of the Company and in the implementation of the matters approved by the Board of Directors or the Executive Committee.

The stockholders will be requested to ratify all acts of the Board of Directors and Management since the last annual stockholders' meeting in 2024.

6. **Appointment of an External Auditor for 2025 and Ratification of External Auditor Fees for 2025**

   Pursuant to the Manual on Corporate Governance of the Company (the "Corporate Governance Manual") and the Audit Committee Charter, the Audit Committee recommended to the Board of Directors the appointment of an external auditor which will examine the accounts of the Company for 2025 and the approval of the external auditor's fees for the audit and finalization of the financial statements for 2025.

   The Board of Directors, at its meeting held on March 4, 2025, approved the endorsement of the Audit Committee of the re-appointment of R. G. Manabat & Co./KPMG ("KPMG") as the external auditor of the Company for 2025 and the fees of the external auditor. The stockholders will be requested to approve the re-appointment of KPMG and ratify the fees of KPMG.

   KPMG and its fees are further discussed in the Definitive Information Statement.

7. **Election of the Board of Directors for the Ensuing Term**

   At its meeting held on March 4, 2025, the Corporate Governance Committee, as the standing committee of the Board of Directors constituted for the purpose of reviewing and evaluating the qualifications of persons nominated to become members of the Board of Directors (including the independent directors) and pursuant to the provisions of the Corporate Governance Manual of the Company and the Charter of the Corporate Governance Committee, reviewed the candidates for director to ensure that they have all the qualifications and none of the disqualifications for nomination and election as members of the Board of Directors.

   Independent Director Ret. Chief Justice Artemio V. Panganiban and Independent Director Margarito B. Teves will be serving the Company as independent directors for more than nine (9) years. The Corporate Governance Committee evaluated the independence of Directors Panganiban and Teves and determined that each of them possesses all the qualifications and none of the disqualifications to act as independent director of the Company, in accordance with Section 2.2.1.6.1 of the Manual on Corporate Governance of the Company (as amended) approved by the Board of Directors of the Company on May 8, 2017, which adopted Recommendation 5.2 of the Code of Corporate Governance for Publicly Listed Companies (SEC Memorandum Circular No. 19, Series of 2016). Serving as an independent director, each of them has brought high standards of corporate governance to the Company and objectively contributed by providing his insights to the committees where he either chairs or is a member of, and to the Board of Directors of the Company, based on his years of experience and expertise. Being familiar with the mission, vision and corporate values of the Company, Directors Panganiban and Teves have enhanced these values by their sustained advisory relationship with the Company, especially with respect to the protection of the interest of its minority stockholders and other stakeholders.

   On the basis of the foregoing, the Board of Directors found that the independence of Directors Panganiban and Teves has not been diminished or impaired by their long service as members of the Board of Directors of the Company. The Board of Directors has full confidence that Directors Panganiban and Teves will continue acting as independent directors with the same zeal, diligence and vigor as when they were first elected. At its meeting held later that day, the Board of Directors, as favorably endorsed and recommended by the Corporate Governance Committee, approved and endorsed for the vote of the stockholders of the Company the election of the 15 nominees, including Directors Panganiban and Teves as independent directors pursuant to Section 2.2.1.6.2 of the Corporate Governance Manual of the Company.

   On March 27, 2025, the Corporate Governance Committee convened to review and evaluate the qualifications of Mr. Emmanuel E. Eraña, who was nominated to be elected as director of the Company in view of the passing of nominee Director Atty. Estelito P. Mendoza and favorably endorsed and recommended the nomination of Mr. Eraña. At its meeting held later that day, the Executive Committee of the Board approved and endorsed for the vote of the stockholders the election of Mr. Eraña.

The 15 nominees will be submitted for election to the Board of Directors by the stockholders at the Annual Stockholders' Meeting. The profiles of the nominees are provided in this Information Statement for the Annual Stockholders' Meeting.

8. Ratification of Directors' Fees for 2025

Pursuant to the Manual and the Corporate Governance Committee Charter, the Corporate Governance Committee also recommended to the Board of Directors the approval of the fees of the directors for 2025, inclusive of *per diem* for each board and committee meeting.

The matter will be presented for the ratification by the stockholders at the Annual Stockholders' Meeting.

9. Other Matters

The Chairman will inquire whether there are other relevant matters and concerns to be discussed.

10. Adjournment

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

PETRON CORPORATION
ANNUAL STOCKHOLDERS' MEETING
MAY 2, 2025, 2PM, VIA LIVESTREAMING AT https://www.petron.com/2025asm/
("2025 PETRON ASM")

Please mark as applicable:

☐ **Vote by ballot:** The undersigned stockholder of PETRON CORPORATION (the "Company") casts his/her vote on the agenda items for the 2025 Petron ASM, as expressly indicated with "X" below in this ballot.

☐ **Vote by proxy:** The undersigned stockholder of the Company hereby appoints ____________________ or, in his/her/its absence, the Chairman of the meeting, as attorney and proxy, to represent and vote all the shares registered in his/her/its name at the 2025 Petron ASM and any of its adjournment(s), as fully as the undersigned can do if present and voting in person, ratifying all action taken on matters that may properly come before such meeting or its adjournment(s). The undersigned directs the proxy to vote on the agenda items which have been expressly indicated with "X" below.

PROPOSAL	**ACTION**			
	FOR ALL	WITHHOLD FOR ALL	EXCEPTION	FULL DISCRETION OF PROXY (IF FORM USED AS PROXY)
1. Election of Directors				
The nominees are: Ramon S. Ang Lubin B. Nepomuceno Jose P. De Jesus Ron W. Haddock Aurora T. Calderon Francis H. Jardeleza Mirzan Mahathir Virgilio S. Jacinto Nelly Favis-Villafuerte John Paul L. Ang Emmanuel E. Eraña Jacqueline L. Ang Artemio V. Panganiban (independent) Margarito B. Teves (independent) Ricardo C. Marquez (independent) **INSTRUCTIONS**: *To withhold authority to vote for any individual nominee(s), please mark "Exception" box and list the name(s) under*				
	FOR	AGAINST	ABSTAIN	
2. Approval of the Minutes of the 2024 Annual Stockholders' Meeting ("2024 ASM")				
3. Approval of the Management Report and the Audited Financial Statements of the Company for Year-Ended December 31, 2024				
4. Ratification of all Acts of the Board of Directors and Management since the 2024 ASM				
5. Appointment of the External Auditor of the Company and Ratification of External Auditor Fees				
6. Ratification of Directors' Fees for 2025				

Signed this ___ day of ________ 2025 at ____________________.

_______________________________ _______________________________
PRINTED NAME OF STOCKHOLDER *SIGNATURE OF STOCKHOLDER/AUTHORIZED SIGNATORY*

QUESTION/COMMENT: ____

____

THIS BALLOT/PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE APRIL 15, 2025 BY EMAIL SENT TO 2025asmpetron@petron.com OR BY MAIL SENT TO THE OFFICE OF SMC STOCK TRANSFER SERVICE CORPORATION AT THE 2ND FLOOR, SMC HEAD OFFICE COMPLEX, 40 SAN MIGUEL AVENUE, MANDALUYONG CITY. THIS BALLOT/PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS MARKED/DIRECTED HEREIN BY THE STOCKHOLDER. IF NO DIRECTION IS MADE IN A PROXY, SUCH PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING AS RECOMMENDED BY THE MANAGEMENT OR THE BOARD OF DIRECTORS. A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT EITHER IN AN INSTRUMENT IN WRITING DULY PRESENTED TO AND RECORDED WITH THE CORPORATE SECRETARY AT LEAST FIVE (5) DAYS PRIOR TO THE MEETING. NOTARIZATION OF THIS PROXY IS NOT REQUIRED. FOR AN INDIVIDUAL, HIS/HER BALLOT/PROXY MUST BE ACCOMPANIED BY A VALID GOVERNMENT-ISSUED ID WITH A PHOTO. FOR A CORPORATION, ITS PROXY MUST BE ACCOMPANIED BY ITS CORPORATE SECRETARY'S CERTIFICATION CERTIFYING THE REPRESENTATIVE'S AUTHORITY TO REPRESENT THE CORPORATION IN THE MEETING. VALIDATION OF BALLOTS AND PROXIES WILL BE UNDERTAKEN ON APRIL 25, 2025 AT 2:00 P.M. AT THE ABOVE-MENTIONED OFFICE OF THE SMC STOCK TRANSFER SERVICE CORPORATION.

INFORMATION STATEMENT

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

Date and Time of Annual Meeting; Conduct via Livestream

Pursuant to Memorandum Circular No. 6 (Series of 2020) issued by the Securities and Exchange Commission and by the unanimous vote by the Board of Directors at its regular meeting held on March 4, 2025, the Company will conduct its annual stockholders' meeting for 2025 (the "Annual Stockholders' Meeting") through livestreaming and will not hold a physical meeting.

Stockholders intending to attend the meeting by remote communication should notify the Company by email to 2025asmpetron@petron.com by April 15, 2025 at 12 noon. The procedure and further details for attending the meeting through remote communication are set forth in Appendix 1 of the notice of meeting in this Definitive Information Statement.

Votes will be cast through ballots and proxies. The deadline for the submission of ballots and proxies is on April 15, 2025. Ballots and proxies may be sent by email to 2025asmpetron@petron.com or by mail to the office of SMC Stock Transfer Service Corporation at the 2nd floor, SMC Head Office Complex, 40 San Miguel Avenue, 1550 Mandaluyong City. For the convenience of the stockholders of the Company, a sample of a ballot/proxy is attached to this Definitive Information Statement.

For an individual, his/her ballot proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its Corporate Secretary's certification stating the representative's authority to represent the corporation in the meeting. Proxies need not be notarized. Validation of ballots and proxies will be on April 25, 2025 at 2:00 p.m. at the above office of SMC Stock Transfer Service Corporation Office.

Questions and comments to the Board of Directors and/or Management may be sent in advance of, or during, the meeting by email to 2025asmpetron@petron.com.

The approximate date on which this Information Statement will be first sent or given to the stockholders is April 2, 2025.

The principal office of the Company is at the SMC Head Office Complex, 40 San Miguel Avenue, 1550 Mandaluyong City.

Dissenters' Right of Appraisal

As provided in Section 80 and Title X of the Revised Corporation Code, a dissenting stockholder may demand payment of the fair value of his/her shares in the exercise of his/her appraisal right in the following instances:

(1) when there is a change or restriction in the rights of any stockholder or class of shares;
(2) when the corporation authorizes preferences in any respect superior to those of outstanding shares of any class;
(3) when there is an extension or shortening of the term of corporate existence;
(4) in case of a sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets;
(5) in case of a merger or consolidation; and
(6) in the event of an investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation is organized.

Section 81 of the Revised Corporation Code provides the following procedure on how the appraisal right may be exercised by any stockholder who shall have voted against a proposed corporate action on any of the above instances:

(1) A dissenting stockholder files a written demand within 30 days after the date on which the vote was taken. Failure to file the demand within the 30-day period constitutes a waiver of the appraisal right. Within 10 days from demand, the dissenting stockholder shall submit his/her stock certificates to the corporation for notation that such shares are dissenting shares. From the time of demand for payment until either abandonment of the corporate action or purchase of the shares by the corporation, all rights accruing to the shares (including voting and dividend rights) shall be suspended, except the stockholders' right to receive payment of the fair value of his/her shares.

(2) If corporate action is implemented, the corporation pays the stockholder the fair value of his/her shares upon surrender of the certificate/s of stock. Fair value is the value of shares on the day prior to the date on which the vote was taken, excluding appreciation or depreciation in anticipation of such corporate action.

(3) If the fair value is not determined within 60 days from date of action, it will be determined by three (3) disinterested persons (one chosen by the stockholder, another chosen by the corporation, and the last one chosen by both). The findings of a majority of the said appraisers will be final and their award will be paid by the corporation within 30 days after such award is made. Upon such payment, the stockholder shall forthwith transfer his/her shares to the corporation. No payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings.

(4) If the stockholder is not paid within 30 days from such award, his/her voting and dividend rights shall be immediately restored.

There is no matter to be voted upon during the Annual Stockholders' Meeting that will trigger the exercise by a stockholder of his/her appraisal rights under the law.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

There is no matter to be acted upon in which any of the current directors and executive officers and those who will be nominated as directors during the meeting is involved or had a direct, indirect, or substantial interest, other than their election to office and the approval of the directors' fees generally given to all non-executive directors. Likewise, no director has informed the Company in writing of his/her opposition to any matter to be acted upon.

Voting Securities and Principal Holders Thereof

As of the date of this Information Statement, the total number of outstanding shares of the Company is comprised of 8,915,948,400 common shares, 6,597,000 Series 3B preferred shares (the "Series 3B Preferred Shares"), 5,000,000 Series 4A preferred shares (the "Series 4A Preferred Shares"), 2,995,000 Series 4B preferred shares (the "Series 4B Preferred Shares"), 6,005,000 Series 4C preferred shares (the "Series 4C Preferred Shares"), 8,500,000 Series 4D preferred shares (the "Series 4D Preferred Shares") and 8,330,000 Series 4E preferred shares (the "Series 4E Preferred Shares") each with a par value of Php1.00.

Common shares totaling 459,156,097 were bought back by the Company on March 18, 2025 pursuant to the share buy-back program of the Company approved by the Board of Directors on March 4, 2025.

The Series 2A, 2B and 3A preferred shares were redeemed, with the following details:

Preferred Shares	Redemption Date
7,122,320 Series 2A preferred shares	November 4, 2019
2,877,680 Series 2B preferred shares	November 3, 2021
13,403,000 Series 3A preferred shares	December 26, 2024

The principal common shareholders of the Company owning at least 5% of the common shares are SEA Refinery Corporation ("SRC") (52.68%), PCD Nominee Corporation (Filipino) (21.16%), and San Miguel Corporation ("SMC") (19.10%) as of March 26, 2025. SRC is wholly-owned by SMC. SMC thus holds an aggregate 71.78% ownership of the common shares of the Company.

One Share, One Vote

All stockholders of record holding common shares as of March 18, 2025 are entitled to notice and vote at the Annual Stockholders' Meeting, as described in this report. Each common share is entitled to one vote. Preferred shareholders have no voting rights except under instances provided under the Revised Corporation Code, none of which forms part of the agenda of the Annual Stockholders' Meeting.

Voting of Directors

Under the express provisions of the Company's By-laws (the "Company's By-laws"), cumulative voting is allowed in the election of directors. Thus, a stockholder may distribute his/her votes per share to as many persons as there are directors to be elected, or he/she may cumulate his/her shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares he/she has, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the Company multiplied by the whole number of directors to be elected.

The equity ownership of foreigners as of March 26, 2025 is set out below:

Class of Shares	Number of shares held by foreigners	Percentage to Total Outstanding Shares (common and preferred shares combined)
Common shares (PCOR)	184,078,443	2.06
Series 3B Preferred Shares (PPRF3B)	54,830	Nil
Series 4A Preferred Shares (PPRF4A)	29,870	Nil
Series 4B Preferred Shares (PPRF4B)	20,530	Nil
Series 4C Preferred Shares (PPRF4C)	43,850	Nil
Series 4D Preferred Shares (PPRF4D)	70,460	Nil
Series 4E Preferred Shares (PPRF4E)	66,495	Nil
Combined common and preferred shares	184,364,478	2.06

Security Ownership of Certain Record and Beneficial Owners and Management

The security ownership of certain record and beneficial owners of more than 5% of the common shares of the Company as of March 26, 2025 is as follows:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares held	Percentage of Ownership
Common Shares	**SEA Refinery Corporation (“SRC”)** 19/F Liberty Center Dela Costa St., Salcedo Village, Makati City Major Stockholder	SEA Refinery Corporation	Filipino	4,696,885,564	52.68%
Common Shares	**PCD Nominee Corporation** (Filipino) 37th Floor Tower 1 The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Major Stockholder	PCD Nominee Corporation	Filipino	1,886,604,682[1]	21.16%
Common Shares	**San Miguel Corporation (“SMC”)** SMC Head Office Complex 40 San Miguel Avenue, Mandaluyong City Major Stockholder	San Miguel Corporation	Filipino	1,702,870,560	19.10%

[1] The Company has no beneficial owner under the PCD Nominee Corporation that owns more than 5% shareholdings.

SRC is wholly-owned by SMC. SMC thus holds an aggregate 71.78% ownership of the common shares of the Company.

In the annual stockholders’ meeting held in 2024, Mr. Ramon S. Ang, the Chairman of the meeting, represented and voted the shares registered in the names of SRC and SMC. The representation of the afore-mentioned stockholders for the Annual Stockholders’ Meeting will be based on the proxy that they will file in accordance with this Information Statement and the Company’s By-laws.

The security ownership of directors and officers holding the position of Vice President and up as of the date of this report is as follows:

Directors

Title of Class	Name of Record Owner	Citizenship	Amount and Nature of Beneficial Ownership	Direct (D) or Indirect (I)	Percentage of Ownership
Directors					
Common	Ramon S. Ang	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Lubin B. Nepomuceno	Filipino	5,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Jose P. De Jesus	Filipino	500 225,000	D I	0.00% 0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Ron W. Haddock	American	1	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.

Common	Mirzan Mahathir	Malaysian	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Aurora T. Calderon	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Francis H. Jardeleza	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Virgilio S. Jacinto	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Nelly Favis-Villafuerte	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Horacio C. Ramos	Filipino	50	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.

Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	John Paul L. Ang	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Artemio V. Panganiban	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Margarito B. Teves	Filipino	500	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Ricardo C. Marquez	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			10,000	I	0.00%
Series 4E Preferred			-	-	N.A.

Officers

Title of Class	Name of Record Owner	Citizenship	Amount and Nature of Beneficial Ownership	Direct (D) or Indirect (I)	Percentage of Ownership
Executive Officers					
Common	Emmanuel E. Eraña	Filipino	200	D	N.A.
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Freddie P. Yumang	Filipino	352,600	I	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			3,000	I	0.00%
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Albertito S. Sarte	Filipino	765,500	I	0.00%
Series 3B Preferred			5,000	I	0.00%
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Maria Rowena O. Cortez	Filipino	8,580	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			2,000	I	0.00%
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Jaime O. Lu	Filipino	14,200	I	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			2,000	I	0.00%
Series 4D Preferred			3,000	I	0.00%
Series 4E Preferred			-	-	N.A.
Common	Maria Rosario D. Vergel de Dios	Filipino	-	-	N.A.
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Magnolia Cecilia D. Uy	Filipino	-	-	N.A.
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.

Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Myrna C. Geronimo	Filipino	-	-	N.A.
Series 3B Preferred			3,000	I	0.00%
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			3,000	I	0.00%
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			3,000	D	0.00%
Common	Allister J. Go	Filipino	11,030	D	0.00%
Series 3B Preferred			300	I	0.00%
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Reynaldo V. Velasco, Jr.	Filipino	5,200 17,100	D I	0.00% 0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			450	I	0.00%
Series 4E Preferred			-	-	N.A.
Common	Virgilio V. Centeno	Filipino	13,200 1,532	D I	0.00% 0.00%
Series 3B Preferred			-	-	0.00%
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			1,000	I	0.00%
Common	Mark Tristan D. Caparas	Filipino	2,000	I	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			1,000	I	0.00%
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Jonathan F. Del Rosario	Filipino	-	-	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Lemuel C. Cuezon	Filipino	42,939	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.

Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Jacqueline L. Ang	Filipino	250	D	N.A.
Series 3B Preferred			24,000	I	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			9,250	I	0.00%
Series 4E Preferred			9,250	I	0.00%
Common	Jhoanna Jasmine M. Javier-Elacio	Filipino	-	-	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			500	I	0.00%
Series 4C Preferred			500	I	0.00%
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Directors and Officers from Vice President and up (including the Corporate Secretary) as a Group	Common	**241,501** **1,233,881** **1,475,382**			**0.00%**
	Series 3B Preferred	**8,300**			**0.00%**
	Series 4A Preferred	**1,000**			**0.00%**
	Series 4B Preferred	**3,500**			**0.00%**
	Series 4C Preferred	**7,500**			**0.00%**
	Series 4D Preferred	**22,700**			
	Series 4E Preferred	**13,250**			

As of the date of this report, the directors and executive officers of the Company owned 1,475,382 common shares, 8,300 Series 3B Preferred Shares, 1,000 Series 4A Preferred Shares, 3,500 Series 4B Preferred Shares, 7,500 Series 4C Preferred Shares, 22,700 Series 4D Preferred Shares and 13,250 Series 4E Preferred Shares, for a total of 1,531,632 or 0.0002% of the Company's total outstanding capital stock. No one of the directors and executive officers of the Company directly owns 5% or more of the outstanding capital stock of the Company.

Voting Trust Holders of 5% or more

The Company is not aware of any person holding 5% or more of the Company's outstanding voting shares under a voting trust agreement.

Changes in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

Directors and Executive Officers

Listed below are the nominees for directors and the incumbent officers of the Company from Vice President and up with their respective ages, citizenships, and current and past positions held and business experience for at least the past five (5) years.

The directorship of the directors in other companies listed in the PSE is also specified.

A. Nominees for Directors

The following are the nominees for 12 directors and three (3) independent directors of the Company:

Name	Age	Nationality	Position	Year First Elected as Director
Ramon S. Ang	71	Filipino	President and Chief Executive Officer	2009
Lubin B. Nepomuceno	73	Filipino	Director and General Manager	2013
Ron W. Haddock	84	American	Director	2008
Aurora T. Calderon	70	Filipino	Director	2010
Mirzan Mahathir	66	Malaysian	Director	2010
Francis H. Jardeleza	75	Filipino	Director	2020
Virgilio S. Jacinto	68	Filipino	Director	2010
Nelly F. Villafuerte	88	Filipino	Director	2011
Jose P. de Jesus	90	Filipino	Director	2014
John Paul L. Ang	45	Filipino	Director	2021
Emmanuel E. Eraña	64	Filipino	Director	Nominated for 2025 election
Jacqueline L. Ang	38	Filipino	Director	Nominated for 2025 election
Artemio V. Panganiban	88	Filipino	Independent Director	2010
Margarito B. Teves	81	Filipino	Independent Director	2014
Ricardo C. Marquez	64	Filipino	Independent Director	2022

Set out below are the profiles of the nominees for election as Directors of the Company at the Annual Stockholders' Meeting.

Ramon S. Ang, Filipino, born 1954, has served as the Chief Executive Officer and an Executive Director of the Company since January 8, 2009 and the President of the Company since February 10, 2015. He is also a member of the Company's Executive Committee. In relation to the oil and gas industry, Mr. Ang holds the following positions, among others: Chairman of SEA Refinery Corporation ("SEA Refinery"), New Ventures Realty Corporation ("NVRC"), Petron Fuel International Sdn. Bhd. (Malaysia) ("PFISB"), Petron Malaysia Refining & Marketing Bhd. (Malaysia) ("PMRMB"), and Petron Oil (M) Sdn. Bhd. ("POMSB") (Malaysia); Chairman and President of Mariveles Landco Corporation ("MLC"), Petrochemical Asia (HK) Ltd. ("PAHL"), and Robinson International Holdings Ltd. (Cayman Islands); Director of Las Lucas Construction and Development Corporation ("LLCDC") and Petron Oil & Gas Mauritius Ltd. ("POGM"), and Director of Petron Oil & Gas International Sdn. Bhd. ("POGI"). He also holds the following positions, among others: Chairman and Chief Executive Officer and President and Chief Operating Officer of San Miguel Global Power Holdings Corp. (formerly, SMC Global Power Holdings Corp.), Chairman and President of San Miguel Holdings Corp., SMC SLEX Inc. (formerly, South Luzon Tollway Corporation), San Miguel Equity Investments Inc., San Miguel Properties, Inc., San Miguel Aerocity Inc. and Privado Holdings Corporation; Chairman of San Miguel Brewery Inc. ("SMB"), San Miguel Foods, Inc., San Miguel Yamamura Packaging Corporation ("SMYPC"), Clariden Holdings, Inc., Anchor Insurance Brokerage Corporation, Petrogen Insurance Corporation ("Petrogen"), Philippine Diamond Hotel and Resort, Inc., and Eagle

Cement Corporation; Chairman, President and Chief Executive Officer of SMC TPLEX Corporation (formerly, Private Infra Dev Corporation); Chairman and Chief Executive Officer of SMC Asia Car Distributors Corp.. He is also the sole director and shareholder of Master Year Limited. Mr. Ang formerly held the following positions, among others: Chairman of Cyber Bay Corporation and Liberty Telecoms Holdings, Inc.; President and Chief Operating Officer of PAL Holdings, Inc., and Philippine Airlines, Inc.; Director of Air Philippines Corporation; Chairman of Manila North Harbour Port Inc. ("MNHPI") (2015 – 2017); Vice Chairman and Director of the Manila Electric Company ("MERALCO"); and Vice Chairman of Northern Cement Corporation. Mr. Ang has held directorships in various domestic and international subsidiaries of SMC in the last five (5) years. He has a Bachelor of Science degree in Mechanical Engineering from the Far Eastern University. He holds a doctoral degree in Business Engineering (Honoris Causa, 2018) from the Far Eastern University and a Ph.D. in Humanities (Honoris Causa, October 1, 2006) from the National University.

Mr. Ang also holds the following positions in other publicly listed companies: Chairman and Chief Executive Officer of San Miguel Corporation ("SMC"); Chairman of San Miguel Food and Beverage, Inc. ("SMFB"); President and Chief Executive Officer of Top Frontier Investment Holdings Inc. ("Top Frontier"); Chairman of PMRMB (a company publicly listed in Malaysia), and San Miguel Brewery Hongkong Limited (a company publicly listed in Hong Kong); and President of Ginebra San Miguel, Inc. ("GSMI").

Lubin B. Nepomuceno, Filipino, born 1951, has served as a Director of the Company since February 19, 2013 and the General Manager of the Company since February 10, 2015. He is also a member of the Company's Executive Committee. He holds the following positions, among others: Chairman, President and Chief Executive Officer of Petron Marketing Corporation ("PMC"); Director and Chief Executive Officer of PMRMB and member of its Sustainability Committee; Director and Chief Executive Officer of PFISB and POMSB; Director of POGI, LLCDC, NVRC, Philippine Polypropylene Inc. ("PPI"), PAHL, Mariveles Landco Corporation, Robinson International Holdings, Ltd., Petron Singapore Trading Pte. Ltd. ("PSTPL"), SMYPC and San Miguel Yamamura Packaging International, Ltd.; Chairman and Chief Executive Officer of Petron Foundation, Inc. ("PFI"); Chairman and President of Mema Holdings, Inc.; Chairman of Overseas Ventures Insurance Corporation Ltd. ("Ovincor"), Petron Freeport Corporation ("PFC") and Petrofuel Logistics, Inc. ("PLI"). Mr. Nepomuceno has held various board and executive positions in the San Miguel Group. He started with SMC as a furnace engineer at the Manila Glass Plant in 1973 and rose to the ranks to become the General Manager of the San Miguel Packaging Group in 1998. He was also formerly the Senior Vice President and General Manager of the Company (September 2009 - February 2013) and the President of the Company (February 2013 - February 2015). He also served as the Chairman of Petrogen (until 2021) and a Director of MNHPI (2012 - 2014). Mr. Nepomuceno holds a Bachelor of Science degree in Chemical Engineering and master's degree in Business Administration from the De La Salle University. He also attended the Advanced Management Program at the University of Hawaii, University of Pennsylvania and Japan's Sakura Bank Business Management.

Mr. Nepomuceno does not hold a directorship in any company listed with the PSE other than Petron.

Jose P. de Jesus, Filipino, born 1934, has served as a Director of the Company since May 20, 2014. He is an Independent Director and the Chairman of Converge ICT Solutions, Inc. He was the Chairman of Clark Development Corporation (March 2017 – November 2020), the President and Chief Executive Officer of Nationwide Development Corporation (September 2011 - June 2015), the Secretary of the Department of Transportation and Communications (July 2010 - June 2011), the President and Chief Operating Officer of MERALCO (February 2009 - June 2010), the President and Chief Executive Officer of Manila North Tollways Corporation (January 2000 - December 2008), Executive Vice President of the Philippine Long Distance Telephone Company (1993 - December 1999), Chairman of the Manila Waterworks & Sewerage System (1992 - 1993), the Secretary of the Department of Public Works and Highways (January 1991 - February 1993), and the President of the Development Academy of the Philippines (December 1987 – January 1991). He was awarded the Philippine Legion of Honor, Rank of Commander in June 1992 by then President Corazon C. Aquino. He was *Lux in Domino* Awardee (Most Outstanding Alumnus) of the Ateneo de Manila University in July 2012. He is also a Director of SMC Skyway Corporation, SMC TPLEX Corporation, SMC SLEX, Inc., Comstech Integration Alliance, Inc., AirAsia, Inc., Philippines AirAsia, Inc., as well as an Independent Director of Alviera Country Club. He is a Trustee of the Kapampangan Development Foundation and Holy Angel University, a Member of the Board of Advisors of Bantayog ng mga Bayani Foundation, an Eisenhower Exchange Fellow (1977 – present), and a member of the Management Association of the Philippines. Mr. de Jesus earned his Bachelor of Arts degree in Economics and holds a Master of Arts in Social Psychology from the Ateneo de Manila University. He also finished Graduate Studies in Human Development from the University of Chicago under university scholarship and Fulbright grant.

Of the companies in which Mr. de Jesus currently holds directorships, Converge Information and Communications Technology Solutions, Inc. is also listed with the PSE.

Ron W. Haddock, American, born 1940, has served as a Director of the Company since December 2, 2008. He holds the following positions, among others: Chairman and Chief Executive Officer of AEI; and lead independent director of the board of Delek Logistics Partners LP. Mr. Haddock was formerly Honorary Consul of Belgium in Dallas, Texas. He also served as Chairman of Safety-Kleen Systems; Chairman and Chief Executive Officer of Prisma Energy International and FINA, and held various management positions in Exxon Mobil Corporation including as Manager of Baytown Refinery, Corporate Planning Manager, Vice President for Refining, and Executive Assistant to the Chairman; and Vice President and Director of Esso Eastern, Inc. He holds a degree in Mechanical Engineering from Purdue University.

Mr. Haddock does not hold a directorship in any company listed with the PSE other than Petron.

Mirzan Mahathir, Malaysian, born 1958, has served as a Director of the Company since August 13, 2010. He is the Chairman and Chief Executive Officer of Crescent Capital Sdn. Bhd and Managing Director of Betamek Berhad. He holds directorships in several public and private companies. He was formerly the Executive Chairman of SBI Offshore Ltd., which is listed on the Singapore Stock Exchange (2017 - 2020) and the Executive Chairman and President of Konsortium Logistik Berhad (1992 - 2007). Mr. Mirzan graduated with a Bachelor of Science (Honours) degree in Computer Science from Brighton Polytechnic, United Kingdom and obtained his master's degree in Business Administration from the Wharton School, University of Pennsylvania, USA.

Mr. Mirzan does not hold a directorship in any company listed with the PSE other than Petron.

Aurora T. Calderon, Filipino, born 1954, has served as a Director of the Company since August 13, 2010. She is a member of the Executive Committee, the Audit Committee, the Risk Oversight Committee and the Related Party Transaction Committee. She holds the following positions, among others: Senior Vice President and Senior Executive Assistant to the Chairman and Chief Executive Officer of SMC; President of Petrogen; Director of SMC, PMRMB, POGM, POGI, PSTPL, SEA Refinery, NVRC, LLCDC, SMYPC, Thai San Miguel Liquor Co., Ltd., SMC Global Power Holdings Corp., Rapid Thoroughfares Inc., Trans Aire Development Holdings Corp., and various subsidiaries of SMC; Non-Executive Director of San Miguel Brewery Hong Kong Limited; and Director and Treasurer of Petron-affiliate Top Frontier. She has served as a Director of MERALCO (January 2009 - May 2009), Senior Vice President of Guoco Holdings (1994 - 1998), Chief Financial Officer and Assistant to the President of PICOP Resources (1990-1998) and Assistant to the President and Strategic Planning at the Elizalde Group (1981 - 1989). She is a certified public accountant and is a member of the Capital Market Development Committee of the Financial Executives Institute of the Philippines and the Philippine Institute of Certified Public Accountants. She is also a director of the Market Governance Board of the Philippine Dealing System Holdings. Ms. Calderon graduated *magna cum laude* from the University of the East in 1973 with a degree in Business Administration major in Accounting and earned her master's degree in Business Administration from the Ateneo de Manila University in 1980.

Of the companies in which Ms. Calderon currently holds directorships other than Petron, SMC and Petron-affiliate Top Frontier are also listed with the PSE, while PMRMB is publicly listed in Malaysia and San Miguel Brewery Hong Kong Limited is publicly listed in Hong Kong.

Francis H. Jardeleza, Filipino, born 1949, has served as a Director of the Company since August 4, 2020. He is likewise a Director of GSMI and SMFB. He is also a director of MORE Electric and Power Corporation. He has been a Professorial Lecturer in Constitutional, Administrative, Remedial and Corporation Law at the University of the Philippines College of Law since 1993. Justice Jardeleza is also currently a member of the International and Maritime Law Department of the Philippine Judicial Academy. He was formerly the Senior Vice President and General Counsel of SMC (1996 – 2010), a partner of Angara Abello Concepcion Regala and Cruz Law Offices (1975 – 1987), Roco Buñag Kapunan Migallos and Jardeleza Law Offices (1992 – 1995), Jardeleza Sobreviñas Diaz Hayudini and Bodegon Law Offices (1987 – 1990) and Jardeleza Law Offices (1990 – 1992). He is a retired Associate Justice of the Supreme Court of the Philippines (August 19, 2014 – September 25, 2019). He also served as Solicitor General of the Office of the Solicitor General of the Philippines (February 20, 2012 – August 18, 2014) and Deputy Ombudsman for Luzon of the Office of the Ombudsman of the Philippines (July 7, 2011 – February 19, 2012). Justice Jardeleza earned his Bachelor of Laws degree (salutatorian and *cum laude*) from the University of the Philippines in 1974, placed third in the bar exam that same year, and earned his Master of Laws degree from Harvard Law School in 1977.

Of the companies in which Justice Jardeleza currently holds directorships other than Petron, Petron-affiliates GSMI and SMFB are also listed with the PSE.

Virgilio S. Jacinto, Filipino, born 1956, has served as a Director of the Company since August 13, 2010. He is a member of the Corporate Governance Committee of the Company and an alternate member of the Executive Committee. He holds the following positions, among others: Corporate Secretary, Compliance Officer, Senior Vice President and General Counsel of SMC; Corporate Secretary and Compliance Officer of Top Frontier; Corporate Secretary of GSMI and the other subsidiaries and affiliates of SMC; and Director of various other local and offshore subsidiaries of SMC. Atty. Jacinto has served as a Director and Corporate Secretary of United Coconut Planters Bank, a Director of SMB, and San Miguel Northern Cement, Inc., a Partner of Villareal Law Offices (June 1985 - May 1993) and an Associate of SyCip Salazar Feliciano & Hernandez Law Office (1981 - 1985). Atty. Jacinto was an Associate Professor of Law at the University of the Philippines until October 2021 and is currently a Professorial Lecturer. He obtained his law degree from the University of the Philippines in 1981 (*cum laude*) where he was the class salutatorian and placed sixth in the 1981 bar examinations. He holds a Master of Laws degree from Harvard University.

Atty. Jacinto does not hold a directorship in any company listed with the PSE other than Petron.

Nelly Favis-Villafuerte, Filipino, born 1937, has served as a Director of the Company since December 1, 2011. She was a columnist with two columns in the Manila Bulletin for more than 34 years and resigned recently. She was also a former Member of the Monetary Board of the Bangko Sentral ng Pilipinas from 2005 until July 2011. She is the President and General Manager of LRV Agri-Science Farm, Inc., a family-owned corporation involved in organic farming, and a Director of Bicol Broadcasting Systems, Inc. (also a family-owned corporation). She is an author of business handbooks on microfinance, credit card transactions, exporting and cyberspace and a four (4)-volume series on the laws on banking and financial intermediaries (Philippines). Atty. Villafuerte has served as Governor of the Board of Investments (1998 - 2005), Undersecretary for the International Sector (Trade Promotion and Marketing Group) of the Department of Trade and Industry ("DTI") (July 1998 - May 2000), and Undersecretary for the Regional Operations Group of the DTI (May 2000 - 2005). She holds a master's degree in Business Management from the Asian Institute of Management ("AIM") and was a professor of international law/trade/marketing at the graduate schools of AIM, Ateneo Graduate School of Business and De La Salle Graduate School of Business and Economics. Atty. Villafuerte obtained her Associate in Arts and law degrees from the University of the Philippines, Diliman, Quezon City and ranked seventh place in the bar examinations held immediately after graduation.

Atty. Villafuerte does not hold a directorship in any company listed with the PSE other than Petron.

John Paul L. Ang, Filipino, born 1980, was elected as a Director of the Company on March 9, 2021. He is the President and Chief Operating Officer of SMC and has been a director since January 21, 2021. He is Chairman, President and Chief Executive Officer of Southern Concrete Industries, Inc. since May 28, 2024, Vice Chairman of SMC Global Power Holdings Corp. since June 1, 2021 and a member of its Executive Committee, Audit and Risk Oversight Committee, Related Party Transaction Committee and Corporate Governance Committee. He is President and Chief Executive Officer of SMFB since June 5, 2024 and a Director since June 2, 2021; President of San Miguel Equity Investments, Inc. since December 7, 2023; President of Guimaras Ridge Property Development Inc., Lucky Nine Properties, Inc. and Mabini Properties Inc. since September 10, 2024. He is a Director of Top Frontier since July 9, 2021 and a member of its Audit and Risk Oversight Committee, Related Party Transaction Committee and Corporate Governance Committee. He is also a Director of San Miguel Brewery since May 28, 2024 and various SMC subsidiaries such as San Miguel Holdings Corp., SMC Slex Inc., SMC Skyway Corporation, SMC NAIAX Corporation, San Miguel Aerocity Inc. and SMC Tollways Corporation. He holds and has held various positions in Eagle Cement Corporation, such as the President and Chief Executive Officer since 2008, a Director since 2010, a member of the Audit Committee since 2020 and the Chairman of the Executive Committee since February 2017. He also served as a member of the Nomination and Remuneration Committee (February 13, 2017 – July 15, 2020) and the General Manager and Chief Operating Officer (2008 – 2016). He has been the President and Chief Executive Officer of South Western Cement Corporation since 2017 and a Director of KB Space Holdings, Inc. since 2016. He was the Managing Director of Sarawak Clinker Sdn. Bhd. Malaysia (2002 – 2008) and the Purchasing Officer of Basic Cement (2002 – 2003). Mr. Ang has a Bachelor of Arts in Interdisciplinary Studies from the Ateneo de Manila University.

Of the companies in which Mr. Ang currently holds directorships, parent companies Top Frontier and SMC and Petron affiliate SMFB are also listed with the PSE.

Emmanuel E. Eraña, Filipino, born 1960, has served as the Senior Vice President and Chief Finance Officer of the Company since January 2009. He holds the following positions, among others: Chairman, President and Chief Executive Officer of LLCDC; Chairman and President of South Luzon Prime Holdings Inc. ("SLPHI"), Parkville Estates Development Corporation ("PEDC") and Abreco Realty Corporation ("ARC"); President and Chief Executive Officer of NVRC; President of PFI and SEA Refinery; Vice President of Ovincor; Director of PFC, PMC, PPI, Mema, Weldon, PLI, PFISB, POMSB, and Petron Finance (Labuan) Limited; and Alternate Director of POGM and POGI. He was formerly the President of Petrogen. Mr. Eraña also held the following positions in the San Miguel Group: as the Vice President and Chief Information Officer (January 2008 – December 2009), Vice President and Executive Assistant to the Chief Financial Officer, Corporate Service Unit (December 2006 – January 2008), Vice President and Chief Finance Officer of SMFBIL/NFL Australia (May 2005 – November 2006), Vice President and Chief Finance Officer of SMPFC (July 2002 – May 2005), and Assistant Vice President and Finance Officer (January 2001 – June 2002), Assistant Vice President and Finance and Management Services Officer, San Miguel Food Group (2000 – 2001). He also served as a Director of MNHPI (2012 – 2017). Mr. Eraña has a Bachelor of Science degree in Accounting from the Colegio de San Juan de Letran.

Mr. Eraña currently does not hold a directorship in any company listed with the PSE.

Jacqueline L. Ang, Filipino, born 1986, has served as the Vice President for Procurement of the Company since January 1, 2024. She is also a Director of PMRMB (August 2023 to present) and a member of its Sustainability Committee. She is also a Director of ARC since February 9, 2025, and of PFC and PMC since March 11, 2025. Ms. Ang was formerly the Assistant Vice President for Procurement of the Company (March 2018 – December 2023). Her work in Petron started in Procurement in 2015. She worked for San Miguel Corporation in Mergers and Acquisitions (2010-2014) and Corporate Finance (2009). Ms. Ang holds a Bachelor of Arts in Economics from the Ateneo De Manila University.

Of the companies in which Ms. Ang currently holds directorships, PMRMB is a publicly listed company in Malaysia.

Artemio V. Panganiban, Filipino, born 1936, has served as an Independent Director of the Company since October 21, 2010. He is the Chairman of the Related Party Transaction Committee and a member of the Audit and Corporate Governance Committees. He is a columnist of the Philippine Daily Inquirer, and an officer, adviser or consultant to several other business, civic, educational and religious organizations. He was the Chief Justice of the Philippines in 2005 - 2006; Associate Justice of the Supreme Court (1995 - 2005); Chairperson of the Philippine House of Representatives Electoral Tribunal (2004 - 2005); Senior Partner of Panganiban Benitez Parlade Africa & Barinaga Law Office (1963-1995); President of Baron Travel Corporation (1967 - 1993); and professor at the Far Eastern University, Assumption College and San Sebastian College (1961 - 1970). He authored over a dozen books and received various awards for his numerous accomplishments, most notably the "Renaissance Jurist of the 21st Century" conferred by the Supreme Court in 2006 and the "Outstanding Manilan" for 1991 by the City of Manila. On September 18, 2024, he was also conferred the Pro Ecclesia Et Pontifice Award granted by Pope Francis and handed to him by Jose F. Cardinal Advincula at the Manila Cathedral. Chief Justice Panganiban earned his Bachelor of Laws degree (*cum laude*) from the Far Eastern University in 1960, placed sixth in the bar exam that same year, and holds honorary doctoral degrees in law from several universities. He co-founded and headed the National Union of Students of the Philippines in 1957-1959.

He is also an independent advisor of Metro Pacific Investments Corporation and an Independent Director of non-listed companies Asian Hospital, Inc., Metro Pacific Tollways Corporation, and TeaM Energy Corporation.

Apart from Petron, Chief Justice Panganiban is an Independent Director of the following listed companies: MERALCO, JG Summit Holdings, Inc., PLDT, Inc., RL Commercial REIT, Inc., GMA Network, Inc., GMA Holdings, Inc., and Asian Terminals, Inc. and is a non-executive Director of Jollibee Foods Corporation.

Margarito B. Teves, Filipino, born 1943, has served as an Independent Director of the Company since May 20, 2014 and currently sits as the Lead Independent Director of the Company. He is the Chairman of the Audit Committee and is a member of the Corporate Governance, the Related Party Transaction, and the Risk Oversight Committees of the Company. He is also an Independent Director of SMC and Atok Big Wedge Corporation, as well as Alphaland Corporation, Alphaland Balesin Island Club, Inc., and Atlantic Atrium Investments Philippines Corporation. He was the Secretary of the Department of Finance of the Philippine government (2005 - 2010), and was previously the President and Chief Executive Officer of the Land Bank of the Philippines (2000 - 2005), among others. He was awarded as "2009 Finance Minister of Year/Asia" by the London-based *The Banker* Magazine. He holds a Master of Arts degree in Development Economics from the Center for Development Economics, Williams College, Massachusetts and is a graduate of the City of London College, with a degree of Higher National Diploma in Business Studies which is equivalent to a Bachelor of Science in Business Economics.

Of the companies in which Mr. Teves currently holds directorships other than Petron, SMC and Atok are also listed with the PSE.

Ricardo C. Marquez, Filipino, born 1960, has served as independent director of the Company since May 17, 2022. He currently holds the following positions: an independent director and the Chairman of the Risk Oversight Committee of SMFB (since March 2017); an independent director and the Chairman of the Corporate Governance Committee and Nomination Committee of Eagle Cement Corporation; an independent director of Top Frontier (since June 2022) and a member of the Board of Trustees of the Public Safety Mutual Benefit Fund, Inc. (beginning July 2015), after serving as its Chairman from July 2015 to June 2016. He served the Philippine National Police ("PNP") in various capacities before he became the PNP Chief in July 2015. He was awarded twice the Philippine Legion of Honor by the President of the Philippines, and feted by his alma mater with her highest award, the Cavalier Award as the Most Outstanding Alumnus in Special Operations. He completed the Senior Leadman Course of the University of the Philippines Open University; Leaders in Development Executive Program of the Harvard Kennedy School; the Strategic Business Economics Program of the University of Asia and the Pacific; the 224th Session of the Federal Bureau of Investigation National Academy; and the Senior Crisis Management

Course of the Anti-Terrorism Assistance Program, Department of Homeland Security in Washington, D.C. He graduated from the Philippine Military Academy and holds a Master in Management degree from the Philippine Christian University.

Of the companies in which Gen. Marquez currently holds directorships other than Petron, Petron-affiliate SMFB is also listed with the PSE.

The following have been endorsed for election as directors at the Annual Stockholders' Meeting:

1. Ramon S. Ang
2. Lubin B. Nepomuceno
3. Jose P. de Jesus
4. Ron W. Haddock
5. Mirzan Mahathir
6. Aurora T. Calderon
7. Francis H. Jardeleza
8. Virgilio S. Jacinto
9. Nelly Favis-Villafuerte
10. John Paul L. Ang
11. Emmanuel E. Eraña
12. Jacqueline L. Ang

The final list of nominees for independent directors names the following:

1. Artemio V. Panganiban
2. Margarito B. Teves
3. Ricardo C. Marquez

The nominees for independent directors of the Company have certified that they possess all qualifications and none of the disqualifications provided under the Securities Regulation Code (the "Code") and other applicable law and regulation. The certifications of these independent directors are attached hereto as Annexes B-1, B-2, and B-3.

The Corporate Governance Committee created by the Board of Directors to pre-screen and shortlist candidates nominated to become members of the Board of Directors of the Company pursuant to the Corporate Governance Manual of the Company, at its meetings held on March 4 and 27, 2025, reviewed the resumès of the above nominees. Upon finding that the candidates will have all the qualifications and none of the disqualifications when elected as directors at the Annual Stockholders' Meeting as set out in applicable laws and regulations, the Corporate Governance Manual and the Company's By-laws, the Corporate Governance Committee endorsed the above nominees for election as directors at the Annual Stockholders' Meeting. As of the date of this Information Statement, the Chairman of the Corporate Governance Committee is Independent Director Ret. Chief Justice Artemio V. Panganiban and its members are Independent Directors Mr. Margarito B. Teves and Ricardo C. Marquez and Atty. Virgilio S. Jacinto. Atty. Estelito P. Mendoza was also a member of the Corporate Governance Committee until March 26, 2025.

Director Ret. Chief Justice Artemio V. Panganiban and Director Margarito B. Teves will be serving the Company as independent directors for more than nine (9) years. The Company's Corporate Governance Committee evaluated the independence of Directors Panganiban and Teves and determined that each of them possesses all the qualifications and none of the disqualifications to act as independent directors of the Company, in accordance with Section 2.2.1.6.1 of the Manual on Corporate Governance of the Company (as amended) (the "Petron Corporate Governance Manual") approved by the Board of Directors of the Company on May 8, 2017, which adopted Recommendation 5.2 of the Code of Corporate Governance for Publicly Listed Companies (SEC Memorandum Circular No. 19, Series of 2016). In its meeting held on March 5, 20246, 2023, the Board of Directors, as favorably endorsed and recommended by the Company's Corporate Governance Committee, approved and endorsed for the vote of the stockholders of the Company the re-election of Directors Panganiban and Teves as independent directors of the Company pursuant to Section 2.2.1.6.2 of the Petron Corporate Governance Manual. Serving as an independent director, each of them has brought high standards of corporate governance to the Company and objectively contributed by providing his insights to the committees where he either chairs or is a member of, and to the Board of Directors of the Company, based on his years of experience and expertise. Being familiar with the mission, vision and corporate values of the Company, the presence of Directors Panganiban and Teves has enhanced these values by their sustained advisory relationship with the Company, especially with respect to the protection of the interest of its minority stockholders and other stakeholders. On the basis of the foregoing, the Board of Directors found that the independence of Directors Panganiban and Teves has not been diminished or impaired by their long service as members of the Board of Directors of the Company. The Board of Directors has full confidence Directors Panganiban and Teves will continue acting as independent directors with the same zeal, diligence and vigor as when they were first elected.

The nominees for Independent Directors, namely, Messrs. Panganiban, Teves, and Marquez, were nominated by Mr. Ramon S. Ang. Mr. Ang is not related to any of such nominees.

The procedure and selection of the independent directors were made in accordance with Section 38 of the Code, the Company's By-laws, and the Corporate Governance Manual.

The directors elected at the Annual Stockholders' Meeting will serve for a term of one year or until their successors have been elected and qualified, subject to the provisions of the Company's By- Laws.

Officers

The following are the officers from Vice President and up as of the date of this report:

Name	Age	Nationality	Position	Year Appointed as Officer
Ramon S. Ang	71	Filipino	President and Chief Executive Officer	as President: 2015; as Chief Executive Officer: 2009
Lubin B. Nepomuceno	73	Filipino	General Manager	2015
Emmanuel E. Eraña	64	Filipino	Senior Vice President and Chief Finance Officer	2009
Freddie P. Yumang	67	Filipino	Senior Vice President – Chief Risk Officer	2023
Albertito S. Sarte	58	Filipino	Deputy Chief Finance Officer and Treasurer	as Treasurer: 2009; as Deputy Chief Finance Officer and Treasurer: 2021
Maria Rowena Cortez	60	Filipino	Vice President – Supply	2009
Jaime O. Lu	61	Filipino	Vice President and Executive Assistant to the Chairman and Chief Executive Officer on Petron Malaysia Operations and Retail Engineering and Network Development	2018
Maria Rosario D. Vergel de Dios	61	Filipino	Vice President – Human Resources	2018
Myrna C. Geronimo	58	Filipino	Vice President and Controller	as Controller: 2019; as Vice President: 2020

Allister J. Go	59	Filipino	Vice President, Refinery	2020
Reynaldo V. Velasco, Jr.	59	Filipino	Vice President, Refinery Plant Operations	2020
Magnolia Cecilia D. Uy	58	Filipino	Vice President, Retail Sales	2021
Virgilio V. Centeno	55	Filipino	Vice President, Industrial Sales	2021
Mark Tristan Caparas	41	Filipino	Vice President and Chief Finance Officer, Petron Malaysia	2022
Jonathan F. Del Rosario	57	Filipino	Vice President, Operations and Corporate Technical Services Group	2023
Lemuel C. Cuezon	59	Filipino	Vice President, Marketing	2023
Jacqueline L. Ang	38	Filipino	Vice President, Procurement	2024
Jhoanna Jasmine M. Javier-Elacio	52	Filipino	Vice President – General Counsel and Corporate Secretary	as General Counsel and Corporate Secretary: 2022 as Vice President: 2024

Set out below are the profiles of the officers from Vice President and up of the Company as of the date of this report who are not nominees for directors.

Freddie P. Yumang, Filipino, born 1958, has served as the Senior Vice President – Chief Risk Officer of the Company since January 1, 2023. He held the following positions in the Company: as Petron Consultant (January 2020 – December 2022), Senior Vice President – Bataan Refinery (February 2018 – December 2019) and Vice President – Bataan Refinery (June 2009 – January 2018). He is a Director of MLC, PAHL and RIHL. He was a former President of the National Association of Mapua Alumni Inc, former President of the Foundation of Outstanding Mapuan Inc, former President of Mechanical Engineering Alumni of Mapua Institute of Technology, former President and National Director of the Philippine Society for Mechanical Engineers, former President of Philippine Society of Industrial Plant Specialists and a member of Pambansang Samahan ng Inhenyero Mekanikal. Mr. Yumang is a Professional Mechanical Engineer, a Certified ASEAN Chartered Professional Engineer and a former member of Professional Regulation Commission Career Progression and Specialization Program and Credit Accumulation and Transfer System Committee for Mechanical Engineering. He graduated from the Mapua Institute of Technology, with earned units for a master's degree in Business Administration from the De La Salle University and completed short Management courses at the Asian Institute of Management.

Maria Rowena O. Cortez, Filipino, born 1964, has served as the Vice President for Supply since November 2013. She is also a Director of PSTPL, PPI, PAHL, RIHL and MLC. The various positions she has held in the Company include Vice President for Supply & Operations (July 2010 – November 2013), Vice President for Supply (June 2009-June 2010) and various managerial and supervisory positions in the Marketing/Sales and Supply and Operations Divisions of Petron. Ms. Cortez also held various positions at the Phil. National Oil Company-Energy Research and Development Center from 1986 to 1993. She holds a Bachelor of Science degree in Industrial Engineering and a master's degree in Business Administration both from the University of the Philippines, Diliman. She also took post graduate courses at the AIM, University of Oxford in Oxfordshire, UK and ExecOnline-Columbia University. She has attended local and foreign trainings and seminars on leadership, market research, supply chain, commodity risk management, petroleum, petrochemicals and energy oil trading.

Albertito S. Sarte, Filipino, born 1967, has served as Deputy Chief Finance Officer and Treasurer of the Company since May 4, 2021 and was Vice President – Treasurer since August 2009. He is also the Treasurer of most of the Company's subsidiaries. Mr. Sarte served as Assistant Vice President for SMC International Treasury until June 2009. He graduated from the Ateneo de Manila University in 1987 with a Bachelor of

Science degree in Business Management and has attended the Management Development Program of the Asian Institute of Management in 1995.

Jaime O. Lu, Filipino, born 1963, has served as the Company's Vice President and Executive Assistant to the Chairman and Chief Executive Officer on Petron Malaysia Operations and Retail Engineering and Network Development (formerly Vice President and Executive Assistant to the President on Petron Malaysia Operations, Refinery Projects and Retail Engineering and Network Development, and other Special Projects) since November 2018. He is also a director of PLI, PFISB and POMSB. Mr. Lu was formerly the Company's Vice President – Operations Manager for Petron Malaysia (April 2012 – October 2018), and Vice President - General Manager of PPI (January 2011 – February 2012). He holds a Bachelor of Science degree in Chemical Engineering from the Pamantasan ng Lungsod ng Maynila and a master's degree in Business Administration from the Ateneo de Manila University.

Maria Rosario D. Vergel de Dios, Filipino, born 1963, has served as Vice President for Human Resources Management of the Company since November 16, 2018. Other positions she has held include Assistant Vice President for Human Resources (July 2012 – November 15, 2018), Head for Human Resources (October 2011 – June 2012), Human Resources Planning and Services Manager (October 2008 – September 2011), Payroll and Benefits Officer (January 2002 – September 2008), Payroll Officer (February 1997 to – December 2001), Assistant for Treasury/ Funds Management (May 1994 to – January 1997), Assistant for Treasury/ Foreign Operations (September 1991 – April 1994) and Secretary for the Office of the President (April 1991 – August 1991). She has a Bachelor of Science degree in Economics from the University of the Philippines and a master's degree in Business Management from the Ateneo de Manila University.

Magnolia Cecilia D. Uy, Filipino, born 1966, has served as Vice President for Retail Sales since October 1, 2021. She was formerly the Vice President for Management Services Division of the Company from February 13, 2020 to September 30, 2021. Other positions she has held include Assistant Vice President for Management Services (June 2018 – February 2020), Assistant Vice President for Market Planning, Research and Sales Information and concurrent Head of the Management Information Systems (February 2018 – May 2018) and Assistant Vice President for Market Planning, Research and Sales Information (February 2013 – January 2018). She is Chief Executive Officer and President of PFC; Director of PMC, NVRC and LLCDC; and a Trustee of PFI. She has a Bachelor of Science degree in Computer Science and a master's degree in Business Administration from the University of the Philippines.

Myrna C. Geronimo, Filipino, born 1966, has served as Vice President for Controllers and Controller the Company since February 13, 2020. She holds the following positions, among others: Controller of PFC, PMC, NVRC, LLCDC, MLC, PPI, Mema and PLI; Director, Controller and Treasurer of SLHPI and PEDC; and Director of PSTPL. She is also the Controller of PFI. Ms. Geronimo was formerly the Assistant Vice President for Controllers and Controller of the Company and the Chief Finance Officer of PMRMB, PFISB and POMSB. Ms. Geronimo holds a Bachelor of Arts degree in Accountancy *(magna cum laude)* from the Polytechnic University of the Philippines. She is a certified public accountant and a certified management accountant (Australia).

Allister J. Go, Filipino, born 1965, has served as Vice President for Refinery of the Company since February 13, 2020. He is Director of MLC, ARC, PPI, PAHL and RIHL. He is also a Trustee of PFI. Other positions he has held include Head of Refinery Plant Operations (February 2018 – November 2019), Assistant Vice President for Refinery Production A (January 2018), Officer-in-Charge of Refinery Production A (April 2017 – December 2017), Operations Manager of Refinery Production B (July 2014 – March 2017), Project Manager of RMP2 Project (December 2010 – June 2014), Supply Head, Supply Division (June 2010 – November 2010), Manager of Production Division B Expansion Facilities (June 2009 – May 2010), Manager of Refinery Planning and Quality Control (January 2007 – May 2009), Refinery Engineering Technology Manager (April 2003 – Dec 2006), and Assistant Manager of Business Development, Corporate Planning (June 2001 – March 2003), Business Development Officer, Corporate Planning (March 1995 – May 2001). He joined the Company as a Refinery Process Design Engineer in May 1988 and has handled several positions in the refinery, including Linear Program Engineer, prior to his assignment in Corporate Planning. He graduated from Adamson University in 1987 with a Bachelor of Science degree in Chemical

Engineering and placed Top 2 in the November 1987 Chemical Engineering Licensure Exam. He has attended the Management Development Program of the Asian Institute of Management in 2002 as well as several foreign and local trainings and seminars, including an Engineering Design Course at UOP in Illinois, USA in 1993.

Reynaldo V. Velasco, Jr., Filipino, born 1965, has served as Vice President for Refinery Plant Operations (Production A and B) since February 13, 2020. He is a Director of ARC. He was formerly Assistant Vice President – Technical Services Refinery (November 2018 – January 2020), Assistant Vice President – Production B Refinery (January 2018 – October 2018), Officer-in-Charge – Production B Refinery (April 2017 – December 2017), Manager – Technical Services B Refinery (July 2014 – March 2017), Project Manager – Block B RMP 2 Refinery (December 2010 – June 2014), Manager – PBR SPG Technology Operations (November 2009 – November 2010), Area Manager – Operations Process Block 1 (January 2007 – November 2009), Area Manager – Operations Process Block 2 (July 2005 – December 2006), Area Manager – Operations Process Block 1 (July 2003 – June 2005), Process Specialist (January 2002 – June 2003), Senior Process Engineer (April 2000 – December 2001), Shift Supervisor – PBR Operations (November 1998 – March 2000), Operations Engineer – PBR Engineering (September 1993 – October 1998), Process Design Engineer – PBR Engineering (July 1990 – August 1993). He has a Bachelor of Science degree in Chemical Engineering from the University of Sto. Tomas.

Virgilio V. Centeno, Filipino, born 1969, has been serving as Vice President for Industrial Sales since October 1, 2021. Other positions he has held include Vice President for LPG and Strategic Business Development (May 1, 2021 – September 30, 2021), Assistant Vice President – LPG Business Group (September 2019 – April 2021), Assistant Vice President – LPG, Lubes & Greases/Commercial Sales (June 2018 – August 2019), Assistant Vice President – Lubes & Greases/National Sales (September 2016 – May 2018), LPG and Lubes & Greases Trade Manager/National Sales (March 2016 – August 2016), Card Sales Manager/Reseller Trade/National Sales (August 2013 – February 2016), Card Sales Manager/LPG, Lubes & Greases, and Cards/National Sales (July 2012 – July 2013), National Accounts Manager/Industrial Trade (June 2009 – June 2012), Fleet Cards Sales Manager/Cards Business Group (August 2006 – June 2009), Business Development Coordinator/Direct Retail/Convenience Retail (November 2005 – July 2006), IMD Account Executive/Industrial Trade (February 2003 – October 2005), Special Projects Engineer/Technical Services (April 2002 – January 2003), Field Technical Services Engineer/Technical Services (February 1993 – March 2002) and Analyst, EDD/Geothermal (February 1992 – January 1993). Mr. Centeno has a Bachelor of Science degree in Mechanical Engineering from the Bulacan College of Arts and Trades (*magna cum laude*).

Mark Tristan D. Caparas, Filipino, born 1983, has served as Vice President for Petron Malaysia since March 8, 2022. He is the Chief Finance Officer of PMRMB, PFISB and POMSB. He is a Director of SLPHI and PEDC. Other positions he has held include Assistant Vice President and Chief Finance Officer for Petron Malaysia (February 13, 2020 – March 7, 2022), Chief Finance Officer for Petron Malaysia (July 1, 2019 – February 12, 2020), Assistant Controller, Office of the CFO (September 2015 – June 2019), Financial Analysis and Compliance Manager (August 2014 – August 2015), Finance Manager, Philippine Polypropylene Inc./Office of the CFO (July 2010 – July 2014), Financial Analyst (April 2009 – June 2010) and Credit Analyst, Credit/Finance Subsidiaries (February 2006 – March 2009). Mr. Caparas has a Bachelor of Science degree in Business Administration and Accountancy (*magna cum laude*) from the University of the Philippines and has a master's degree in Business Administration from the Ateneo Graduate School of Business and is a certified public accountant.

Jonathan F. Del Rosario, Filipino, born 1967, is the Vice President for Operations and Corporate Technical Services Group of the Company appointed on March 6, 2023 effective April 1, 2023. Other positions he has held include Assistant Vice President for Operations and CTSG OIC (April 1, 2022 – March 2023), Assistant Vice President for Metro Manila and Manufacturing District (March 8 – July 31, 2022), Manager – Metro Manila and Manufacturing District (August 2021 – March 7,2022), Manager – Lube Manufacturing (January 2021 – July 2021), Manager – Special Assignment (November 2020 – December 2020), Manager – Visayas Operations (September 2019 – November 2020), Manager – Batangas Terminal (April 2015 – August 2019), Manager – Limay Terminal (October 2012 – April 2015), Manager – Pandacan

Terminal (May 2011 – October 2012), Manager – Limay Terminal (May 2005 – April 2011), Engineer – Luzon Operations (August 2000 – May 2005), Engineer – Luzon Operations/Poro (December 1996 – July 2000) and Engineer – Pandacan Terminal (December 1991 – November 1996). Mr. Del Rosario has a Bachelor of Science degree in Electrical Engineering from the FEATI University.

Lemuel C. Cuezon, Filipino, born 1965, has served as Vice President for Marketing since March 6, 2023. Other positions he has held include Assistant Vice President for Marketing Division of the Company (April 4, 2022 – March 2023), Assistant Vice President – Market Planning, Research and Sales Information (February 13, 2020 – April 3, 2022), National Manager – Market Planning, Research and Sales Information (June 2018 – February 12, 2020), Luzon Regional Manager – Reseller Luzon (December 2017 – May 2018), VisMin Regional Manager – Reseller VisMin (July 2014 – November 2017), Metro Area Sales Manager – Reseller South Metro (February 2012 – June 2014), Mindanao Area Sales Manager – Reseller VisMin (June 2008 – January 2012), Marketing Coordinator – Retail Luzon (November 2003 – May 2008), Planning and Economics Coordinator – MPRAD (June 2003 – October 2003), Pricing and Business Coordinator – MPRAD (January 2001 – May 2003), Senior Pricing and Business Analyst – MPRAD (January 1999 – July 2000) and HR Assistant (February 1989 – December 1993). Mr. Cuezon has a Bachelor of Science degree in Industrial Engineering from the University of the Philippines.

Jhoanna Jasmine M. Javier-Elacio, Filipino, born 1972, has served as the Vice President – General Counsel, Corporate Secretary and Compliance Officer of the Company since May 21, 2024. She was Assistant Vice President – General Counsel, Corporate Secretary and Compliance Officer from March 6, 2023 to May 21, 2024, Corporate Secretary and Compliance Officer from March 31, 2022 to March 5, 2023, and Assistant Corporate Secretary and Alternate Compliance Officer from May 15, 2012 until March 31, 2022. She is also the Corporate Secretary of a number of the domestic subsidiaries of the Company. Atty. Javier-Elacio was also the Legal Manager of Petron Corporation and the Assistant Corporate Secretary of Petron Foundation, Inc. and a number of the domestic subsidiaries of the Company (May 15, 2012 – March 31, 2022). She previously held the positions of Associate General Counsel of San Miguel Yamamura Packaging Corporation (January 2010-February 2012), Manager for Corporate Restructuring and Reorganization of SMC (December 2007-December 2009) and legal counsel of SMC (October 2005-November 2007). She has also acted as Corporate Secretary and Assistant Corporate Secretary of various subsidiaries of SMC. She was a former associate at the law firm Sycip Salazar Hernandez & Gatmaitan. Atty. Javier-Elacio holds a Bachelor of Arts degree in English (*cum laude*) and a Bachelor of Laws degree from the University of the Philippines, and a master’s degree in law from the Kyushu University in Fukuoka, Japan.

Identify Significant Employees

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

Family Relationship

Director John Paul L. Ang is the son of Director Ramon S. Ang, while Vice President for Procurement and nominee for director Jacqueline L. Ang is the daughter of Director Ramon S. Ang. Other than this, the Company has no director or executive officer related to any other director or executive officer up to the fourth degree of consanguinity or affinity.

Involvement in Certain Legal Proceedings

The Company is not aware that any one of the incumbent directors and executive officers and persons nominated to become a director or executive officer has been the subject of a bankruptcy petition or a conviction by final judgment in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses, or has been by final judgment or decree, found to have violated securities or commodities law and enjoined from engaging in any business, securities, commodities or banking activities for the past five (5) years until the date of this Information Statement.

Certain Relationships and Related Transactions

The major stockholders of the Company holding at least 5% of its common shares, with their respective stockholdings as of March 26, 2025, are as follows:

- SEA Refinery Corporation - 52.68%
- PCD Nominee Corporation (Filipino) - 21.16%
- San Miguel Corporation - 19.10%

The basis of control is the number of the percentage of voting shares held by each.

The Company has no transactions or proposed transactions with any of its directors or officers.

Compensation of Executive Officers and Directors

2025

On March 4, 2025, the fees of the directors for 2025 were reviewed by the Corporate Governance Committee and favorably endorsed for approval by the Board of Directors and were later approved by the Board of Directors. The Company provides each non-executive director with reasonable *per diem* of Php75,000 and Php50,000 for each board and board committee meeting attended, respectively, in addition to monthly fees and monthly fuel allowances. The matter will be presented for the ratification by the stockholders at the Annual Stockholders' Meeting.

As of the date of this Information Statement and as discussed above, the Chairman of the Corporate Governance Committee is Independent Director Ret. Chief Justice Artemio V. Panganiban and the members are Independent Directors Mr. Margarito B. Teves and Mr. Ricardo C. Marquez, and Atty. Virgilio S. Jacinto. Atty. Estelito P. Mendoza also served as a member of the Corporate Governance Committee until March 26, 2025.

The aggregate compensation estimated to be paid to the executive officers and the aggregate fees and *per diem* allowances estimated to be paid to the directors of the Company for 2025 are set out in the table below.

2024

Under the Corporate Governance Manual of the Company, the Corporate Governance Committee is tasked with the establishment of a formal and transparent procedure to determine the remuneration of directors and officers that is consistent with the Company's culture and strategy as well as the business environment in which it operates.

On March 5, 2024, the fees of the directors for 2024 were reviewed by the Corporate Governance Committee and favorably endorsed for approval by the Board of Directors upon the finding of the Corporate Governance Committee that such fees were reasonable and commensurate to the services to the rendered. The fees were later approved by the Board of Directors on the same day. The matter was ratified by the stockholders at 2024 the Annual Stockholders' Meeting held on May 21, 2024.

The aggregate compensation paid or estimated to be paid to the executive officers and the aggregate fees and *per diem* allowances paid or estimated to be paid to the directors of the Company during the periods indicated below are as follows (in million pesos):

(a) Name & Principal Position		(b) Year	(c) Salary (including Fee and Per Diem Allowance of Directors)	(d) Bonus	(e) Other Annual Compensation
Ramon S. Ang Lubin B. Nepomuceno Emmanuel E. Eraña Freddie P. Yumang Albertito S. Sarte	President & CEO General Manager SVP / Chief Finance Officer SVP / Chief Risk Officer Vice President- Deputy CFO	2025 (est)	131.39	12.46	0.53
Ramon S. Ang Lubin B. Nepomuceno Emmanuel E. Eraña Freddie P. Yumang Ma. Rowena O. Cortez	President & CEO General Manager SVP / Chief Finance Officer SVP / Chief Risk Officer Vice President - Supply	2024	127.74	52.25	0.26
Ramon S. Ang Lubin B. Nepomuceno Emmanuel E. Eraña Freddie P. Yumang Susan Y. Yu	President & CEO General Manager SVP / Chief Finance Officer SVP / Chief Risk Officer Vice President - Procurement	2023	123.58	40.10	1.93
All Other Officers as a Group Unnamed		2025 (est)	118.04	13.22	3.65
		2024	110.14	43.24	6.60
		2023	87.05	23.67	4.20
All Directors as a Group		2025 (est)	16.95	0.00	0.00
		2024	17.22	0.00	0.00
		2023	16.34	0.00	0.00

The Company provides each non-executive director with reasonable *per diem* of Php75,000 and Php50,000 for each board and board committee meeting attended, respectively, in addition to monthly fees and monthly fuel allowances. In 2024, the Company paid the following fees to these directors (in thousand pesos):

	Per Diem for Board and Board Committee Meetings (MP)	Directors' Fees (MP)	Total (MP)
John Paul L. Ang	450	671	1,121
Jose P. De Jesus	600	450	1,050
Ronald W. Haddock	600	671	1,271
Mirzan Bin Mahathir	600	671	1,271
Estelito P. Mendoza	850	345	1,195
Artemio V. Panganiban	900	671	1,571
Margarito B. Teves	900	671	1,571
Nelly F. Villafuerte	600	671	1,271
Horacio C. Ramos	600	671	1,271
Francis H. Jardeleza	600	671	1,271
Ricardo C. Marquez	850	671	1,521
Aurora T. Calderon	850	671	1,521
Virgilio S. Jacinto	650	671	1,321
TOTAL	**MP9,050**	**MP 8,173**	**MP 17,223**

Other Arrangements

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

Employment Contract

In lieu of an employment contract, the directors are elected at the annual meeting of stockholders for a one-year term until their successors shall have been duly elected and qualified pursuant to the Company's By-laws. Any director elected in the interim will serve for the remaining term until the next annual meeting of the stockholders.

Warrants, Options or Other Plans

There are no warrants, options or plans pursuant to which stock, stock options, warrants, convertible securities and similar instruments of the Company are held by directors or officers.

External Auditor and Its Presence at the Stockholders' Meeting

The Company's external auditor for the last fiscal year was R. G. Manabat & Co./KPMG ("KPMG"). KPMG was first appointed the external auditor of the Company in 2010. Ms. Rohanie C. Galicia has been assigned by KPMG to lead the review of the financial statements of the Company beginning year 2022.

At its meeting held on March 4, 2025, the Board of Directors, upon the endorsement of the Audit Committee, nominated KPMG as the external auditor of the Company for fiscal year 2025 and approved KPMG's fees for the audit and finalization of the financial statements of the Company and its subsidiaries for fiscal year 2025. The stockholders are requested to approve the re-appointment of KPMG as external auditor of the Company for 2025 and ratify its fees as described above at the Annual Stockholders' Meeting.

Among its other functions set out in the Corporate Governance Manual and the Audit Committee Charter, the Audit Committee primarily recommends to the Board of Directors each year the appointment of the external auditor to examine the accounts of the Company for that year and the fees of such external auditor. As of the date of this report, the Chairman of the Audit Committee of the Company is Independent Director Mr. Margarito B. Teves and its members are Independent Directors Ret. Chief Justice Artemio V. Panganiban and Ricardo C. Marquez, and Ms. Aurora T. Calderon. Atty. Estelito P. Mendoza served as a member of the Audit Committee until March 26, 2025. Mr. Ferdinand K. Constantino acts as advisor to the Audit Committee.

Duly authorized representatives of KPMG will be present at the Annual Stockholders' Meeting to respond to appropriate questions concerning the 2024 financial statements of the Company. KPMG auditors will also be given the opportunity to make a representation or statement in case they decide to do so.

Action with Respect to Reports

2025

At the Annual Stockholders' Meeting scheduled on May 2, 2025, the Management will report on the 2024 performance of the Company, which closed with a consolidated net income of Php8.5 billion as disclosed to the PSE and PDEx and the SEC through a current report on SEC Form 17-C on March 4, 2025.

In its meeting held on March 4, 2025, the Board of Directors approved the following items to be taken up at the Annual Stockholders' Meeting:

1. Review and approval of the minutes of the previous annual stockholders' meeting;
2. Approval of the management report and submission to the stockholders of the 2024 financial statements;
3. Ratification of all acts of the Board of Directors and Management since the last stockholders' meeting in the year 2024, including, but not limited to, the matters set out in Annex A of this Definitive Information Statement;
4. Appointment of an external auditor for 2025 and ratification of external auditor fees;
5. Election of the Board of Directors for 2025-2026;
6. Ratification of directors' fees for 2025; and
7. Other Matters

A brief description of and the rationale for the above agenda items are set out in Appendix 2 of the notice of the Annual Stockholders' Meeting.

No action will be taken at the Annual Stockholders' Meeting with respect to (i) the issuance of securities other than in exchange for outstanding securities, (ii) the modification of any class of securities, (iii) the issuance of securities of one class in exchange for outstanding securities of another class, or (iv) any merger, consolidation, acquisition of the securities or any going business or assets of another person, sale or transfer of all or substantially all of the assets of Petron or Petron's liquidation or dissolution, (v) any material acquisition or disposition of property, or (vi) any restatement of any asset, capital or surplus account of Petron, or (vii) any matter which is not required to be submitted to the vote of the stockholders.

2024

Annual Stockholders' Meeting

At the Annual Stockholders' Meeting held on May 21, 2024, the Management reported on the 2023 performance of the Company, which closed with a consolidated net income of Php10.1 billion as disclosed to the PSE and PDEx and the SEC through an SEC Form 17-C on March 5, 2024.

All the actions of the Management and the Board of Directors since the last stockholders' meeting held in 2024 were done in accordance with the general resolutions of the Board of Directors which identify the corporate acts and transactions of the Company, the officer(s) or approving authority(ies) for corporate transactions, and the corresponding approval (amount) limit(s) of such officer(s)/approving authority(ies), and/or the other more specific resolutions of the Board of Directors and the Executive Committee.

At the Annual Stockholders' Meeting held on May 21, 2024, the matters below were approved by the stockholders, with the details of (i) the attendance of stockholders, directors, officers and other relevant persons, (ii) the matters discussed and resolution passed, (iii) the voting procedures, voting tabulation, and voting results, and (iv) the opportunity given to stockholders to ask questions and the record of answers given set out in the minutes of the meeting attached as Annex E.

1. Review and approval of the minutes of the previous annual stockholders' meeting;
2. Approval of the management report and submission to the stockholders of the 2023 financial statements;
3. Ratification of all acts of the Board of Directors and Management since the last stockholders' meeting in the year 2023, including, but not limited to, the matters set out in Annex A of this Definitive Information Statement;
4. Appointment of an external auditor for 2024 and ratification of external auditor fees;
5. Election of the Board of Directors for 2024-2025;
6. Ratification of directors' fees for 2024;
7. Ratification of the amendment of the Company's By-Laws:
   a. Completion of the Address of the Principal Office of the Company (Article I, Section 1)
   b. Change in the Annual Stockholders' Meeting Date (Article II, Section 2)
   c. Change in the Manner of Delivery of Notices for Stockholders' Meetings (Article II, Section 4); and
8. Other Matters

Meetings of the Board

Among the significant actions undertaken in 2024 which were endorsed by the Management and approved by the Board of Directors (or approved by the Executive Committee then confirmed and ratified by the Board of Directors) are as follows:

- Approval of items for the 2024 stockholders' meeting such as (i) the date of meeting on May 21, 2024, (ii) the record date of March 19, 2024, (iii) the agenda of the meeting, and (iv) the endorsement of nominees for directors, including the final list of candidates for independent directors;
- Appointments to the Executive, Nomination, Compensation and Audit Committees of the Company;
- Election of directors and officers;
- Approval of the public offer and issuance of additional Series 4 preferred shares of up to 17 million shares as the second tranche of the Series 4 preferred shares to be taken down from the shelf registration rendered effective by the Securities and Exchange Commission MSRD Order No. 33, Series of 2023, with features to be determined by Management, including

(where required) the conduct of a written assent solicitation from stockholders with a record date of July 10, 2024 and closing of books by July 10 to 17, 2024; and

- Declarations of cash dividends as follows:

Common Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
March 5, 2024	P0.10	March 19, 2024	April 4, 2024

Series 3A Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 7, 2024	P17.17825	June 3, 2024	June 25, 2024
August 6, 2024	P17.17825	September 3, 2024	September 25, 2024
November 5, 2024	P17.17825	November 29, 2024	December 26, 2024

Series 3B Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 7, 2024	P17.84575	June 3, 2024	June 25, 2024
August 6, 2024	P17.84575	September 3, 2024	September 25, 2024
November 5, 2024	P17.84575	November 29, 2024	December 26, 2024
November 5, 2024	P17.84575	March 3, 2025	March 25, 2025

Series 4A Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 7, 2024	P16.76975	June 13, 2024	July 8, 2024
August 6, 2024	P16.76975	September 13, 2024	October 7, 2024
November 5, 2024	P16.76975	December 9, 2024	January 7, 2024
November 5, 2024	P16.76975	March 13, 2025	April 7, 2025

Series 4B Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 7, 2024	P16.99300	June 13, 2024	July 8, 2024
August 6, 2024	P16.99300	September 13, 2024	October 7, 2024
November 5, 2024	P16.99300	December 9, 2024	January 7, 2024
November 5, 2024	P16.99300	March 13, 2025	April 7, 2025

Series 4C Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 7, 2024	P17.71525	June 13, 2024	July 8, 2024
August 6, 2024	P17.71525	September 13, 2024	October 7, 2024
November 5, 2024	P17.71525	December 9, 2024	January 7, 2024
November 5, 2024	P17.71525	March 13, 2025	April 7, 2025

Series 4D Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
November 5, 2024	P17.09100	November 28, 2024	December 23, 2024
November 5, 2024	P17.09100	February 28, 2025	March 24, 2025

Series 4E Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
November 5, 2024	P17.75800	November 28, 2024	December 23, 2024
November 5, 2024	P17.75800	February 28, 2025	March 24, 2025

Voting Procedure

Each share is entitled to one vote. A simple majority vote of the stockholders, where a quorum is present at the Annual Stockholders' Meeting scheduled on May 2, 2025, will be needed for the approval of the minutes of the previous stockholders' meeting, the ratification of all acts of the Board of Directors and Management since the last annual stockholder's meeting in 2024, and the appointment of the external auditor of the Company for 2025, the ratification of auditor fees and the ratification of directors' fees.

In the election of directors, the 15 nominees who get the highest votes shall be deemed duly elected as directors. Under the express provisions of the Company's By-laws, cumulative voting is allowed in the election of directors. Thus, a stockholder may distribute his/her votes per share to as many persons as there are directors to be elected, or he/she may cumulate his/her shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares he/she has, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the corporation multiplied by the whole number of directors to be elected.

The procedure and manner of voting through remote communication is set out in Appendix 1 to the Notice in this Information Statement *("Procedure for Attending and Voting at the Meeting through Remote Communication")*.

Management's Discussion and Analysis or Plan of Operation

The *Management's Discussion and Analysis of the Financial Conditions and Other Information* of the Company as of December 31, 2024 is attached as Annex C.

Financial Statements

The *Statement of Management's Responsibility* and the Consolidated Audited Financial Statements of the Company as of December 31, 2024, including the Index to Financial Statements and the Supplementary Schedules, are attached as Annex D.

[Signature page follows]

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed on 27 March 2025.

PETRON CORPORATION

By:

Jhoanna Jasmine M. Javier-Elacio
Vice President - General Counsel and
Corporate Secretary

NOTICE: The Company will post the full version of this SEC Form 20-IS (Definitive Information Statement), together with all its annexes including the 2024 consolidated audited financial statements of the Company, on the company website www.petron.com upon its approval by the Securities and Exchange Commission.

The Company will likewise post on the company website www.petron.com and make the relevant disclosures through the PSE Electronic Disclosure Generation Technology of the Philippine Stock Exchange (PSE Edge) its SEC Form 17-A (Annual Report) for 2024 by April 15, 2025 (or such later date as may be allowed by the SEC) and its interim unaudited financial statements for the first quarter of 2025 on SEC Form 17-Q by May 15, 2025.

Upon the written request of a stockholder, and when circumstances permit, the Company undertakes to furnish such stockholder with a copy of the full version of this SEC Form 20-IS (Definitive Information Statement) and/or the above-described SEC Form 17-A and/or SEC Form 17-Q, free of charge. Such written request shall be directed to the Office of the General Counsel & Corporate Secretary, Petron Corporation, 7/F SMC Head Office Complex, 40 San Miguel Avenue, 1550 Mandaluyong City, Philippines.

ANNEX A

MATERIAL MATTERS APPROVED BY THE BOARD OF DIRECTORS/ BOARD EXECUTIVE COMMITTEE SINCE THE 2024 ANNUAL STOCKHOLDERS' MEETING UNTIL THE DATE OF THIS REPORT

<table>
<tr><th>Meeting Date</th><th>Matters Approved by the Board of Directors</th></tr>
<tr><td>May 21, 2024</td><td>Matters approved at the annual stockholders' and organizational meetings held:

A. Annual Stockholders' Meeting

1. Approval of the Management Report and the Audited Financial Statements of the Company for the year-ended December 31, 2023;

2. Ratification of all acts of the Board of Directors and Management since the 2023 Annual Stockholders' Meeting;

3. Appointment of R.G. Manabat & Co. as external auditor of the Company for year 2024 and ratification of external auditor fees;

4. Election of the following as directors of the Company for 2024-2025:

(1) Ramon S. Ang
(2) Lubin B. Nepomuceno
(3) Estelito P. Mendoza
(4) Jose P. De Jesus
(5) Ron W. Haddock
(6) Mirzan Mahathir
(7) Aurora T. Calderon
(8) Francis H. Jardeleza
(9) Virgilio S. Jacinto
(10) Nelly Favis-Villafuerte
(11) Horacio C. Ramos
(12) John Paul L. Ang

Independent Directors

(1) Artemio V. Panganiban
(2) Margarito B. Teves
(3) Ricardo C. Marquez

5. Ratification of Directors' Fees for 2024

B. Organizational Meeting

1. Appointment of the following as members of the board committees and lead independent director:
<u>Executive Committee</u>

Ramon S. Ang - Chairman
Lubin B. Nepomuceno - Member
Aurora T. Calderon - Member
Virgilio S. Jacinto - Alternate Member
John Paul L. Ang - Alternate Member</td></tr>
</table>

Audit Committee

Margarito B. Teves	- Chairman (Independent Director)
Artemio V. Panganiban	- Member (Independent Director)
Ricardo C. Marquez	- Member (Independent Director)
Estelito P. Mendoza	- Member
Aurora T. Calderon	- Member
Ferdinand K. Constantino	- Advisor

Risk Oversight Committee

Ricardo C. Marquez	- Chairman (Independent Director)
Margarito B. Teves	- Member (Independent Director)
Aurora T. Calderon	- Member

Corporate Governance Committee

Artemio V. Panganiban	- Chairman (Independent Director)
Margarito B. Teves	- Member (Independent Director)
Ricardo C. Marquez	- Member (Independent Director)
Estelito P. Mendoza	- Member
Virgilio S. Jacinto	- Member

Related Party Transaction Committee

Artemio V. Panganiban	- Chairman (Independent Director)
Margarito B. Teves	- Member (Independent Director)
Aurora T. Calderon	- Member

Lead Independent Director

Margarito B. Teves

2. Election of the following as officers of the Company for 2024-2025:

Name	Position
Ramon S. Ang	President and Chief Executive Officer
Lubin B. Nepomuceno	General Manager
Emmanuel E. Eraña	Senior Vice President and Chief Finance Officer
Freddie P. Yumang	Senior Vice President and Chief Risk Officer
Maria Rowena O. Cortez	Vice President, Supply
Albertito S. Sarte	Deputy Chief Finance Officer and Treasurer
Jaime O. Lu	Vice President and Executive Assistant to the President on Petron Malaysia Operations, Refinery Special Projects, and Retail Engineering and Network Development
Maria Rosario D. Vergel de Dios	Vice President, Human Resources Management
Magnolia Cecilia D. Uy	Vice President, Retail Sales

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<tr><td>Myrna C. Geronimo</td><td>Vice President, Controllers</td></tr>
<tr><td>Allister J. Go</td><td>Vice President, Refinery Division</td></tr>
<tr><td>Reynaldo V. Velasco, Jr.</td><td>Vice President, Refinery Plant Operations (Production A and B)</td></tr>
<tr><td>Virgilio V. Centeno</td><td>Vice President, Industrial Sales</td></tr>
<tr><td>Mark Tristan D. Caparas</td><td>Vice President and Chief Finance Officer, Petron Malaysia</td></tr>
<tr><td>Jonathan F. Del Rosario</td><td>Vice President, Operations and Corporate Technical Services Group</td></tr>
<tr><td>Lemuel C. Cuezon</td><td>Vice President, Marketing</td></tr>
<tr><td>Jacqueline L. Ang</td><td>Vice President, Procurement</td></tr>
<tr><td>Jhoanna Jasmine M. Javier-Elacio</td><td>Vice President - General Counsel and Corporate Secretary/Compliance Officer</td></tr>
<tr><td>Fe Irma A. Ramirez</td><td>Assistant Vice President, Supply Optimization, Commercial Services and Synergy</td></tr>
<tr><td>Agnes Grace P. Perez</td><td>Assistant Vice President/Head, Business Planning and Development</td></tr>
<tr><td>Leon G. Pausing II</td><td>Assistant Vice President, Commercial Sales</td></tr>
<tr><td>Ferdinando H. Enriquez</td><td>Assistant Vice President, Thermal Power Plant and Refinery Solid Fuel-Fired Boiler (until May 31, 2024)</td></tr>
<tr><td>Francisco Rizal G. Bumagat, Jr.</td><td>Assistant Vice President, Petron Bataan Refinery Production B</td></tr>
<tr><td>Michael D. Flores</td><td>Assistant Vice President, Service Station</td></tr>
<tr><td>Mia S. Delos Reyes</td><td>Assistant Vice President, Corporate Affairs</td></tr>
<tr><td>Brian R. Ocampo</td><td>Assistant Vice President, Management Information Systems</td></tr>
<tr><td>Alejandro R. Romulo</td><td>Assistant Vice President, Petron Bataan Refinery Technical Services</td></tr>
<tr><td>Andrew F. Tan</td><td>Assistant Vice President, LPG Business</td></tr>
<tr><td>Arnel Roman M. Atienza</td><td>Assistant Vice President, Luzon Provincial Operations</td></tr>
<tr><td>Gildo P. Destreza</td><td>Assistant Vice President, Metro Manila and Manufacturing District</td></tr>
<tr><td>Liane Mel C. Apilado</td><td>Assistant Vice President, Internal Audit</td></tr>
<tr><td>Rommel L. Bawalan</td><td>Assistant Vice President, Legal and Data Privacy Officer</td></tr>
<tr><td>Rito R. Ladeza</td><td>Assistant Vice President, Petron Bataan Refinery Production A</td></tr>
<tr><td>Jennifer Jude M. Sulit</td><td>Assistant Vice President, Petron Singapore Trading Pte. Ltd.</td></tr>
<tr><td>Maria Crisselda T. Torcuator</td><td>Assistant Corporate Secretary</td></tr>
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<tr>
<td>June 26, 2024</td>
<td>Matters approved at the board meeting held:

1. Approval of the public offer and issuance of additional Series 4 preferred shares of up to 17 million shares as the second tranche of the Series 4 preferred shares to be taken down from the shelf registration rendered effective by the Securities and Exchange Commission MSRD Order No. 33, Series of 2023, with features to be determined by Management, including (where required) the conduct of a written assent solicitation from stockholders with a</td>
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</table>

	record date of July 10, 2024 and closing of books from July 10-17, 2024 2. Redemption of the Series 3A preferred shares, with a record date of November 21, 2024 3. Request for extension of the shelf registration of up to Php50 billion worth peso fixed-rate bonds
August 6, 2024	Matters approved at the board meeting held: 1. First Semester 2024 Financial Statements 2. Cash dividends for preferred shareholders 3. Appointment of Mr. Robert Frederick P. Lim as Assistant Vice President – Operations Services Media release on performance also submitted.
November 5, 2024	Matters approved at the board meeting held: 1. Year-to-Date September 2024 Financial Statements 2. Cash dividends for the preferred shareholders 3. Approval of material related party transactions for 2025 4. Schedule of board and stockholders' meetings for 2025 5. Ratification and confirmation of the approval by the Executive Committee of the repurchase of perpetual securities Media release on performance also submitted.
February 13, 2025	Matters approved at the board meeting held: 1. 2025 Operating Budget 2. Ratification and confirmation of the approval by the Executive Committee of the conversion of a short-term loan into a long-term loan with the Metropolitan Bank & Trust Company
March 4, 2025	Matters approved at the board meeting held: 1. 2024 Audited Financial Statements 2. Cash dividend for the common shareholders 3. Approval of directors' fees for 2025 4. Appointment of the external auditor i. Endorsement of the re-appointment of R. G. Manabat & Co./KPMG as external auditor of the Company for 2025 at the annual stockholders' meeting scheduled on May 2, 2025 and approval of its fees for the audit and finalization/word processing of the 2025 financial statements of the Company and its subsidiaries ii. Appointment of R.G. Manabat & Co./KPMG for non-audit services and limited assurance engagements 5. Amendments to the Internal Audit Charter 6. Public offer and issuance of up to Php25 billion peso retail bonds with an oversubscription option of up to Php7 billion 7. Common share buyback program 8. Use of foreign-sourced dividends of the Company for 2025 for working capital requirements

	9. Annual Stockholders' Meeting Date of meeting : May 2, 2025, Thursday, 2:00 pm Venue : To be livestreamed via a streaming site Record Date : March 18, 2025 Closing of Books : March 18-25, 2025

ANNEX B

CERTIFICATIONS OF THE INDEPENDENT DIRECTORS

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The Certifications of the Independent Directors follow on next pages]

ANNEX B-1

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ARTEMIO V. PANGANIBAN**, Filipino, of legal age, and a resident of , after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Petron Corporation and have been its independent director since October 21, 2010.

2. I am affiliated with the following listed companies or organizations:

Company/Organization	Position/Relationship	Period of Service
GMA Network, Inc.	Independent Director	2007 - present
Manila Electric Company	Independent Director	2008 - present
GMA Holdings, Inc.	Independent Director	2009 - present
Asian Terminals, Inc.	Independent Director	2010 - present
PLDT, Inc.	Independent Director	2013 - present
JG Summit Holdings, Inc.	Independent Director	2021 - present
RL Commercial REIT, Inc.	Independent Director	2021 - present
Jollibee Foods Corporation	Non-Executive Director	2012 - present
Metropolitan Bank & Trust Company	Senior Adviser	2007 - present
Double Dragon Properties Corporation	Adviser	2014 – present
MerryMart Consumer Corporation	Adviser	2020 - present
For my full bio-data, log on to my personal website: cjpanganiban.com		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Petron Corporation, as provided for in Section 38 of the Securities Regulation Code and its implementing rules and regulations and other issuances of the Securities and Exchange Commission (the "SEC").

4. To the best of my knowledge, I am not related to any director/officer/substantial shareholder of Petron Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any criminal or administrative investigation or proceeding pending in court.

6. I am neither in government service nor affiliated with a government agency or government-owned and -controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing rules and regulations, the Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Petron Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 4th day of March 2025 in MANDALUYONG CITY.

ARTEMIO V. PANGANIBAN
Independent Director

SUBSCRIBED AND SWORN to before me this MAR 04 2025 in MANDALUYONG CITY, affiant personally appeared before me and exhibited to me his Passport with No. issued at on valid .

Doc. No. 207;
Page No. 55;
Book No. I;
Series of 2025.

DARYL ANNE E. YANG
Notary Public for Mandaluyong City
40 San Miguel Avenue, 1550 Mandaluyong City
Appointment No. 0652-25
Until December 31, 2026
Attorney's Roll No. 69700
PTR No. 5718011/01-02-2025/Mandaluyong
IBP No. 497085/01-03-2024/Laguna
MCLE Compliance No. VIII – 0015850 / 11-11-2024

ANNEX B-2

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARGARITO B. TEVES**, Filipino, of legal age, and a resident of , , after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Petron Corporation and have been its independent director since May 20, 2014.

2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
GBF New Power Group Inc	Independent Director	August 2024- Present
P.J. Lhuillier Group of Companies	Member, Strategic Committee	February 2015 to present
Atlantic Aurum Investments Philippines Corporation	Independent Director	July 19, 2013 to present
AB Capital Investment Corp.	Independent Director	June 29, 2012 to present
San Miguel Corporation	Independent Director	June 14, 2012 to present
Alphaland Balesin Island Club, Inc.	Independent Director	2012 to present
Alphaland Corporation	Independent Director	May 26, 2011 to present
Atok-Big Wedge Co., Inc.	Independent Director	2011 to present
The City Club at Alphaland Makati Place, Inc.	Independent Director	2011 to present
Pampanga Sugar Development Co.	Director	July 2011 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Petron Corporation, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and regulations and other issuances of the Securities and Exchange Commission ("SEC").

4. Other than as disclosed in Item 2 above, I am not in any way related to any director/officer/substantial shareholder of Petron Corporation and its subsidiaries and affiliates.

5. I disclose that I am the subject of the following criminal/administrative investigation or proceeding:

Offense Charged/Investigated	Tribunal or Agency Involved	Status
A legal suit between private parties for qualified theft and/or estafa. I was included only because I was the *former President of Land Bank.*	Office of the City Prosecutor (Manila)	Based on Mr Teves' information request from Landbank while there published reports, the complaint did not prosper. No subpoena was received by Mr Teves and considering the length of the time that had passed, this is reasonably considered *finis. This will no longer be included in next certification.*
Republic Act No. 3019. I was included only because I was the former *ex officio* Chairman of Land Bank (as DOF Secretary)	Sandiganbayan	Case dismissed by the Third Division on June 14, 2024, a decision that has attained finality. *This will no longer be included in next certification.*

6. I am neither in government service nor affiliated with a government agency or government-owned and-controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing rules and regulations, the Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Petron Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 4th day of March 2025 in MANDALUYONG CITY.

MARGARITO B. TEVES
Independent Director

SUBSCRIBED AND SWORN to before me this MAR 04 2025 in MANDALUYONG CITY, affiant exhibiting to me his Passport with No. issued at on valid until).

Doc. No. 264;
Page No. 55;
Book No. I;
Series of 2025.

DARYL ANNE E. YANG
Notary Public for Mandaluyong City
40 San Miguel Avenue, 1550 Mandaluyong City
Appointment No. 0652-25
Until December 31, 2026
Attorney's Roll No. 69700
PTR No. 5718011/01-02-2025/Mandaluyong
IBP No. 497085/01-03-2024/Laguna
MCLE Compliance No. VIII – 0015850 / 11-11-2024

ANNEX B-3

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RICARDO C. MARQUEZ**, Filipino, of legal age, and a resident of , , after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Petron Corporation and have been its independent director since May 17, 2022.

2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

Company/Organization	Position/Relationship	Period of Service
Top Frontier Investment Holdings, Inc.	Independent Director	March 2022 - present
San Miguel Food and Beverage, Inc.	Independent Director	March 2017 - present
Eagle Cement Corporation	Independent Director	February 2017 - present
Public Safety Mutual Benefit Fund, Inc.	Trustee	July 2015 - present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of Petron Corporation, as provided for in Section 38 of the Securities Regulation Code and its implementing rules and regulations and other issuances of the Securities and Exchange Commission ("SEC").

4. To the best of my knowledge, I am not related to any director/officer/substantial shareholder of Petron Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any criminal or administrative investigation or proceeding pending in court.

6. I am neither in government service nor affiliated with a government agency or government-owned and -controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing rules and regulations, the Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Petron Corporation of any changes in the abovementioned information within five days (5) from its occurrence.

Done this 4th day of March 2025 in MANDALUYONG CITY

RICARDO C. MARQUEZ
Independent Director

SUBSCRIBED AND SWORN to before me this MAR 04 2025 in MANDALUYONG CITY, affiant exhibiting to me his Passport with No. issued at on valid until .

Doc. No. 245;
Page No. 51;
Book No. I;
Series of 2025.

DARYL ANNE E. YANG
Notary Public for Mandaluyong City
40 San Miguel Avenue, 1550 Mandaluyong City
Appointment No. 0652-25
Until December 31, 2026
Attorney's Roll No. 69700
PTR No. 5718011/01-02-2025/Mandaluyong
IBP No. 497085/01-03-2024/Laguna
MCLE Compliance No. VIII – 0015850 / 11-11-20

ANNEX C

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

Financial Performance

2024 vs 2023

International oil prices remained volatile in 2024 as the market continued to be affected by the persisting geopolitical conflicts in the Middle East, increased production from non-OPEC countries and prevailing weak domestic demand in China which also put pressure on regional refining margins. Petron's refinery in Malaysia was also on shut down for maintenance in the last quarter of the year limiting production and exports. Amidst these challenges, the Group sustained earnings due to growth in sales volume realizing an operating income of **₱ 29.22 billion**, nearly matching 2023 at ₱ 30.71 billion. Consolidated net income of **₱ 8.47 billion** for the year ended December 31, 2024 was 16% lower than the ₱ 10.11 billion posted in the previous year.

Consolidated Sales Volume for the year increased by 10% to **139.85 million barrels (MMB)** from 126.91 MMB in 2023 fueled by strong demand and strategic marketing efforts. The Company's Philippine operations and Singapore trading subsidiary led this growth with a combined 16% incremental volume. Petron Malaysia's volume was flat as the additional domestic sales volume were offset by reduced exports.

	Years Ended December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023 (As Restated)	Amount	%	2024	2023 (As Restated)
		(in Millions)				
Sales	**867,966**	801,027	66,939	8%	100%	100%
Cost of Goods Sold	**(821,753)**	(754,429)	67,324	9%	(95%)	(94%)
Gross Profit	**46,213**	46,598	(385)	(1%)	5%	6%
Selling and Administrative Expenses	**(18,757)**	(17,568)	1,189	7%	(2%)	(2%)
Other Operating Income	**1,767**	1,683	84	5%	0%	0%
Interest Expense and Other Financing Charges	**(20,961)**	(19,095)	1,866	10%	(2%)	(2%)
Interest Income	**1,201**	1,284	(83)	(6%)	0%	0%
Share in Net Income of an Associate and Joint Ventures	**114**	89	25	28%	0%	0%
Other Income - net	**3,417**	119	3,298	high	0%	0%
Income Before Income Tax	**12,994**	13,110	(116)	(1%)	1%	2%
Income Tax Expense	**(4,523)**	(2,998)	1,525	51%	0%	(1%)
Net Income	**8,471**	10,112	(1,641)	(16%)	1%	1%
Attributable to Equity Holders of the Parent Company	**8,469**	9,229	(760)	(8%)	1%	1%
Attributable to Non-controlling Interests	**2**	883	(881)	(100%)	0%	0%
	8,471	10,112	(1,641)	(16%)	1%	1%
Sales Volume in Thousand Barrels	**139,853**	126,914	12,939	10%		

Consequent to the growth in volume, **Net Sales** went up by 8% to **₱ 867.97 billion** from ₱ 801.03 billion in prior year. Average USD/PHP exchange rate was higher by ₱ 1.67 or 3% from ₱ 55.63 to ₱ 57.30 this year further augmenting revenues despite the continuous correction in fuel prices.

Similarly, **Cost of Goods Sold** (COGS) rose from ₱ 754.43 billion to **₱ 821.75 billion** or by 9% because of the higher volume sold and the weaker PHP against the USD. The effect of these factors to COGS was partly moderated by the decrease in average cost per liter owing to the 3% decline in benchmark Dubai crude's average price of US$80 per barrel in 2024.

Despite the increase in sales revenue, **Gross Profit** slightly decreased to **₱ 46.21 billion** from last year's ₱ 46.60 billion mainly attributable to lower refining margins.

The growth in sales volume resulted in higher **Selling and Administrative Expenses** by 7% to **₱ 18.76 billion** traced to storage and terminalling costs, maintenance and repairs of service stations, contracted services and promotional activities.

Other Operating Income increased by 5% to **₱ 1.77 billion** on account of higher rental income.

Interest Expense and Other Financing Charges aggregated **₱ 20.96 billion**, posting a 10% rise from the previous year owing to higher borrowing levels and interest rates.

Conversely, **Interest Income** of **₱ 1.2 billion** slid by ₱ 83 million or 6% due to the lower average placement level.

Share in Net Income of an Associate and Joint Ventures of **₱ 114 million** was 28% more than the ₱ 89 million recorded in 2023 as Petrogen Insurance Corporation (Associate) reported higher earnings in 2024.

Other Income - net climbed to **₱ 3.42 billion** mainly following the reversal of previously booked lease and asset retirement liabilities in relation to the reconveyance of PNOC lots to Petron.

Income tax expense escalated by 51% to **₱ 4.52 billion** primarily due to the Parent's utilization of Net Operating Loss Carry-Over (NOLCO) and provision for partial impairment of Deferred Tax Asset related to the NOLCO and MCIT which are due to expire in 2025.

2023 vs 2022

The Group posted consolidated net income of **₱ 10.11 billion** in 2023, surpassing previous year's net earnings of ₱ 6.93 billion by 46%, fueled by Petron's continuing efforts to capture continued demand recovery, optimize assets and resources, and respond to market volatility amidst persistent geopolitical tensions and global inflationary concerns pressuring the market. The 57% increase in operating income to ₱ 30.71 billion allowed the Company to absorb higher expenses yet still end 2023 with improved financial results compared with the previous year.

Consolidated Sales Volume grew by 13% to **126.9 million barrels (MMB)**, 14.1 MMB more than the previous year. Petron's strong volume performance was driven by the remarkable growth in its sale of Jet Fuel and LPG. As economic activities returned to pre-pandemic levels, domestic demand also bounced back. The incremental sales volume was backed by higher production at the Bataan and Port Dickson refineries in the Philippines and Malaysia, respectively. Exports and PSTPL trading volume also contributed to the overall volume growth.

	Years Ended December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023 (As Restated)	2022 (As Restated)	Amount	%	2023 (As Restated)	2022 (As Restated)
	(in Millions)					
Sales	**801,027**	857,638	(56,611)	(7%)	100%	100%
Cost of Goods Sold	**(754,429)**	(823,788)	(69,359)	(8%)	(94%)	(96%)
Gross Profit	**46,598**	33,850	12,748	38%	6%	4%
Selling and Administrative Expenses	**(17,568)**	(15,853)	1,715	11%	(2%)	(2%)
Other Operating Income	**1,683**	1,538	145	9%	0%	0%
Interest Expense and Other Financing Charges	**(19,095)**	(13,094)	6,001	46%	(2%)	(2%)
Interest Income	**1,284**	898	386	43%	0%	0%
Share in Net Income of an Associate and Joint Ventures	**89**	66	23	35%	0%	0%
Other Income - net	**119**	1,000	(881)	(88%)	0%	0%
Income Before Income Tax	**13,110**	8,405	4,705	56%	2%	1%
Income Tax Expense	**(2,998)**	(1,480)	1,518	high	(1%)	(0%)
Net Income	**10,112**	6,925	3,187	46%	1%	1%
Attributable to Equity Holders of the Parent Company	**9,229**	5,952	3,277	55%	1%	1%
Attributable to Non-controlling Interests	**883**	973	(90)	(9%)	0%	0%
	10,112	6,925	3,187	46%	1%	1%
Sales Volume in Thousand Barrels	**126,914**	112,812	14,102	13%		

Despite the growth in sales volume, **Net Sales** dropped by 7% to **₱ 801.03 billion** from ₱ 857.64 billion in the previous year traced mainly to lower average selling price per liter as market prices further corrected from the peak levels in 2022.

Cost of Goods Sold also declined by ₱ 69.36 billion or 8% to **₱ 754.43 billion** attributable to lower average cost per liter, partly offset by the increase in sales volume. Price of benchmark Dubai crude oil decreased by 15% to US$82/bbl in 2023 from the 2022 average of US$96/bbl.

Gross profit was up by 38% from ₱ 33.85 billion to **₱ 46.60 billion** largely from incremental sales volume and improved margins.

Selling and Administrative Expenses climbed 11% to **₱ 17.57 billion** as the Company spent more on maintenance and repairs of service stations and terminal facilities, advertising and promotions, operation of company-owned services stations and other operating requirements to support volume growth.

Other Operating Income amounted to **₱ 1.68 billion**, higher by 9% or ₱ 145 million versus last year's ₱ 1.54 billion due to increase in rental income.

Interest Expense and Other Financing Charges escalated by 46% from ₱ 13.09 billion in 2022 to **₱ 19.10 billion** primarily due to higher interest rates in 2023.

Interest Income of **₱ 1.28 billion** was 43% more than 2022's ₱ 898 million on account of higher interest.

Share in Net Earnings of an Associate and Joint Ventures (JV) was 35% higher at **₱ 89 million**, representing the Company's share in net income of Petrogen Insurance Corporation (associate) and Terminal Bersama Sdn. Bhd. (JV).

Other Income - net was lower at **₱ 119 million** from last year's ₱ 1 billion, chiefly attributed to lower mark-to-market valuation gain on commodity hedges.

Income tax expense of **₱ 3 billion** was more than double of previous year's ₱ 1.48 billion, mainly traced to higher pre-tax income combined with minimal tax incentives available by Petron Malaysia in 2023.

Financial Position

2024 vs 2023

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis December 31	
	2024	2023 As restated	Amount	%	**2024**	2023 As restated
Cash and cash equivalents	**₱ 30,389**	₱ 27,519	₱ 2,870	10%	**6%**	6%
Financial assets at fair value	**1,044**	1,162	(118)	(10%)	**0%**	0%
Trade and other receivables - net	**82,762**	86,479	(3,717)	(4%)	**18%**	19%
Inventories	**90,570**	77,318	13,252	17%	**19%**	17%
Other current assets	**51,108**	40,529	10,579	26%	**11%**	9%
Total Current Assets	**255,873**	233,007	22,866	10%	**55%**	52%
Investment in shares of stock of an associate and joint ventures	**1,165**	1,158	7	1%	**0%**	0%
Property, plant and equipment - net	**169,302**	167,987	1,315	1%	**36%**	38%
Right of Use - net	**2,925**	5,286	(2,361)	(45%)	**1%**	1%
Investment property - net	**28,243**	27,194	1,049	4%	**6%**	6%
Deferred tax assets - net	**560**	1,114	(554)	(50%)	**0%**	0%
Goodwill - net	**8,731**	8,093	638	8%	**2%**	2%
Other noncurrent assets - net	**2,003**	1,930	73	4%	**0%**	0%
Total Noncurrent Assets	**212,929**	212,762	167	0%	**45%**	48%
Total Assets	**₱ 468,802**	₱ 445,769	₱ 23,033	5%	**100%**	100%
Short term loans	**₱ 138,906**	₱ 137,910	₱ 996	1%	**30%**	31%
Liabilities for crude oil and petroleum products	**51,625**	44,840	6,785	15%	**11%**	10%
Trade and other payables	**29,012**	26,454	2,558	10%	**6%**	6%
Current portion of lease liability	**1,295**	1,566	(271)	(17%)	**0%**	0%
Derivative liabilities	**1,699**	749	950	high	**0%**	0%
Income tax payable	**304**	132	172	high	**0%**	0%
Current portion of long-term debt - net	**29,418**	25,642	3,776	15%	**6%**	6%
Total Current Liabilities	**₱ 252,259**	₱ 237,293	₱ 14,966	6%	**54%**	53%

Forward

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis December 31	
	2024	2023 As restated	Amount	%	**2024**	2023 As restated
Long-term debt - net of current Portion	**₱ 88,025**	₱ 83,254	₱ 4,771	6%	**19%**	19%
Retirement benefits liability – net	**3,661**	2,621	1,040	40%	**1%**	1%
Deferred tax liabilities - net	**6,719**	4,456	2,263	51%	**1%**	1%
Lease liability - net of current Portion	**12,120**	14,378	(2,258)	(16%)	**3%**	3%
Asset retirement obligation	**1,321**	3,612	(2,291)	(63%)	**0%**	1%
Other noncurrent liabilities	**487**	495	(8)	(2%)	**0%**	0%
Total Noncurrent Liabilities	**112,333**	108,816	3,517	3%	**24%**	24%
Total Liabilities	**364,592**	346,109	18,483	5%	**78%**	78%
Capital stock	**9,502**	9,485	17	0%	**2%**	2%
Additional paid-in capital	**57,698**	40,985	16,713	41%	**12%**	9%
Capital securities	**34,555**	37,529	(2,974)	(8%)	**7%**	8%
Retained earnings	**33,715**	31,847	1,868	6%	**7%**	7%
Equity Reserves	**(19,350)**	(21,260)	1,910	(9%)	**(4%)**	(5%)
Treasury stock	**(21,003)**	(7,600)	(13,403)	high	**(4%)**	(2%)
Total Equity Attributable to Equity Holders of the Parent Company	**95,117**	90,986	4,131	5%	**20%**	20%
Non-controlling Interests	**9,093**	8,674	419	5%	**2%**	2%
Total Equity	**104,210**	99,660	4,550	5%	**22%**	22%
Total Liabilities and Equity	**₱ 468,802**	₱ 445,769	₱ 23,033	5%	**100%**	100%

As of end-2024, total **Asset** stood at **₱ 468.80 billion**, 5% or ₱ 23.03 billion higher than end-2023 level of ₱ 445.77 billion. The increase mainly came from higher inventories and other current assets.

Cash and cash equivalents was up by ₱ 2.87 billion to **₱ 30.39 billion** traced to excess cash generated from operations after satisfying working capital requirements, interest payments and various capital project spendings.

Financial assets at fair value declined by 10% to **₱ 1.04 billion** as a result of lower mark-to-market valuation of outstanding commodity hedges.

Inventories rose by ₱ 13.25 billion to **₱ 90.57 billion** primarily traced to crude.

Other current assets increased to **₱ 51.11 billion** from ₱ 40.53 billion traced to creditable withholding taxes, input VAT and prepayments during the year.

Right of use asset - net dropped by 45% to **₱ 2.93 billion** primarily due to pretermination of lease contracts with Philippine National Oil Company (PNOC) as a result of the reconveyance of the landholdings. Similarly, due to the aforesaid lease pre-terminations, **Lease liabilities** and **Asset retirement obligation** dropped by 16% and 63% to **₱ 13.42 billion** and **₱ 1.32 billion**, respectively.

The change in the net tax position of the Parent Company from net asset to net liability led to the reduction in **Deferred tax assets - net** from ₱ 1.11 billion to **₱ 560 million** and increase in **Deferred tax liabilities - net** from ₱ 4.46 billion to **₱ 6.72 billion**. The reversal in the tax position resulted from the utilization of NOLCO and write-off of lapsed MCIT as well as provision for partial impairment of NOLCO and MCIT expiring in 2025. These were partly offset by the temporary differences in depreciation per tax accounting versus financial reporting.

Goodwill increased to **₱ 8.73 billion** from ₱ 8.09 billion owing to currency translation gains with the appreciation of the Malaysian Ringgit versus the Philippine peso.

Liabilities for crude oil and petroleum products rose by ₱ 6.78 billion to **₱ 51.63 billion** principally from the higher volume of outstanding crude purchases as of end of 2024 vis-a-vis the prior year.

Trade and other payables climbed by 10% to **₱ 29.01 billion** from higher outstanding liabilities to contractors and vendors.

Derivative liabilities, which pertain to accrued settlements of commodity and currency hedges, more than doubled to **₱ 1.70 billion.**

Income tax payable rose to **₱ 304 million** from ₱ 132 million from increased tax liabilities of foreign subsidiaries.

Long-term debt including current portion increased by 8% to **₱ 117.44 billion** mainly from additional loans and impact of revaluation of outstanding US Dollar-denominated loans to Philippine peso, net of maturities paid during the year.

Retirement benefits liability grew by 40% to **₱ 3.66 billion** on account of remeasurement losses on plan assets and accrued benefits recognized during the year, partly offset by the contributions paid in 2024.

Additional paid-in capital increased by ₱ 16.71 billion to **₱ 57.70 billion** as a result of the issuance of preferred shares series 4.

Treasury stock went up by ₱ 13.40 billion to **₱ 21.00 billion** following the redemption of preferred shares series 3A.

Capital securities went down by ₱ 2.94 billion to **₱ 34.56 billion** because of the partial repurchase of redeemable perpetual securities.

Retained earnings increased by 6% to **₱ 33.72 billion** due to the net earnings for the year, partly offset by the cash dividends and distributions declared during the year.

The negative balance of **Equity reserves** went down from ₱ 21.26 billion to **₱ 19.35 billion** on account of the translation gain on investments in foreign subsidiaries following the appreciation of US dollars versus Philippine peso, partly countered by the remeasurement loss of retirement plan assets.

Non-controlling interests also increased by 5% to **₱ 9.09 billion** mainly from translation gains offset by the dividends paid during the year.

2023 vs 2022

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis December 31	
	2023 As restated	2022 As restated	Amount	%	**2023 As restated**	2022 As restated
Cash and cash equivalents	**₱ 27,519**	₱ 37,183	(₱ 9,664)	(26%)	**6%**	8%
Financial assets at fair value	**1,162**	1,753	(591)	(34%)	**0%**	0%
Trade and other receivables - net	**86,479**	81,979	4,500	5%	**19%**	18%
Inventories	**77,318**	85,347	(8,029)	(9%)	**17%**	19%
Other current assets	**40,529**	37,025	3,504	9%	**9%**	8%
Total Current Assets	**233,007**	243,287	(10,280)	(4%)	**52%**	53%
Investment in shares of stock of an associate and joint ventures	**1,158**	1,085	73	7%	**0%**	0%
Property, plant and equipment - net	**167,987**	171,570	(3,583)	(2%)	**38%**	37%
Right of Use - net	**5,286**	5,398	(112)	(2%)	**1%**	1%
Investment property - net	**27,194**	28,437	(1,243)	(4%)	**6%**	6%
Deferred tax assets - net	**1,114**	1,741	(627)	(36%)	**0%**	0%
Goodwill - net	**8,093**	8,509	(416)	(5%)	**2%**	2%
Other noncurrent assets - net	**1,930**	1,390	540	39%	**0%**	0%
Total Noncurrent Assets	**212,762**	218,130	(5,368)	(2%)	**48%**	47%
Total Assets	**₱ 445,769**	₱ 461,417	(₱ 15,648)	(3%)	**100%**	100%
Short term loans	**137,910**	137,886	24	0%	**31%**	30%
Liabilities for crude oil and petroleum products	**44,840**	51,067	(6,227)	(12%)	**10%**	11%
Trade and other payables	**26,454**	24,890	1,564	6%	**6%**	5%
Current portion of lease liability	**1,566**	1,380	186	13%	**0%**	0%
Derivative liabilities	**749**	723	26	4%	**0%**	0%
Income tax payable	**132**	204	(72)	(35%)	**0%**	0%
Current portion of long-term debt - net	**25,642**	13,399	12,243	91%	**6%**	3%
Total Current Liabilities	**₱ 237,293**	₱ 229,549	₱ 7,744	3%	**53%**	50%

Forward

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis December 31	
	2023 As restated	2022 As restated	Amount	%	**2023 As restated**	2022 As restated
Long-term debt - net of current portion	₱ 83,254	₱ 93,662	(₱ 10,408)	(11%)	19%	20%
Retirement benefits liability - net	2,621	3,261	(640)	(20%)	1%	1%
Deferred tax liabilities - net	4,456	3,638	818	22%	1%	1%
Lease liability - net of current portion	14,378	13,714	664	5%	3%	3%
Asset retirement obligation	3,612	3,527	85	2%	1%	1%
Other noncurrent liabilities	495	465	30	6%	0%	0%
Total Noncurrent Liabilities	108,816	118,267	(9,451)	(8%)	25%	26%
Total Liabilities	346,109	347,816	(1,707)	(0%)	78%	76%
Capital stock	9,485	9,485	-	0%	2%	2%
Additional paid-in capital	40,985	37,500	3,485	9%	9%	8%
Capital securities	37,529	62,712	(25,183)	(40%)	8%	14%
Retained earnings	31,847	30,382	1,465	5%	7%	7%
Equity Reserves	(21,260)	(16,891)	(4,369)	26%	(5%)	(4%)
Treasury stock	(7,600)	(18,000)	10,400	(58%)	(2%)	(4%)
Total Equity Attributable to Equity Holders of the Parent Company	90,986	105,188	(14,202)	(14%)	20%	23%
Non-controlling Interests	8,674	8,413	261	3%	2%	2%
Total Equity	99,660	113,601	(13,941)	(12%)	22%	25%
Total Liabilities and Equity	₱ 445,769	₱ 461,417	(₱ 15,648)	(3%)	100%	100%

The **Consolidated assets** of Petron Corporation and its Subsidiaries as of end-2023 stood at **₱ 445.77 billion**, 3% or ₱ 15.65 billion lower than end-2022 level of ₱ 461.42 billion. The decrease in total assets can be traced primarily to lower cash and cash equivalents and inventories.

Cash and cash equivalents decreased by ₱ 9.66 billion to **₱ 27.52 billion** from ₱ 37.18 billion as cash was used for the settlement of loans, redemption of capital securities, and cash dividends and distribution.

Financial assets at fair value dropped to **₱ 1.16 billion** from ₱ 1.75 billion primarily from lower mark-to-market valuation of outstanding currency hedges.

Trade and other receivables - net went up by 5% to **₱ 86.48 billion** attributable to higher government receivables of Parent company partly offset by the reduction in trade accounts receivables.

Inventories declined by ₱ 8.03 billion to **₱ 77.32 billion** mainly from lower prices of crude and finished product prices coupled with reduced volume.

Other current assets rose by 9% to **₱ 40.53 billion** from additional creditable withholding taxes, input VAT and prepayments.

Investment in shares of stock of an associate and joint ventures increased by 7% to **₱ 1.16 billion** after the recognition of the Company's share in net income and other comprehensive income for the year.

Deferred tax assets - net went down from ₱ 1.74 billion to **₱ 1.11 billion** owing to the temporary differences in inventory valuation and depreciation per tax accounting vis-à-vis financial reporting, application of Net Operating Loss Carry-Over (NOLCO) from prior years, partly offset by Minimum Corporate Income Tax (MCIT) for the year.

Goodwill dropped by 5% to **₱ 8.09 billion** due to currency translation losses with the depreciation of the Malaysian Ringgit versus the US dollar and Philippine peso.

Other noncurrent assets – net went up to **₱ 1.93 billion** from ₱ 1.39 billion mainly from additional catalyst materials and the reclassification of proprietary membership shares from current assets.

Liabilities for crude oil and petroleum products stood lower at **₱ 44.84 billion** compared to end-2022 level of ₱ 51.07 billion owing primarily to lower level of outstanding crude purchases at the end of 2023 vs 2022.

Trade and other payables rose by 6% to **₱ 26.45 billion** mainly due to higher outstanding liabilities to contractors and vendors, dividend payable, and cylinder deposits.

Income tax payable dropped from ₱ 204 million to **₱ 132 million** as tax liabilities of foreign subsidiaries decreased.

Total **Lease liabilities** increased by ₱ 850 million to **₱ 15.94 billion** primarily from new leases, partly offset by payments made during the year.

Retirement benefits liability declined by 20% to **₱ 2.62 billion** on account of the contributions made to the fund during the year partly offset by the remeasurement losses on plan assets and accrual of expenses for the period.

Deferred tax liabilities - net went up by 22% **to ₱ 4.46 billion** from ₱ 3.64 billion attributable to Petron Malaysia's utilization of deferred tax on reinvestment allowance.

Other noncurrent liabilities rose by 6% to **₱ 495 million** vis-a-vis 2022 year-end level traced to higher cash bond.

Additional paid-in capital increased by ₱ 3.49 billion to **₱ 40.99 billion**, while the negative balance of **Treasury stock** decreased by ₱ 10.40 billion to **₱ 7.60 billion** as a result of the reissuance of preferred treasury shares.

Retained earnings rose by 5% to **₱ 31.85 billion** traced to the net income realized in 2023 partly offset by the cash dividends and distributions declared during the year.

The negative balance of **Equity reserves** went up from ₱ 16.89 billion to **₱ 21.26 billion** on account of the translation losses related to the redemption of US$500 million capital securities as well as the investment in Petron Malaysia.

Cash Flows

2024 vs 2023

Cash and cash equivalents amounted to **₱ 30.39 billion** as of end 2024**,** ₱ 2.87 billion higher versus end 2023 balance**.** Cash generated from operating activities of ₱ 45.15 billion were used for working capital requirement (₱ 11.76 billion), payment interest and taxes (₱ 20.34 billion), and various capital projects (₱ 10.34 billion) of the Company during the year. Meanwhile, proceeds from the issuance of preferred shares series 4 of ₱ 16.73 billion were mainly used to redeem preferred shares series 3A.

In Million Pesos	**December 31, 2024**	**December 31, 2023 As restated**	**Change**
Operating inflows	P13,208	P20,316	(P7,108)
Investing outflows	(10,216)	(7,550)	(2,666)
Financing outflows	(1,285)	(21,753)	(20,468)

2023 vs 2022

As of December 31, 2023, cash and cash equivalents stood at **₱ 27.52 billion,** lower by ₱ 9.66 billion compared to its balance at the beginning of the year**.** Cash generated from operations of ₱ 44.24 billion were used to cover the increase in working capital requirement (₱ 4.99 billion), pay interest and taxes (₱ 19.21 billion), and fund various capital projects (₱ 7.55 billion). Proceeds received from the reissuance of preferred shares, net long-term loans availed, and excess cash from operations were used to redeem the outstanding capital securities amounting to ₱ 27.47 billion

In Million Pesos	**December 31, 2023 As restated**	**December 31, 2022 As restated**	**Change**
Operating inflows (outflows)	P20,316	(P21,805)	P42,121
Investing outflows	(7,550)	(3,238)	(4,312)
Financing (outflows) inflows	(21,753)	22,794	(44,547)

Discussion of the company's key performance indicators:

Ratio	**December 31, 2024**	December 31, 2023 (As restated)	December 31, 2022 (As restated)
Current Ratio	**1.0**	1.0	1.1
Debt to Equity Ratio	**3.5**	3.5	3.1
Return on Equity (%)	**8.3**	9.5	6.2
Interest Rate Coverage Ratio	**1.6**	1.7	1.6
Assets to Equity Ratio	**4.5**	4.5	4.1

Current Ratio - Total current assets divided by total current liabilities.

This ratio is a rough indication of a company's ability to service its current obligations. Generally, higher current ratio indicates greater ability of the company to pay currently maturing obligations.

Debt to Equity Ratio - Total liabilities divided by total stockholders' equity (including non-controlling interest).

This ratio expresses the relationship between capital contributed by creditors and that contributed by owners. It indicates the degree of protection provided by the owners for the creditors. The higher the ratio, the greater the risk being assumed by creditors. A lower ratio generally indicates greater long-term financial safety.

Return on Equity - Net income divided by average total stockholders' equity.

This ratio reveals how much profit a company earned in comparison to the total amount of shareholder equity fund in the statements of financial position. A business that has a high return on equity is more likely capable of generating cash internally. For the most part, the higher a company's return on equity compared to its industry, the better.

Interest Rate Coverage Ratio – Earnings before interests and taxes divided by interest expense and other financing charges.

This ratio is used to assess the company's financial stability by examining whether it is profitable enough to pay off its interest expenses. A ratio greater than 1 indicates that the company has more than enough interest coverage to pay off its interest expense.

Assets to Equity Ratio – Total assets divided by total equity (including non-controlling interest)**.**

This ratio is used as a measure of financial leverage and long-term solvency. The function of the ratio is to determine the value of the total assets of the company less any portion of the assets that are owned by the shareholders of the corporation.

BUSINESS ENVIRONMENT

Philippine Economy

The Philippines ended 2024 with a GDP growth rate of 5.6%, lower than the government's target range of 6% to 6.5%. This shortfall was primarily driven by extreme weather events, geopolitical tensions, and sluggish global demand. Despite missing its target, the country remained one of the fastest growing economies in Asia, alongside Vietnam and China, which posted GDP growth rates of 7.5% and 5.4%, respectively. The country's economic growth was largely fueled by wholesale and retail trade, financial services, and construction, which helped offset a 1.6% decline in agriculture due to weather-related disruptions. On the expenditure side, government spending rose by 7.2%, reflecting the administration's commitment to infrastructure and public services. Gross capital formation also increased by 7.5%, signaling continued investment activities. Household consumption grew by 4.8%, despite inflationary pressures, while exports and imports expanded by 3.4% and 4.3%, respectively, despite global economic headwinds.

The peso averaged Php57.28/USD in 2024, a 3.0% depreciation from Php55.63/USD in 2023, as the US federal interest rate remained high and as the dollar strengthened following the re-election of former US President Donald Trump who has expressed protectionist trade policies. Moreover, the weakening of the peso can be attributed to the continued current account deficit as the country's imports outpaced exports.

Headline inflation for fiscal year 2024 averaged 3.2%, lower than the 6.0% average in 2023 and within the government's target of 2% to 4%. While slower inflation was felt in almost all commodity groups except for education services, the downtrend was heavily influenced by softening food and electricity prices.

Oil Market

Oil demand in the country grew by 6.1% to 91,771 thousand barrels ("MB") in the first half of 2024 from 86,502 MB in the first half of 2023 as economic activities continued to expand after the pandemic. Crude price benchmark Dubai averaged $79.58 per barrel ("/bbl") in 2024, a decline from its 2023 average of $82.09/bbl, amid slower global demand growth. Product cracks also weakened from $16.7/bbl to $13.4/bbl for gasoline, from $24.3/bbl to $16.7/bbl for diesel, and from $22.5/bbl to $15.6/bbl for kero-jet.

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

Guimaras Oil Spill Incident

On August 11, 2006, MT Solar I, a third-party vessel contracted by the Company to transport approximately two million liters of industrial fuel oil, sank 13 nautical miles southwest of Guimaras, an island province in the Western Visayas region of the Philippines. In separate investigations by the Department of Justice ("DOJ") and the Special Board of Marine Inquiry ("SBMI"), both agencies found the owners of MT Solar I liable. The DOJ found the Company not criminally liable, but the SBMI found the Company to have overloaded the vessel. The Company has appealed the findings of the SBMI to the Department of Transportation and Communication ("DOTC"), now the Department of Transportation ("DOTr"), and is awaiting its resolution. The Company believes that SBMI can impose administrative penalties on vessel owners and crew, but has no authority to penalize other parties, such as the Company, which are charterers.

Other complaints for non-payment of compensation for the clean-up operations during the oil spill were filed by a total of 1,063 plaintiffs who allegedly did not receive any payment of their claims for damages arising from the oil spill. The total claims for both cases amount to Php292 million. The cases are still pending.

Any significant elements of income or loss (from continuing operations)

There are no significant elements of income or loss from continuing operations.

Seasonal aspects that have material effect on the financial statements

There are no seasonal items that have material effect on the financial statement.

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

There are no off-balance sheet transactions, arrangements, and obligations with unconsolidated entities or persons during the reporting period.

Audit and Audit-Related Fees

The Company paid KPMG the fees set out below for 2024 and 2023:

	2024 (in Pesos)	**2023 (in Pesos)**
Audit fees for professional services - Annual Financial Statement (tax-exempt and exclusive of out-of-pocket expenses)	9,720,863	9,349,781
Professional fees for due diligence and study on various internal projects	4,270,500	3,000,000
Professional fees for tax consulting services	492,999	476,246

KPMG, the external auditor of SMC, was first appointed by the Company in 2010. With a common external auditor, the consolidation of results of operations and account balances among the subsidiaries of SMC using a uniform audit approach was facilitated.

For 2024, the Audit Committee, at its meeting held on March 5, 2024, endorsed the re-appointment of KPMG as external auditor of the Company for 2023 and the approval of KPMG's proposed fees. At its meeting held later on the same day, the Board of Directors, finding the recommendation of the Audit Committee to be in order, endorsed he re-appointment of KPMG as external auditor of the Company for 2024 and approved its fees for the approval and ratification, respectively, of the stockholders at the annual stockholders' meeting. At the 2024 annual stockholders' meeting held on May 21, 2024, the re-appointment of KPMG as external auditor of the Company for 2024 and KPMG's fees were approved and ratified, respectively, by the stockholders.

The engagement partner of KPMG, Ms. Rohanie C. Galicia, was assigned to the Company beginning with the 2022 audit of financial statements.

Set out in the next page is the report of the Audit Committee for the year 2024.

AUDIT COMMITTEE REPORT

The Board of Directors
Petron Corporation

The Audit Committee assists the Board of Directors in its oversight function with respect to the adequacy and effectiveness of internal control environment, compliance with corporate policies and regulations, integrity of the financial statements, the independence and overall direction of the internal audit function, and the selection and performance of the external auditor.

In the performance of our responsibilities, we report that in 2024:

- We reviewed and discussed with Controllers management the quarterly and annual financial statements of Petron Corporation and Subsidiaries and endorsed these for approval by the Board;
- We endorsed the re-appointment of R.G. Manabat & Co./KPMG as the Company's independent auditors for 2024;
- We reviewed with R.G. Manabat & Co./KPMG the scope and timing of their annual audit plan, audit methodology, and focus areas related to their review of the financial statements;
- We reviewed with R.G. Manabat & Co./KPMG, the audit observations and recommendations on the Company's internal controls and management's response to the issues raised;
- We reviewed with the Internal Audit Head the annual internal audit plan, approved the same, and satisfied ourselves on the independence of the internal audit function; and
- We reviewed on a quarterly basis Internal Audit's report on the adequacy and effectiveness of the internal control environment in the areas covered during the period.

The Board Audit Committee is satisfied with the scope and appropriateness of the Committee's mandate and that the Committee substantially met its mandate in 2024.

Margarito B. Teves
Chairperson
Independent Director

Estelito P. Mendoza
Director

Artemio V. Panganiban
Independent Director

Aurora T. Calderon
Director

Ricardo C. Marquez
Independent Director

Commitments for Capital Expenditure

In 2024, the Company spent Php6.26 billion on capital investments. Php5.09 billion was spent on refinery projects, including major refinery turnaround, Php432 million was used for projects in depots, Php364 million was spent for service station-related projects, and Php371 million was used for other commercial, maintenance and miscellaneous projects.

Any Known Trends, Events or Uncertainties with Material Impact on Liquidity and Net Sales or Revenues or Income

The Company is in a healthy liquidity position with sufficient cash balances, and strong support from domestic and international banks for its working capital lines. The Company is not in default or in breach of any covenants of its loans or other financing arrangements, does not anticipate any cash flow or liquidity problems, and does not have a significant amount of trade payables that have not been paid within agreed trade terms. Working capital requirements are sufficiently addressed by the Company's cash balances, available credit lines from financial institutions, and continuous and prudent management of the Company's cash position.

Crude oil accounts for over 30% of the Company's total cost of goods sold. Because of the commodity nature of oil, the cost of the Company's refined products is highly dependent on international crude oil and product prices. Fluctuations in the price of crude oil and finished products in the global market arise from factors that are beyond the Company's control, such as changes in global oil supply and demand. The Company's financial results are primarily affected by the differential or margin between the prices for its refined petroleum products and the prices for the crude oil that is the main raw material for these refined petroleum products, geopolitical factors (such as the current Russia-Ukraine conflict), global economic conditions, weather, and government regulations. The Company holds approximately two months of crude oil and finished petroleum products inventory in the Philippines, which is accounted for using the first in-first-out method. Thus, a sharp drop in crude oil prices, for example, will result in losses, as the Company sells products produced from higher-priced crude oil at lower prices.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no changes in and disagreements with the accountants on accounting and financial disclosures.

Description of the Nature and Business of the Company

(1) Business Development

(i) The Company

Petron was incorporated in the Philippines on December 22, 1966 as "Esso Philippines Inc." Petron was renamed "Petrophil Corporation" in 1974 when the Philippine National Oil Company ("PNOC") acquired it. In 1985, Petrophil and Bataan Refinery Corporation (formerly, the "Standard Vacuum Refining Corporation") were merged with Petrophil Corporation as the surviving corporation. The Company changed its corporate name to "Petron Corporation" in 1988. The Company's original 50-year corporate term expired on December 22, 2016. On September 13, 2013, the SEC approved the amendment of the Company's Articles by extending the corporate term of the Company for another 50 years from and after December 22, 2016. As a general rule under the Revised Corporation Code, which took effect on February 23, 2019, a corporation with a certificate of incorporation prior to the effectivity of the Revised Corporation Code, and which did not elect to retain its specific corporate term under its articles of incorporation, shall have perpetual existence. By operation of law, therefore, the Company shall now have perpetual existence because it did not elect to retain its specific corporate term under its Articles. On December 23, 2022, the SEC approved the amendment to the primary purpose of the Company under its Articles of Incorporation authorizing the Company to produce and deal in biofuels.

The two (2) principal common shareholders of the Company holding at least 5% of its common stock as of the date of this report are SRC (52.68%) and SMC (19.10%). SRC is wholly-owned by SMC. SMC thus holds an aggregate 71.78% ownership of the common shares of the Company.

The registered office address of Petron is at the SMC Head Office Complex, 40 San Miguel Avenue, 1550 Mandaluyong City.

(ii) Subsidiaries

The direct subsidiaries of the Company as of December 31, 2024 are listed below:

- **New Ventures Realty Corporation** ("NVRC") is a realty firm established on August 24, 1995. NVRC is authorized to acquire and develop land but it does not engage in the subdivision business. Land suitable for use as service station sites, bulk plants or sales offices are purchased by NVRC, which are then leased to Petron for use in the latter's operation. NVRC's wholly-owned subsidiary, Las Lucas Development Corporation, which was acquired in 2003, was later renamed "Las Lucas Construction and Development Corporation" upon approval by the SEC in September 2009. In 2012, NVRC acquired 100% of Parkville Estates and Development Corporation and 60% of Mariveles Landco Corporation. In 2013, NVRC further acquired 100% of South Luzon Prime Holdings Incorporated, MRGVeloso Holdings, Inc. and Abreco Realty Corp.

- **Overseas Ventures Insurance Corporation Ltd.** ("Ovincor") was incorporated on November 16, 1995 under the laws of Bermuda for the purpose of expediting the reinsurance of Petron's insurable interests and other insurances covered by Petron affiliate Petrogen Insurance Corporation. Reinsurance includes the insurance cover for the Petron Bataan Refinery, the bulk plants and service station properties, petroleum and cargo insurance and performance bonds for Petron contractors and haulers as well.

- **Petron Freeport Corporation** ("PFC"; formerly, "Petron Treats Subic, Inc.") was incorporated on November 6, 2003. The company is registered with the Subic Bay Metropolitan Authority ("SBMA") as a Subic Bay Freeport ("SBF") enterprise. PFC is engaged in the business of operating and/or managing retail service stations and non-fuel businesses such as convenience stores.. PFC handles the operations (*i.e.*, forecourt, quick-service restaurant, and locators) of the service stations located at Gimikan and Argonaut.

- **Petron Marketing Corporation** ("PMC") was incorporated on January 27, 2004 with the same business purpose as PFC but operated outside the SBF. PMC is a wholly-owned subsidiary of Petron. PMC turned over to Petron the operation of service stations that PMC held and the operation of Treats stores, effective August 1, 2016 and November 30, 2016, respectively. PMC also terminated its franchises to the fast food stores. On August 2, 2024, the SEC approved the shortening of the corporate term of PMC to December 31, 2025.

- **Mema Holdings Inc.** ("Mema") was acquired by Petron in 2022. It is a holding company intended for the hauling and logistics requirements of Petron.

- **Petron Singapore Trading Pte. Ltd.** ("PSTPL") was established in 2010 as Petron's trading subsidiary in Singapore. The subsidiary aims to optimize crude and petroleum product procurement and participate in Singapore's Global Trader Program, which allows the Company access to a wider selection of crude and petroleum product alternatives, resulting in further optimization of Petron's crude and petroleum product selection.

- **Petron Global Limited** ("Petron Global") is a holding company incorporated under the laws of the British Virgin Islands acquired by the Company on February 24, 2012.

- **Petron Finance (Labuan) Limited** ("Petron Finance") is a holding company incorporated under the laws of Labuan, Malaysia acquired by the Company on March 2, 2012.

- **Petrochemical Asia (HK) Limited** ("PAHL") is a holding company incorporated under the laws of Hong Kong over which the Company obtained control in January 2013.

- **Petron Oil & Gas Mauritius Ltd.** ("POGM") is a holding company incorporated under the laws of Mauritius acquired by the Company on February 8, 2012.

  Petron Oil & Gas International Sdn. Bhd. ("POGI") is a subsidiary of POGM and incorporated under the laws of Malaysia. It owns 73.4% of Petron Malaysia Refining & Marketing Bhd. ("PMRMB"), a public company listed on Malaysia's Stock Exchange ("Bursa"). POGI also wholly owns Petron Fuel International Sdn. Bhd. ("PFISB") and Petron Oil (M) Sdn. Bhd. ("POMSB"). PMRMB, PFISB and POMSB (collectively, the "Petron Malaysia") are companies incorporated under the laws of Malaysia and are engaged in the downstream petroleum business in Malaysia.

  The Petron Malaysia's distribution network is comprised of 12 product terminals and facilities all over Malaysia. PMRMB owns and operates the Port Dickson Refinery ("PDR") with a rated capacity of 88,000 bpd. The PDR produces a range of products, including liquefied petroleum gas ("LPG"), naphtha, gasoline, diesel, jet fuel, and low sulfur waxy residue. Further, it also operates a palm methyl ester ("PME") plant in Lumut, Perak, with a rated capacity of 78,000 metric tons per year of PME used for biodiesel blend.

  Petron Malaysia's fuels marketing business caters to both retail and commercial segments. The retail business markets fuels and other products through its network of 800 service stations, both company-owned or dealer-owned, located throughout Peninsular and East Malaysia. Retail sells top-of-the line fuel from Blaze 100, the only RON 100 gasoline in Malaysia, Blaze 97 and Blaze 95, all meeting Euro 4M standards specifications, while its premium Turbo Diesel and Diesel Max are all Euro 5-compliant diesel products, with 7% and 10% PME biodiesel blend, respectively. Petron's premier LPG brand, Petron Gasul, is also available in over 200 selected service stations in Peninsular Malaysia to add more convenience to the Malaysian household. Petron also provides one-stop shop service experience for motorists on the road through more than 315 Treats and approximately 451 P-Kedai convenient stores located within its service station network, along with other amenities and restaurant with 30 allied business partners. Retail business also serves more than 35,000 fleet accounts nationwide through Petron Fleet Card utilizing microchip technology participating in Diesel Subsidy program by government.

  Petron Malaysia's commercial business serves four (4) segments: industrial and wholesale, aviation fuels, LPG and lubricants/specialties. The industrial business sells diesel and gasoline fuels to mini-stations and power plants, as well as to the manufacturing, plantation, transportation, fisheries, commercial and construction sectors, among others, while the wholesale segment primarily engages in diesel sales to company-appointed resellers catering to other industrial customers. PMRMB's aviation group sells jet fuel to key airline customers which operate at the Kuala Lumpur International Airport where the product is supplied through pipeline connected from the Port Dickson Terminal. PMRMB also markets Gasul LPG in 12-kg and 14-kg cylinders for domestic household use, F14-kg for Forklift use as well as 50-kg and bulk for commercial use. PFISB has its lubricants business selling automotive lubricants both through the retail service stations as well appointed distributors network.

The above-named subsidiaries of the Company have no plans of engaging in lines of products or services other than those provided in connection with the promotion and enhancement of the business of the Company.

The Company and its subsidiaries are not subject of any bankruptcy, receivership or similar proceedings.

(iii) Operating Highlights

Sales

For 2024, the Company's consolidated sales volume stood at 139.9 million barrels, 10% higher than 2023's 126.9 million barrels.

Refining

The Petron Bataan Refinery Master Plan Phase-2 Upgrade ("RMP-2") upgraded the Company's refinery located in Limay, Bataan (the "Petron Bataan Refinery") to a full conversion refining complex. RMP-2 started its full commercial operation in January 2016.

Since the closure of the Shell Refinery in May 2020, the Petron Bataan Refinery is the only oil refining facility in the country.

In December 2021, the Petron Bataan Refinery renewed its registration with The Authority of the Freeport Area of Bataan ("AFAB") as a registered enterprise. The registration shall be valid and in effect as long as the registered enterprise remains in good standing or until revoked or cancelled. As a registered domestic market enterprise engaged in the oil refinery facility as its registered business activity, the Petron Bataan Refinery is granted duty-free importation of merchandise, including capital equipment, raw materials, spare parts, and accessories, subject to compliance with conditions specified under the Corporate Recovery and Tax Incentives for Enterprises Act (the "CREATE Act"). Meanwhile, pursuant to Section 295(G) of the Tax Code, as amended by the CREATE Act, the Petron Bataan Refinery's crude oil importations are exempt from duties and taxes, while applicable taxes are paid upon withdrawal of finished products sourced from the crude oil importation.

Product Supply and Distribution

The Company continues to implement programs to ensure adequate and timely product supply such as storage capacity additions, effective inventory management, a sufficient fleet of tank trucks and marine vessels, and an inter-depot support system during periods of calamities.

Human Resources ("HR")

Petron aimed at strengthening its development programs to enhance both the hard and soft skills of its talents. The company gradually transitioned back to facilitating live programs while taking advantage of online platforms to employ self-directed learning tools. By year-end, training hours per employee increased by 239.5% from the previous year. Petron dedicated 422,497.75 training hours for all employees or an average of 124 hours training per employee.

To enrich the leadership pipeline, learning opportunities for leadership development offered by SMC were maximized. The growth of key talents was supplemented through Petron's coaching program. The coaching program is composed of 49 coaches and 53 coachees, and the mentoring program is composed of 14 mentors and 20 mentees. These programs collectively generated 3,082 coaching and mentoring hours in 2024.

Health, Safety and Environment ("HSE")

The Company's HSE programs continue to be an important element in the operations of its facilities. HSE programs of the Company include the EcoWatch program on environmental awareness and the Oversight Safety Assessment and Compliance Inspections of the depots/terminals, service stations and third-party LPG filling plants, industrial accounts and contractor's site, participation in industry-wide oil spill response exercises, emergency drills and exercises, seminars/trainings, and maintenance of management systems and ISO certifications on environment, health and safety.

All 30 terminals are certified in accordance with ISO 9001:2015 (QMS), ISO 14001:2015 (EMS) standards, and ISO 45001:2018 (Occupational Health and Safety (OH&S) Management System). Furthermore, 14 Petron pier facilities are compliant with the International Ship and Port Facility Security Code (ISPS Code) and certified by the Office of the Transport Security under the DOTr. Additionally, a terminal is in the process of receiving its ISPS Certification. The ISPS certification is a requirement by the International Maritime Organization for all international vessels calling on international ports and for all ports accepting international vessels.

The Terminal Operations Division of the Company implemented the Human Organizational Performance ("HOP"). HOP is a system to prevent or reduce losses using behavior-based tools and proven management techniques. With this new system, the Company aims to improve the over-all safety culture of the division to prevent all types of losses, and eventually apply the same system throughout the organization.

From January to December 2024, a total of 11.5 million safe man hours were achieved by the Head Office, the Petron Bataan Refinery, and the terminals.

Corporate Social Responsibility ("CSR")

Petron Foundation, Inc. ("PFI" or "Petron Foundation") continues to be in the forefront of helping Petron Corporation attain its business goals through the practice and advocacy of strategic CSR. Through PFI's thrusts on education, environment, entrepreneurship and livelihood, and community engagement, it works all year round with Petron's various business units, employee volunteers, as well as with key stakeholders to create a positive impact on the lives of our fenceline communities. At the same time, PFI is at the forefront of advocating ESG and sustainability within Petron with its active participation in Petron's ESG Council.

Education

- **Tulong Aral ng Petron ("Tulong Aral")**. Education remains foremost in PFI's CSR thrust, with its flagship education program Tulong Aral ng Petron ("TAP" or "Tulong Aral"). In partnership with the Department of Education ("DepEd") and the Department of Social Welfare and Development ("DSWD"), TAP is sending deserving children and youth through elementary, high school and college. For school year 2023-2024:

  - PFI had over 2,400 TAP scholars from elementary to college nationwide, including 300 new Grade 1 scholars who came from priority areas as recommended by and in support of Petron's Terminal Operations.
  - Just over 92% of TAP scholars successfully transitioned from grade school to high school, while close to 98% of all TAP scholars stayed in school for the same period.
  - PFI resumed the distribution of school supplies for TAP scholars in SM Stores since the pandemic. Scholars in areas inaccessible to nearby SM department stores had their school supplies distributed in their respective schools.
  - PFI resumed the Best U Can Be life skills program for Petron's high school scholars after pausing it prior to the pandemic. This initiative provides the scholars an additional benefit of getting them ready for life post-high school, through developing core skills deemed critical for today's generation: active listening, active reading, effective and concise writing, and effective and empathetic speaking. The workshop designed was developed by AHA! Learning center with activity-driven, class-type sharing and learning sessions not just for our scholars but for their parents as well. The activity also provided opportunities for Petron employee volunteers from different business units of Petron to co-facilitate the activities. Petron employee volunteers were also joined by some TAP parent volunteers during the whole-day activity.

- For school year ("SY") 2024-2025, there are a total 2,632 TAP scholars: 600 in ES, 2,022 in HS, and ten in college.

- **Bataan scholarships.** Under the Refinery Engineering scholarship program, Petron supported twenty (20) new Electrical and Mechanical Engineering scholars from Bataan Peninsula State University for SY 2023-2024. Four of its previous graduates in electrical engineering passed the Licensure Board Exam in April 2024 and are awaiting the results of their application in Petron for possible hiring.

- **Brigada Eskwela.** PFI continued to support DepEd's Annual Brigada Eskwela National Schools Maintenance Week by donating materials and mobilizing volunteers to clean classrooms or paint tables and chairs in time for the opening of classes. In 2024, PFI supported 121 public schools nationwide together with some 206 Petron employee volunteers from the Petron Bataan Refinery and Terminal Operations, as well as from Head Office.

Environment

- The *Puno ng Buhay* remains PFI's primary program to address Petron's environmental footprint by undertaking long-term mangrove reforestation efforts in select areas in the country. To date, Petron is committed to reforestation in three areas: Hagonoy, Davao del Sur; Obando, Bulacan, and; Ivisan, Roxas or a total of 55 hectares of mangrove areas.
- Relative to this, PFI has secured approval to engage a third-party entity who will undertake carbon sequestration measurement of Petron's reforestation sites. This will be a five-year engagement to be done annually for 10 selected sites, with the pilot site in Hagonoy, Davao, with an initial carbon sequestration report targeted to be produced by the first half of 2024.
- PFI is also supporting the Petron Bataan Refinery in its environmental activities:
    - In 2024, 100% of the activities targeted for the year for the five-hectare mangrove conservation project under Department of Environment and Natural Resources ("DENR")'s Project TRANSFORM was completed. This includes the fence repair and nipa hut construction, as well as regular monitoring and monthly cleanup activities in the project site in Sitio Bakawan, Abucay, Bataan.
    - Also as part of this project funded by Petron, some 50 members of the partner People's Organization -- the Samahan ng Mananahong ng Sitio Bakawan – are now benefiting from the recently constructed *tahungan*, where they now cultivate mussels to sell at the local fish port.
    - Efforts to rehabilitate a 7.5-kilometer fish sanctuary off the coast of Limay resulted in the deployment of nearly 300 artificial reefs, establishment of floating flag markers, and the construction of a floating raft, among others. With the expected nursing of fish in the sanctuary, the 3,600+ fisherfolk in Limay anticipate a bountiful catch in the immediate future.
    - Through PFI, Petron also continued to support the 1Bataan PawiCAN Conservation Alliance Network as part of the Bataan Integrated Coastal Management Program, primarily with sustained advocacy through the annual Pawikan Festival in Morong. In addition, Petron helped establish a Pawikan hatchery in Bo. Luz in Limay, in partnership with LGU Limay, Brgy. Kitang 2 and Luz and the Bataan Provincial Government, with the small hatchery at 90% completion as of end-2024.
- Nationwide, Terminal Operations and Refinery actively participated in activities that celebrate Earth Month, Environment Month and International Coastal Cleanup Day.

All these are consistent with efforts to also comply with government regulations, contribute to operational efficiency, and maintain the sustainable practices of the Company.

Entrepreneurship and Livelihood

- **<u>Petron Automotive Care Education (ACE).</u>** PFI re-instated the Petron Automotive Care Education, or ACE program as another avenue to make PFI's mission of alleviating poverty through education possible. For its initial run, Petron ACE targeted to professionally train and certify automotive mechanics that will serve as a pool of talent for Petron Car Care Centers ("CCC") and Lube Bay Stations. In the third quarter of 2024, PFI conducted the first specialized training for automotive servicing together with program partner Don Bosco-OneTVET Philippines and Petron Lube Trade. A total of 18 Petron CCCs and Lube Bay personnel from Cebu, Davao, Iloilo, Surigao and Iligan graduated from their six-day training in Cebu City and are in the process of securing their NC-1 and 2 certifications from TESDA. In December 2024, a second batch of 11 trainees from NCR undertook the same specialized training at the Don Bosco Technical Institute in Makati City.

  PFI will continue to evaluate the implementation of the Petron ACE in close consultation with Lube trade in line with the requirements of Petron CCCs. Looking forward, PFI intends to select trainees who are either Out-of-School Youths and Adults, ALS passers, or from TAP high school partner schools. Once certified, these trainees may be deployed in Petron CCCs, Lube Bay stations, or even be able to be of assistance to Petron Terminals.

Health and Human Services

- **<u>Petron Clinics.</u>** Petron Clinics in Rosario, Pandacan and Limay remained closed to the community, still partly due to continuing Covid precautions and also as part of re-evaluating the preparedness of the clinics to meet the requirements of DOH Administrative Order 2021-0037 or the New Rules and Regulations Governing the Regulation of Clinical Laboratories in the Philippines. in the fourth quarter of 2024, the Petron Rosario Clinic renewed its laboratory License to Operate for 2025.

- **<u>Engaging employees and partners</u>.** Petron employees continued to take to heart their responsibility to society through active participation in the Volunteers in Action program. Employee volunteers from various divisions of the Company in 2024 participated in the following:
  - Cleaning of classrooms in Rivera Village Elementary School, Pasay City
  - TAP school supplies distribution nationwide.
  - Co-facilitation of training sessions under the Best U Can Be program.
  - Participated in various activities celebrating Earth Month, Environment Month, and International Coastal Cleanup Day.
  - Repacking of emergency food rations for calamity victims at the DSWD National Relief Operations Center in Pasay.

ESG and Sustainability

PFI continued to serve as the Secretariat to the Petron ESG Council in developing the Company's sustainability report ("SR"), with the 2023 SR adopting the latest Global Reporting Initiative ("GRI") international guidelines. PFI coordinated the activities of the University of Asia & the Pacific-Center for Social Responsibility, which was engaged to develop the SR, including field visits to Petron Bataan Refinery, Petron Tacloban terminal and New Lube Oil Blending Plan, and a major service stations each in Batangas and Bulacan for stakeholder discussions and sustainability briefings. PFI also contributed to the review, finalization and printing of the SR draft.

PFI also actively participated in the first San Miguel Sustainability Fair. Organized by the SMC Corporate Sustainability Office, the two-day activity aimed to further promote the culture of sustainability among employees of the various business units of SMC through exhibitions and forums. PFI represented Petron's efforts under one of San Miguel's sustainability pillars: Kalinga.

Governance

In May 2024, Petron received the Best Community Programme Award (Silver Category) for TAP and the Petron Refinery's Engineering Scholarship programs at the 16th Annual Global CSR & ESG Summit and Awards held in Hanoi, Vietnam. Awarded by the Pinnacle Group International and Sustainable Technology Centre, the Annual Global CSR & ESG Summit and Awards is "Asia's most prestigious recognition awards program for Corporate Social Responsibility and ESG". It recognizes companies for outstanding and innovative products, services, and projects.

Petron Malaysia

Petron Malaysia, in its drive for sustainable operations, has equipped its Port Dickson Refinery with a diesel hydrotreater facility unit, enabling it to produce Euro-5 specifications diesel products in line with the Malaysian government's thrust to provide cleaner and more environment-friendly fuels to consumers. It also has its Marine Fuel Import Facility 2 which allows importation of larger parcel finished products, thereby optimizing freight costs and reducing carbon emission with fewer sea vessel deliveries. Petron has also started to install solar panels in its service stations to reduce electricity consumption from the grid and supplement it from renewable power source. As part of Petron's firm commitment to provide better value to consumers, Petron Malaysia launched the mobile app version of its P-Miles Loyalty Program, offering better experience, more functionalities and tighter security features as compared to the conventional card-based program. The Company has also enhanced its customers' point of sale experience through its new indoor and outdoor payment terminals at the stations which provide better payment features and convenience to the motorists.

(2) Business of the Company

(i) Principal products or services and their markets

Petron's principal business involves the refining of crude oil and the marketing and distribution of refined petroleum products. It sells a full range of refined petroleum products including gasoline, naphtha, LPG, diesel, jet fuel, kerosene, and petrochemicals (benzene, toluene, mixed xylene, propylene and polypropylene). When necessary, some refined petroleum products are imported. Petron also sells other imported products such as aviation gas and asphalt.

The major markets in the petroleum industry are the reseller (service station), industrial, LPG and lube markets. Petron sells its products through a nationwide network of service stations, LPG dealerships and lube outlets and to industrial end-users and bulk off-takers.

The Company also continues to expand its non-fuel businesses through the Treats convenience store and the addition of various food kiosks, restaurants, and other service establishments at its stations.

(ii) Percentage of sales or revenues by foreign sales

Below is the summary of the percentage of sales or revenues of domestic and foreign sales of the Company and its subsidiaries from 2022 to 2024:

	Domestic	Exports/International	Total
2022, in million pesos	412,743	444,895	857,638
2022, in percentage	48%	52%	100%
2023, in million pesos	413,175	387,852	801,027
2023, in percentage	52%	48%	100%
2024, in million pesos	438,900	429,066	867,966
2024, in percentage	51%	49%	100%

(iii) Distribution methods of products or services

From the Petron Bataan Refinery, Petron moves its products, mainly by sea, to depots, terminals and airport installations situated throughout the Philippines. Its distribution network, comprised of 35 terminals and sales offices across the country, is the most extensive one for petroleum products in the country. Through this nationwide network, Petron supplies its various petroleum products such as gasoline, diesel, and LPG to its customers. Petron also supplies jet fuel to international and domestic carriers at key airports in the Philippines through its 12 into-plane facilities.

Petron sells gasoline, diesel, and kerosene to motorists and to the public transport sector through its network of around 1,800 retail service stations in the Philippines as of December 31, 2024.

Petron also sells its LPG brands Gasul and Fiesta Gas to households and other consumers through its extensive dealership network.

Petron also manufactures lubricants and greases through its blending plant in Manila, and these products are sold through its service stations, Car Care Centers, and various lubes outlets.

(iv) New products or services

The Company's 2024 new products and approvals from accredited global industry certifying bodies and original equipment manufacturers ("OEMs") are described below.

For 2024, Petron was able to secure the renewal of licenses and approvals for industry standards such as the American Petroleum Institute (API) alongside with the International Lubricant Specification Advisory Committee (ILSAC), Association des Constructeurs Européens d'Automobiles/Association European Automobile Manufacturers Association (ACEA), National Marine Manufacturers Association (NMMA), Japan Lubricating Oil Society (JALOS), and OEM approvals from Porsche, Volvo, Mack, Renault, Cummins, MTU, and Scania. Petron also obtained industry standard licenses for food-grade products from Halal, Kosher and National Sanitation Foundation (NSF).

These globally accepted OEM approvals and licenses are not only applicable to the Philippines but also to the Malaysian, Chinese, Brunei, Vietnamese, and Cambodian markets where the products of the Company are being served.

- License with API

Listed below are the Petron automotive engine oil products that have their API service symbol and API certification mark renewed for 2024:

Product	API Quality Level
Blaze Racing Fully Synthetic SAE 0W-20	API SP/SN Plus Resource Conserving, ILSAC GF-6A
Blaze Racing Fully Synthetic SAE 5W-30	API SN
Blaze Racing Fully Synthetic SAE 5W-40	API SN
Blaze Racing Premium Multigrade SAE 20W-50	API SL
Petron Blaze Racing HTP SAE 0W-40	API SN
Rev-X All Terrain SAE 5W-40	API CJ-4/SM
Rev-X Fully Synthetic 5W-40	API CJ-4 / SN
Rev-X Fully Synthetic 5W-40	API CJ-4 / SM
Rev-X Premium Multi-grade 15W-40	API CI-4 / SL
Rev-X Trekker 15W-40	API CI-4 / SL
Rev-X Turbo HTP SAE 5W-40	API CJ-4 / SN
Ultron Fully Synthetic 5W-40	API SN
Ultron Premium Multi-Grade 20W-50	API SL
Ultron Race 5W-40	API SN

- Registration with ACEA

In 2024, Petron renewed the registration for its Petron Blaze Racing and Petron Rev-X automotive lubricants with ACEA in compliance with the European Engine Lubricant Quality Management System (EELQMS).

- NMMA

Renewal was applied in 2024 for Petron Regatta as TC-W3 approved two-stroke cycle outboard engine lubricant.

- Approval with JALOS

Product approval was maintained in 2024 for Sprint 4T HTP SAE 5W-40 as JASO MA2 approved four-stroke motorcycle engine lubricant.

- Food Grade Lubricants Approval with NSF, Halal and Kosher

Product approval was renewed in 2024 for Petron Hydrotur FG H1-68, Petron Hypex FG H1-150, Petron Hypex FG H1-220, Petron Hypex FG H1-320 and Petron Petrogrease EP FG H1-2 food grade lubricants.

- <u>OEM Approval Renewals</u>

  The following OEM approvals were renewed in 2024:

  - Blaze Racing HTP SAE 0W-40: Porsche A40
  - Rev-X Turbo HTP SAE 5W-40: Cummins CES 20081
  - Rev-X Premium Multi-grade SAE 15W-40: Volvo VDS-3, Mack EO-N, Renault Trucks RLD-2

(v) Competition

Petron operates in a deregulated oil industry along with over 500 industry players. With this large number of players participating in the market, competition is intense. Retail and depot network expansion, pricing, and various marketing programs are employed to gain a bigger share of the domestic market. However, Petron's wide retail and depot network and its full range of products allow it to reach the domestic market more effectively than competition.

(vi) Sources and availability of raw materials and the names of principal suppliers

In 2024, Petron purchased all of its term and spot crude requirements through its wholly-owned subsidiary, PSTPL. Majority of the crude purchases were sourced under term contracts with five (5) suppliers, with various spot suppliers completing the balance of requirements. For its 2025 crude requirements, Petron, through PSTPL, will continue to source from both term and spot suppliers.

Petron purchased most of its finished product requirements in 2024 also through PSTPL. For 2025, aviation gasoline, asphalt, LPG, gasoline, base oil and sulfur term contracts will be renewed through PSTPL.

For its coco-methyl ester ("CME") and ethanol supply, Petron continued to support the directive of the Department of Energy ("DOE") on the prioritization of locally produced CME and ethanol, complying with government regulation. About 46% of the total ethanol and 100% of CME requirements of the Company in 2024 were sourced from various local producers.

(vii) Dependence on one or a few major customers and identity of any such major customers

Petron and its subsidiaries do not have a single external customer from which sales revenue generated amounted to 20% or more of the total revenue.

(viii) Transactions with and/or dependence on related parties

Petron, certain of its subsidiaries and its affiliate, as well as SMC and certain of its subsidiaries, purchase products and services from one another in the normal course of business.

On August 6, 2019, the Board of Directors of the Company approved the Policy on Related Party Transactions of the Company that requires that all related party transactions of the Company be conducted on an arm's length basis and under fair terms so that no shareholder or stakeholder will be unduly disadvantaged and there will be no prejudice to the interest of the Company's stakeholders. Under the terms of this policy, board approval is required for related party transactions with the same related party, either individually or in aggregate over a 12-month period from the first transaction, amounting to at least 10% of the Company's total consolidated assets based on its latest audited financial statements.

On November 5, 2024, upon the recommendation of the Related Party Transaction Committee of the Board of Directors (with the report of the external independent party Punongbayan & Araullo confirming the arm's length nature of the proposed transactions) and pursuant to the Policy on Related Party Transactions of the Company, the Board of Directors approved the proposed transactions for 2025 between the Company and PSTPL.

For 2024, the proposed transactions for 2024 between the Company and PSTPL were approved by the Board of Directors on November 7, 2023, upon the recommendation of the Related Party Transaction Committee of the Board of Directors (with the report of the external independent party Punongbayan & Araullo confirming the arm's length nature of the proposed transactions) and pursuant to the Policy on Related Party Transactions of the Company.

Described below are transactions of Petron with related parties as of 2024:

1. Supply agreements with various SMC subsidiaries. Under these agreements, Petron supplies the fuel and lube requirements of selected SMC plants and subsidiaries.

2. Purchase of goods and services, such as those related to construction, information technology, shipping and terminaling, from various SMC subsidiaries.

3. Lease agreements with San Miguel Properties, Inc. for office space covering 6,747 square meters and certain parcels of lands where service stations are located.

4. Lease agreements with SMC covering certain parcels of lands where service stations are located.

5. Payment to SMC for its share in common expenses such as utilities and management fees.

6. Long-term lease agreements with NVRC covering certain parcels of lands where some of its depots, terminals and service stations are located.

7. Retail of fuel products through its subsidiary PFC and of lube products through PFISB.

8. Insurance coverage from its affiliate Petrogen which, in turn, obtains reinsurance coverage from Ovincor and other local reinsurers.

9. Certain advances to PCERP for investment opportunities.

10. Certain advances to NVRC and SLPHI.

11. Trading agreement with PSTPL for the procurement of crude oil, and trading of finished petroleum products and other materials such as ethanol, coal, catalysts and additives.

12. Engagement of PSTPL to perform the chartering function such as the renewal and negotiation of contract of affreightments and commodity risk management via hedging transactions.

13. General management services to PFISB.

14. NVRC and SMC subsidiaries entered into various lease agreements for portions of lands located at Limay, Bataan.

15. Logistics and freight forwarding agreement with PLI.

16. Short-term loans from Bank of Commerce.

17. Certain advances from San Miguel Insurance Co. Lt. and Ovincor.

(ix) Patents, trademarks, licenses, franchises, concessions, royalty agreements

The Company's intellectual property registrations and applications as of December 31, 2024 are described below.

Trademark. Petron has registered the following trademarks for a term of 10 years: Petron (word mark), Petron (logo), P logo (color), P logo (black and white), Petron Canopy Fascia, Petron Canopy Fascia (color), Petron Canopy Fascia (black and white), Blaze, Diesel Max, Petron Blaze 100, Blaze 100 Octane Euro 6, Petron XCS3, Petron Super Xtra Gasoline, Xtra Advance (inside a rectangle device), Blaze Racing, Thermal Control System, Tri-Action Advantage, Petron XCS3, Triangle Device, Boomerang Device, Gasul (stylized), Gasulite, LPG Gasul Cylinder 50 kg, Gasul and Device, LPG Gasul Cylinder 11 kg, Petron Gasul 11-kg POL-VALVED Cylinder, New Gasulito (word mark), Petron Gasul Elite (wordmark), Petron Gasul Elite (Black & white), Petron Gasul Elite Blue Pantone 298, Fiesta Gas with device, Xtra, Fiesta Gas 2.7kg cylinder, Fiesta Gas 5kg cylinder, Fiesta Gas 5kg POL-VALVED, Fiesta Gas 11kg cylinder, Fiesta Gas 11kg POL-VALVED, Fiesta Gas 22kg POL-VALVED, Fiesta Gas 50kg POL-VALVED, REV-X, Rev-X Hauler, Rev-X HD, Rev-X Turbo, Ultron Rallye, Ultron Extra, Ultron Touring, Sprint 4T, Clean 'n Shine, Rider, Rider 4T, ADVANSTRASSE MOTO (word mark), ADVANSTRASSE MOTO (logo), 3D Engine Oil Lubricant Bottle 1L and 6L (black), 3D Engine Oil Lubricant Bottle 1L and 6L (red), 3D Engine Oil Lubricant Bottle 1L and 6L (silver), 3D Engine Oil Lubricant Bottle 1L and 6L (blue), 3D Specialty Lubricant Bottle 1L (silver), 3D Specialty Lubricant Bottle 1L (black), Petron Value Card and Device, Petron Super Driver, Petron Fleet Card & device, e-fuel, Car Care Center & Logo, Treats (word mark), Treats & device, Treats & device with blue background, Lakbay Alalay (word mark), LakbayAlalay (logo), LakbayAlalay, LakbayLigtas, LakbayAlalay Para saKalikasan, Sagip Alalay, Tulong Aral ng Petron & Device, Puno ng Buhay, Fuel Hope, Fuel Trust, Fuel Experience, Fuel Drive, Fuel Excellence, Fuel Efficiency, I fuel (logo), I Fuel Hope, I Fuel Communities, Petron Blaze Spikers, Petron Lakbay Pinoy, Ultimate Release from Engine Stress, Your friend on the Road, Super Tsuper, Road Safety & device, Ronnie Mascot, Seat Belts Save Lives, Pay with Points Save your Cash, Thermal Stress Stabilizing System, Dynamic Cleaning Technology, Your Fleet Your Rules, Blu & Device, Blu with Gasul Tank, Performance Run, Petron Best Day, Super Saya, Power that Persists, Mean Clean Machine, Petron Motorsports, Fuel Wise (long form), Fuel Wise (flag type), Fuel Wise (long form in black), Fuel Wise (flag type in black), Fuel Wise, Kalmakina (colored), Kalmakina (word mark), Kalmakina (black and white), Hypex, 2T, Turnol, Gearfluid, Petron Autokote, GEP, Marinekote, Petron 2040, Pchem, Xtend, HTP, Petrolene, PCHEM DEF (Diesel Exhaust Fluid), Petromate, TCS and Device, TDH50 (word mark), Petron Pinoy Fuels & Device, Maxi Gas, Xtra Exceed, Xtra Ultra, Xtra Prime, Xtra Miles, Pinoy HP Gasoline, Xtra Excel, UnliPower Saver Gasoline, Petron PMB, Reyna (logo), and Reyna (word mark), Turbo Diesel (logo), Vision Petron, 3D Gasul 2.7kg, 3D Fiesta 2.7kg, 3D Gasul 2.7kg (colored), 3D Fiesta 2.7kg (colored), AUTO ADVANSTRASSE, AUTO ADVANSTRASSE logo, REV-X HD4X, REV-X HD, Sprint 4T (logo), ELITE (logo), Fe Dela Fiesta (logo), New Petron Logo, Vision Petron (logo), 2T (logo), Zerflo and Puno ng Buhay (updated mark), Petron Sagip Alalay (new logo), XCS (logo), Reyna and Reyna Gas, Ultron (logo), Petron Super Driver Card (logo-long form), Petron Super Driver Card (logo-flag form), Car Care Center (logo), Rev-X Hauler (word mark), Ultron Touring (word mark),Voltran (word mark), Spinol (word mark), Petron XD3, Blaze 100 Octane (logo), Petron Motorsports (word mark), Petrogrease (wordmark); HiComp, Hydrotur, Sprint 4T Racer, Gearkote (word mark), Airlube (word mark), Petromar (word mark), Milrol (word mark), Pchem (word mark), Petron HDX (word mark), Petrokut (word mark), Petron GEP (word mark), Petromul (word mark), Petrotherm (word mark), Rubbex (word mark), Petrocyl 680 (word mark), Xtra Advance, Petron Chinese name (logo – long form), Petron Chinese name (logo – flag form), Petron Value Card (word mark), Petron ATF Premium, Petron Super Driver (word mark), Turnol, Petron STM, Petron Marinekote, Gasulette (word mark), Xtra Excel, Hypex (word mark), Motorsports with the P-swoosh logo, Best Day @ Petron, Petrogrease EP, Stemol, Treats Packaging Design, Petron Ronnie Mascot (logo), Greasolve, Sprint 4T Rider, Sprint 4T Enduro, Sprint 4T Extra, Petromate Power Booster, Best Day@Petron (logo), Petron GX (word mark), Petromate Oil Saver, Petron TF, Xtra Ultra, Xtra Exceed, Captain Booster (word mark), Tri Action Advantage (word mark); PShop (logo); Petron Railroad Extra, Engine Stress Reliever, Ultron Race; Petron GST; Petron Penetrating Oil, Rev-X Trekker, Tapat Sa'Yo (logo); Maxi-Gas; Sprint (word mark), Sprint (logo); Pay with Points, Save Your Cash (word mark), Grease Away; Performance Run (logo), Hi-Torq TX, Petron Tapat Sa'yo.

Pending Trademark Applications. Petron has pending applications for registration of the following trademarks: Miles Better (word mark), 3D Petron Engine Oil Jerry Can Bottle 1L and 800ml (black), 3D Petron Engine Oil Jerry Can Bottle 1L and 800ml (dark grey), 3D Petron Engine Oil Jerry Can Bottle 1L and 800ml (blue), 3D Petron Engine Oil Jerry Can Bottle 1L and 800ml (red), 3D Petron Engine Oil Jerry Can Bottle 1L and 800ml (silver), CCC Automotive Fluids Specialist, XTEND (logo), Petron Value Card (logo – long form), Petron Value Card (logo – flag form),Gas Up & Dine, Petron Pinoy Fuels (wordmark), and Turbo Plus (logo), Lakbay Alalay Para sa Kalikasan-A Journey of Nurturing Nature, Performance Run, Gasulite, Petromul, Molygrease, Gearfluid, Hypex, Unli Power-saver Gasoline, Pinoy HP Gasoline, Treats to Go, and 3D Petron Gasul Elite, Treats logo (colored), Treats logo (B&W), Fuel Trust (word mark), Fuel Hope (word mark), Seat Belts Save Lives (word mark), Your Fleet Your Rules (word mark).

Petron also has registered and pending trademarks in other countries such as Malaysia, Indonesia, Cambodia, Thailand, Australia, China, United Kingdom, India, Japan, Republic of Korea, Singapore, Hong Kong, China and Saudi Arabia. The Company has filed trademark applications in Malaysia relating to its Malaysian operations. It has obtained copyright protection for the stylized letter "P" and has registered trademarks in Malaysia, including but not limited to the Petron, Petron Logo, Gas Miles, Gasul, Fiesta Gas, Energen, Petron Plus, Perks, Miles, Propel, XCS, Petromate, Hydrotur, Miles with P-Logo, MILES with P Logo and 'Privilege Miles Card' words, Petroil, Fuel Journeys, Better by Miles, Petron Cares, DCL 100, Petromar, Energy, Treats with Crocodile Logo, and Petron Greenfuel, Kedai Mart with P logo, Rider, Rider 4T, Petrolaysia, Prime, Petron with Canopy Fascia logo, Petron Racing, Sprint 4T, Rev-X Diesel Engine Oils, Prestige, Xtra Mile, Xtra Unleaded, Treats and Device, Petron Value Card Rewards & Benefits, Turbo Diesel, Diesel Maz, Blaze Gasoline, Petron XCS3, Powerburn 2T & Device, Racing, Powerburn, Petrogrease, Greaseway, GEP, Gearfluid, Clean 'n Shine, ATF, Treats & Device, Powered by Petron, Miles with P Logo & Petrol Word, Petromar HD, Blaze with P Logo and Petrol, Fuel Trust, Fuel Success, Fuel Hope, Blaze Racing, Fuel Care, Treats, Petron Motorsports, Fuel Life, Fueled by Petron, Miles Better, Your Fleet Your Rules, 5th year Anniversary Fuel Happy, and Petron Car Care Center.

Copyright. Petron has copyrights for its seven (7)-kg LPG container, Gasulito with stylized letter "P" and two (2) flames, Powerburn 2T, Petron New Logo (22 styles), Philippine Card Designs and Malaysian Card Designs, and Petron font. Copyrights are protected during the lifetime of the creator and for 50 years after the creator's death.

Industrial Design. Petron has registered the following industrial designs: Petron Specialty Lubricant Bottle (1Liter container), Petron Engine Oil Bottles (4L and 6L container), Petron Fiesta 2.7kg LPG Cylinder, Petron Gasul 2.7kg LPG cylinder and Petron Engine Oil Bottles (1L and 800ML Jerry can bottle container), Gas Cylinder, Gas Cylinder Valve.

Pending Industrial Design Applications. Petron has a pending application for registration of the industrial designs for its Service Station Canopy Design.

(x) Government Approval of Principal Products or Services

Government approval of Petron products and services is not generally required. Petroleum products, both locally refined and imported, however, must conform to specifications under the Philippine National Standards. Importations of petroleum products and additives are reported to the DOE, in accordance with the Downstream Oil Industry Deregulation Act of 1998 and its implementing rules and regulations. Clearances are secured from concerned government authorities for importations of restricted goods. The supply of products or services to government and government agencies undergo a bidding process in accordance with law.

(xi) Effect of existing or probable government regulations on the business

- <u>Extended Producer's Responsibility Act of 2022 ("EPR Law")</u>. Republic Act No. 11898 or the "EPR Law" lapsed into law on July 23, 2022. The law, which amends Republic Act No. 9003, otherwise known as "The Ecological Solid Waste Management Act of 2000", requires product manufacturers and obliged companies to recover a certain portion of their plastic packaging wastes to reduce their plastic footprint. As required under the law, the Company is obliged to comply with target recovery rates starting with 20% in 2023 and gradually increasing to 80% until 2028.

- Electric Vehicle Industry Development Act (“EVIDA”); Department Circular 2021-07-0023. Republic Act No. 11697 or EVIDA lapsed into law on April 15, 2022. The law provides for a national policy framework to develop the electric vehicle (“EV”) industry in the Philippines. The DOE issued the above circular on July 2, 2021 which provides the framework for the adoption and development of EVs and electric charging stations in the Philippines, including the installation of EVCs in retail stations. The promotion of the purchase and use of electric vehicles may impact oil industry demand.

- Corporate Recovery and Tax Incentives for Enterprise Act (“CREATE Act”). Republic Act No. 11534 or the CREATE Act took effect on April 11, 2021. The CREATE Act lowers corporate income taxes and rationalizes fiscal incentives.

  The corporate income tax rate for domestic corporations and resident foreign corporations has been reduced to 25% effective July 1, 2020 and on January 1, 2021 for non-resident foreign corporations. Domestic corporations and resident foreign corporations no longer have an option to be taxed at 15% on gross income and the rate of the minimum corporate income tax (“MCIT”) shall be lowered to 1% from July 1, 2020 to June 30, 2023.

  Subsequently, commencing on July 1, 2023, the MCIT has reverted to its former rate of 2%. Under the CREATE Act, persons who directly import petroleum products for resale in the Philippine customs territory and/or in free zones will be subject to applicable duties and taxes. However, importers can file for the refund of duties and taxes for direct or indirect export of petroleum products, including the subsequent export of fuel, subject to the appropriate rules of the fuel marking program and/or other tax-exempt sales by the importer.

  The CREATE Act also provides for the rationalization of tax incentives that may be granted by investment promotion agencies (such as the Authority of the Freeport Area of Bataan or AFAB) to qualified registered business enterprises. As part of the rationalization of tax incentives, the CREATE Act provides that, any law to the contrary notwithstanding, (i) the importation of petroleum products by any person will be subject to the payment of applicable duties and taxes under the Customs Modernization and Tariff Act and the National Internal Revenue Code, respectively, upon importation into the Philippine customs territory and/or into free zones (as defined in the Customs Modernization and Tariff Act), subject to the right of the importer to file claims for refund of duties and taxes under applicable law; and (ii) the importation of crude oil that is intended to be refined at a local refinery—including the volumes that are lost and not converted to petroleum products when the crude oil actually undergoes the refining process—will be exempt from payment of applicable duties and taxes, provided that the applicable duties and taxes on the refined petroleum products shall be paid upon the lifting of the petroleum products produced from the imported crude oil in accordance with the rules and regulations that may be prescribed by the Bureau of Customs and the Bureau of Internal Revenue.

  Under the CREATE Act, the Company shall be entitled to, among others: (i) a lower corporate income tax and (ii) the tax exemption for the importation of crude oil to be refined at a local petroleum refinery.

  The law also provides that domestic refiners pay VAT on finished petroleum products sourced from crude importation upon withdrawal from the refinery. Prior to the CREATE Act, VAT was required to be paid upon crude importation. With this change, the timing of the payment of VAT by domestic refiners has been aligned with oil importers who pay VAT upon importation of finished petroleum products.

- Amendments to the CREATE Law ("CREATE MORE"). Republic Act No. 12066, or the CREATE Maximize Opportunities for Reinvigorating the Economy, was signed on November 11, 2024. The law amended several provisions of the CREATE Law to enhance the tax regime and incentive framework to attract both domestic and international investments, particularly, in strategic industries and provide clearer guidelines on excise tax exemptions, VAT zero-rating, and tax refund claims, among others.
  Some provisions are expected to have an impact on the Company, as follows:

  - Removal of the minimum creditable withholding tax rate and reducing the maximum creditable withholding tax rate to 15%
  - Reduction of the BIR's period to process excise tax refund claims to a period of ninety (90) days from filing of the application by the taxpayers.

  The law also provided for an increased threshold for investments that will fall within the approval of Investment Promotion Activities (IPA) instead of the Fiscal Incentives Review Board (FIRB). In particular, only those investments amounting to above Php15 billion will go thru the FIRB for approval.

- LPG Industry Regulation Act. Republic Act No. 11592 or the "LPG Industry Regulation Act", enacted into law on October 14, 2021, aims to ensure health, safety, security, environmental and quality standards in the LPG industry by instituting reforms in the existing standards and practices. The law defines prohibited acts such as engaging in LPG industry activities without the required licenses, certificates, and permits; selling, fabricating, or refilling unfilled LPG cylinders without the approval of the trademark owner; selling, exchanging, possessing empty LPG cylinders that belong to another trademark owner; and non-compliance with standards such as those relating to safety, materials, and markings. It also provides for the establishment of an LPG Cylinder Exchange and Swapping Program for the exchange, swapping or buy-back of LPG cylinders among industry participants and the establishment of accredited swapping centers. As of date, various circulars are in their implementation stage, including the application guidelines for License to Operate (DOE DC 2022-11-037), establishment of LPG Cylinder Exchange and Swapping Program (DOE Department Circular 2022-11-0002), and Guidelines for the Recognition of LPG Training Institutions (DOE Department Circular 2023-08-0025).

- Tax Reform for Acceleration and Inclusion (the "TRAIN Law"). Republic Act No. 10963 or the TRAIN Law, which took effect on January 1, 2018, imposed a phased increase in excise taxes on petroleum products from 2018 to 2020. The schedule of increase for this three (3)-year period was as follows:
  - P2.65-P2-P1 per liter ("/li") per year for gasoline;
  - P2.50-P2-P1.50/li for diesel and fuel oil;
  - P1-P1-P1/kg for LPG; and
  - P0.33-P0-P0/li for jet fuel.

  The incremental excise tax is further subject to 12% VAT. Higher excise taxes can potentially constrain demand growth, especially for LPG given there are substitutes such as charcoal, kerosene and electric, and gasoline with public transportation as alternative.

  The TRAIN Law also mandates the implementation of a fuel marking program for diesel, gasoline and kerosene to help curb illicit trading of fuel products. While the cost for the fuel marker was shouldered by the government in the initial year of implementation, this cost was eventually passed on to oil companies beginning 2020 which resulted in higher fuel prices.

- Biofuels Act of 2006 (the "Biofuels Act"). Republic Act No. 10745 or the Biofuels Act and its implementing circulars mandate that gasoline and diesel volumes contain 10% bioethanol and 2% biodiesel/CME components, respectively. To produce compliant fuels, the Company invested in CME injection systems at the Petron Bataan Refinery and the depots. On the bioethanol component, the DOE issued in June 2015 "Amending Department Circular No. 2011-02-0001 entitled Mandatory Use of Biofuel Blend" (Department Circular No. 2015-06-0005) that currently exempts premium plus gasoline from the 10% blending requirement.

In terms of reportorial requirements, the DOE issued the "Revised Circular for the Accreditation and Submission of Notices and Reports of the Philippine Downstream Oil Industry Pursuant to the Biofuels Act" on July 2, 2021 (Department Circular 2021-06-0014), requiring oil companies to submit notices and accreditation and reportorial requirements using revised templates in relation to the utilization of biofuels. The new circular provides for more stringent penalties and additional monthly and quarterly reports for DOE to monitor compliance on the utilization of biofuels, including compliance with local monthly allocation for ethanol.

For the CME component, the DOE issued last May 7, 2024 Department Circular 2024-05-0014 which mandates all oil industry players to implement a 3% (CME blend), from current B2, beginning October 1, 2024. This percentage will gradually increase to 4% by October 1, 2025 and to 5% by October 1, 2026. While increase in CME blend is mandatory, the shift to E20 from E10 is on a voluntary basis.

- Renewable Energy Act of 2008 (the "Renewable Energy Act"). Republic Act No. 9513 or the Renewable Energy Act aims to promote development and commercialization of renewable and environment-friendly energy resources (*e.g.,* biomass, solar, wind, hydro, geothermal) through various tax incentives such as seven (7)-year income tax holiday and duty-free importation of renewable energy equipment and machinery. The sale of power generated from these sources is also exempt from value-added tax under the TRAIN Law. The growth in renewable energy may displace or reduce use of oil-based power plants affecting the Company's sales to the power sector.

- Clean Air Act of 1999 (the "Clean Air Act"). Republic Act No. 8749 or the Clean Air Act established air quality guidelines and emission standards for stationary and mobile equipment. It also included the required specifications for gasoline, diesel and IFO to allow attainment of emission standards. Petron invested in a gasoil hydrotreater plant and an isomerization plant to enable it to produce diesel and gasoline compliant with the standards set by law.

- Laws on Controlled Chemicals (Presidential Decree No. 1866 as amended by Republic Act No. 9516). The implementing rules and regulations for this amended law were approved on June 9, 2016 and listed the chemicals under the control of the Philippine National Police. These rules reduced the controlled list from 101 to 32 chemicals and further classified 15 chemicals as high-risk and 17 as low-risk substances. The rules also outline the procedures for regulating, storing, handling and transporting chemicals.

- Compliance with Euro 4 standards. In September 2010, the DENR issued Administrative Order 2010-23 mandating that, by 2016, all new motor vehicles that would be introduced in the market shall comply with Euro 4 emission limits, subject to Euro 4 fuel availability.

  In June 2015, the DOE issued Circular 2015 – 06-0004 entitled "Implementing the Corresponding Philippine National Standard Specifications (PNS) for the Euro 4/IV PH Fuels Complying with the Euro 4/IV Emissions" directing all oil companies to adopt Euro4-compliant fuels. With its RMP-2, Petron is now producing Euro 4-compliant fuels ahead of the 2016 mandate.

- Laws on Oil Pollution. To address issues on marine pollution and oil spillage, the Maritime Industry Authority ("MARINA") mandated the use of double-hull vessels for transporting black products beginning end-2008 and white products by 2011. Petron has been using double-hull vessels in transporting all its products.

- Oil Marine Pollution Circulars. The Philippine Coast Guard has memorandum circulars prescribing the rules and regulations on the prevention, containment, abatement and control of oil marine pollution by all marine vessels, coastal and offshore facilities and other facilities utilizing or storing petroleum products. The circulars identify the prohibited acts and provide the penalties.

- Anti-Competition Law (the "Philippine Competition Act"). The Philippine Competition Act, approved in July 2015, prohibits anti-competitive agreements, abuses of dominant positions, and mergers and acquisitions that limit, prevent, and restrict competition. To implement the national competition policy and attain the objectives and purposes of the law, the Philippine Competition Commission ("PCC") was created. Among the powers of the PCC is the review of mergers and acquisitions based on factors it may deem relevant. The PCC, after due notice and hearing, may impose administrative fines on any entity found to have violated the provisions of the law on prohibited arrangements or to have failed to provide prior notification to the PCC of certain mergers and acquisitions.

  The PCC is empowered to impose criminal penalties on an entity that enters into any anti-competitive agreement and, when the entities involved are juridical persons, on its officers, directors, or employees holding managerial positions who are knowingly and willfully responsible for such violation. Currently pending with the House of Representatives are two bills to amend the Philippine Competition Act to, among others, legislate competition policy, amend requirements for PCC notification, and strengthen the powers of the PCC.

- Amended Price Freeze Act of 2013. Republic Act No. 10623 or the Amened Price Freeze Act was signed on September 6, 2013. This law mandates the implementation of a 15-day price freeze for basic necessities, including LPG and kerosene, for areas declared under a state of emergency or calamity. Further to this, senior citizens and persons with disabilities ("PWDs") are entitled to a discount for LPG and kerosene as mandated by the following:

  – Joint Administrative Order 17-01. Issued on February 17, 2021, this order provides for 5% special discount for basic necessities, including household LPG and kerosene.

  – Joint Memorandum Circular No. 01, s. 2022. Issued on May 6, 2022, this joint circular ensures that the discounts and privileges of senior citizens and PWDs are recognized if transactions are made online.

- Executive Order ("EO") 890: Removing Import Duties on All Crude and Refined Petroleum Products. After the ASEAN Trade in Goods Agreement was implemented in 2010, the tariff rate structure in the oil industry was distorted with crude and product imports from ASEAN countries enjoying zero tariff while crude and product imports from outside the ASEAN were levied a 3% tariff.

  To level the playing field, Petron filed a petition with the Tariff Commission to apply the same tariff duty on crude and petroleum product imports, regardless of source. In June 2010, the government approved Petron's petition and issued EO 890 which eliminated import duties on all crude and petroleum products regardless of source. The reduction of duties took effect on July 4, 2010.

- Oil Deregulation Law. Approved on February 10, 1998, the law provides for a liberalized and deregulated framework for the downstream oil industry. Recent circulars that serve as additional and more updated guidelines in implementing the law include the following:

  – Department Circular 2019-05-008. This DOE circular requires oil companies to submit a detailed computation, with corresponding explanation and supporting documents, of the cost components of liquid fuel and LPG on a per liter and per product basis. The circular has not been implemented following the temporary restraining orders and writs of preliminary injunction issued by the Regional Trial Courts of Taguig and Mandaluyong. Last September 10, 2024, the Supreme Court made public its decision dated July 31, 2024 affirming the validity of the circular in one of the cases filed against its implementation.

  – Department Circular 2021-09-0029. The "Revised Guidelines on Notices and Reportorial Requirements Pursuant to the Oil Deregulation Law" was published on November 5, 2021 requires the submission of monthly and annual reports using revised templates for DOE to monitor importation and/or production of oil companies (and for Petron as a refiner) and includes additional reportorial requirements for lubes and blending plants, with more stringent penalties for non-compliance.

- Energy Regulatory Commission Resolution 17 (Series of 2003). The Energy Regulatory Commission issued a resolution in September 13, 2023 that provides for revised guidelines for the application and issuance of a Certificate of Compliance for generation facilities.

(xii) Estimate of the amount spent during each of the last three (3) fiscal years on research and development activities:

The Company's Research and Development ("R&D") is responsible for all product development that complies with government laws and regulations such as the Clean Air Act and the Biofuels Act. Other drivers of product innovations are the requirements of original engine manufacturers and the latest technological trends in the industry.

In 2024, Petron R&D spent a total of Php87.46 million, an increase from the Php87.42 million spent in 2023 and the Php61.07 million expended in 2022.

(xiii) Costs and effects of compliance with environmental laws

Compliance with the various environmental laws such as the Renewable Energy Act, the Biofuels Act, the Clean Air Act, and the Clean Water Act entails costs and additional investments on the part of the Company, resulting in higher production costs and operating expenses.

In 2024, the Company spent a total of Php49.34 million for treatment of wastes, monitoring and compliance, permits, and personnel training at the Petron Bataan Refinery while in 2023, it spent a total of Php50.63 million.

(xiv) Total number of employees and labor relations matters

As of December 31, 2024, the Company and its subsidiaries had 4,149 employees, with 2,343 employees in the Company (comprising one president, one general manager, 31 vice presidents and assistant vice presidents, 1,691 managerial, supervisory, professional and technical employees, and 619 rank-and-file employees); 716 employees of the Company's Malaysian operations; 23 in PSTPL; 1,058 in PLI; and 9 in PFC.

Petron has CBAs with its three (3) labor unions, namely: (i) Bataan Refiners Union of the Philippines ("BRUP"), which is affiliated with the Philippine Transport and General Workers Organization; (ii) Petron Employees Labor Union ("PELU"), affiliated with the Philippine Transport and General Workers Organization, and (iii) Petron Employees Association ("PEA"), which is affiliated with the National Association of Trade Unions. The CBAs of BRUP and PELU, which cover the period January 1, 2022 to December 31, 2024, are under negotiation for renewal. While PEA's CBA covers the period from January 1, 2023 to December 31, 2025.

In addition to the statutory benefits, the Company provides medical and life insurance, vacation, sick and emergency leaves, computer and emergency loans to employees, and a savings plan program.

(xv) Description of Property

Petron operates an extensive network of terminals, depots, LPG refilling plants and aviation installations which are located in Luzon, Visayas and Mindanao. As of December 31, 2024, its bulk fuel terminals were in Limay, Bataan; Mabini, Batangas; Mandaue City, Cebu; Poro Point, San Fernando, La Union; Navotas, Metro Manila; Rosario, Cavite; Puerto Princesa, Palawan; Culasi, Roxas City; Lapuz, Iloilo City; Bacolod City, Negros Occidental; Ormoc City, Leyte; Anibong, Tacloban City; Isabel, Leyte; Tagoloan, Misamis

Oriental; Sasa, Davao City; Iligan City, Lanao del Norte; Jimenez, Misamis Occidental; Bawing, General Santos City; Nasipit, Agusan del Norte; and Zamboanga City. It has third-party facilities at Harbor Center, Tondo, Manila; Limay, Bataan; Subic, Zambales; and PHIVIDEC, Tagoloan, Misamis Oriental. Its sales offices are located in Calapan, Oriental Mindoro; San Jose in Occidental Mindoro; Odiongan, Romblon; Pasacao, Camarines Sur; Mobo, Masbate; Amlan, Negros Oriental; and Tagbilaran City, Bohol. Petron has LPG bulk refilling plants in Ugong, Pasig City; San Fernando, Pampanga; San Pablo City, Laguna; and Legazpi City, Albay. Among its other installations are aviation depots at JOCASP-NAIA, Pasay City; Mactan, Cebu; Laguindingan, Misamis Oriental; Panglao, Bohol; and Davao City; third-party aviation facilities at Kalibo, Aklan and Clark, Pampanga; airport installations at Laoag City; Puerto Princesa, Palawan; Iloilo City; Caticlan, Aklan; and Zamboanga City; an additive plant in Subic, Zambales, a grease plant in Pandacan Manila, and a lube oil blending plant in Harbor Center, Tondo, Manila. Petron owns the largest petroleum refinery complex in the Philippines located in Limay, Bataan, with a crude distillation capacity of 180,000 barrels per day. In addition to major process units, the refinery also has several crude and product storage tanks, along with its own piers and other berthing facilities, one of which can accommodate very large crude carriers.

The Company entered into commercial leases with the PNOC for parcels of land occupied by the Petron Bataan Refinery, depots, terminals and some of its service stations. The lease agreements include upward escalation adjustment of the annual rental rates. In 2009, the Company renewed its lease with PNOC (through NVRC) for the continued use of the Petron Bataan Refinery for 30 years starting January 1, 2010 (renewable upon agreement of the parties for another 25 years). In 2015, the Company also entered into another 25-year lease agreement with PNOC effective August 1, 2014 for additional lots near the Petron Bataan Refinery for its expansion projects. Expenses relating to the PNOC leases amounted to Php393 million in 2024.

On October 20, 2017, the Company filed with the Regional Trial Court of Mandaluyong City a complaint against PNOC for Resolution and Reconveyance, and Damages, with Verified Ex Parte Application for 72-hour Temporary Restraining Order and Verified Applications for 20-day Temporary Restraining Order and Writ of Preliminary Injunction. In its complaint, the Company sought the reconveyance of the various landholdings it conveyed to PNOC in 1993 as a result of the government-mandated privatization of the Company. These landholdings consist of the refinery lots in Limay, Bataan, 23 bulk plant sites and 66 service station lots located in different parts of the country. The Deeds of Conveyance covering the landholdings provide that the transfer of these lots to PNOC was without prejudice to the continued long-term use by the Company of the conveyed lots for its business operation. Thus, PNOC and the Company executed three lease agreements covering the refinery lots, the bulk plants, and the service station sites, all with an initial lease term of 25 years to expire in August 2018, with a provision for automatic renewal for another 25 years. Earlier in 2009, the Company, through its realty subsidiary, NVRC, had an early renewal of the lease agreement for the refinery lots with an initial lease term of 30 years, renewable for another 25 years.

The complaint stemmed from PNOC's refusal to honor both the automatic renewal clause in the lease agreements for the bulk plants and the service station sites and the renewed lease agreement for the refinery lots on the alleged ground that all such lease agreements were grossly disadvantageous to PNOC, a government-owned and -controlled corporation. The Company alleged that by unilaterally setting aside both the renewal clauses of the lease agreements for the bulk plants and the service station sites and the renewed lease agreement for the refinery lots, and by categorically declaring its refusal to honor them, PNOC committed a fundamental breach of such lease agreements with the Company. On December 11, 2017, the trial court granted the Company's prayer for a writ of preliminary injunction, enjoining PNOC from committing any act aimed at ousting the Company of possession of the subject properties until the case is decided, conditioned upon the posting by the Company of a bond in the amount of Php100 million. The Company has posted the required bond.

The court-mandated mediation and judicial dispute resolution proceedings were terminated without any agreement between the parties. Without prejudice to any further discussion between the parties regarding settlement, the case was remanded to the trial court for trial proper.

The Company also filed a motion for summary judgment on May 17, 2019. In a resolution dated November 13, 2019, the trial court granted the Company's motion for summary judgment and ordered (i) the rescission of the Deeds of Conveyance dated 1993 relating to the Company's conveyance of such leased premises to PNOC pursuant to a property dividend declaration in 1993, (ii) the reconveyance by PNOC to the Company of all such properties, and (iii) the payment by the Company to PNOC of the amount of Php143 million, with legal interest from 1993, representing the book value of the litigated properties at the time of the property dividend declaration. PNOC filed a motion for reconsideration. The Company also filed a motion for partial reconsideration seeking a modification of the judgment to include an order directing PNOC to return to the Company all lease payments the latter had paid to PNOC since 1993. Following the trial court's denial of their separate motions for reconsideration, both PNOC and the Company filed their notices of appeal with the trial court.

In a decision dated December 13, 2021, the Court of Appeals dismissed both appeals of the Company and PNOC and affirmed the resolution of the trial court. In a resolution promulgated on October 6, 2022, the Court of Appeals denied the respective motions for reconsideration of the Company and PNOC. The PNOC filed a petition for review with the Supreme Court in December 2022, which the Supreme Court denied on July 25, 2023 on the ground that PNOC failed to sufficiently show that the Court of Appeals committed any reversible error in the challenged decision and resolution as to warrant the Supreme Court's exercise of its discretionary appellate jurisdiction.

In a resolution dated November 25, 2024, the Supreme Court denied with finality the motion for reconsideration and the motion to refer to the Supreme Court En Banc that the PNOC filed in December 2023. The November 2024 resolution also ordered the immediate issuance of the entry of judgment and declared that no further pleadings or motions shall be entertained. The November 2024 resolution has become final and executory and recorded in the Book of Entries of Judgment of the Supreme Court on November 25, 2024. In January 2025, PNOC filed a second motion for reconsideration.

Petron anticipates that it may lease desirable lots for development as service stations in the next 12 months.

(3) Contingent Liabilities

Petron is involved in certain cases that may trigger a direct or contingent financial obligation, the material of which is discussed below based on information available to the Company as of the date of this information statement:

- **Guimaras Oil Spill**

  - **In the Matter of the Sinking of the MT Solar I**
    SBMI No. 936-06
    Special Board of Marine Inquiry ("SBMI")

    Background: Petron hired on a "single voyage basis" the vessel MT Solar I owned by Sunshine Maritime Development Corporation ("SMDC") for the transport of industrial fuel oil from the Petron Bataan Refinery to Zamboanga. Petron, as a shipper of the cargo, conducted inspection of the vessel MT Solar I and likewise, relied on the documents presented by SMDC as carrier. Petron also relied on the implied warranties of SMDC as a carrier with respect to the seaworthiness of the vessel MT Solar I and other statutory/trading certificates issued by MARINA and other pertinent government agencies.

SMDC, taking into consideration the vessel's trim, stability and draft, declared to Petron that the vessel MT Solar I can safely load approximately 13,500 barrels of cargo as stated in the Fixture Note, Notice of Readiness and Seaworthiness Certificate. On this basis and relying on the declaration of SMDC, Petron loaded the quantity as specified by SMDC. Unfortunately, the vessel MT Solar I sank off Guimaras when it encountered bad weather on or about August 11, 2006.

In September 2006, the SBMI was created by the Philippine Coast Guard for the purpose of determining the administrative liability of the crew, owner of the vessel and other involved parties. The SBMI in its initial findings found Petron liable for allegedly overloading the vessel.

On November 21, 2006, Petron filed a Memorandum of Appeal with the DOTC, elevating the disputed ruling of the SBMI for review.

Exposure: Considering the nature of this investigation, no potential liability exists for Petron at this point.

Relief sought: Reversal of the SBMI's initial finding that Petron was liable for allegedly overloading the vessel.

Status: The appeal to the DOTC (now the Department of Transportation, "DOTr") of the finding of the SBMI that Petron was negligent and responsible for overloading the MT Solar I remained pending as of the date of this report.

- **Rogelio Arsenal, Jr., et al. V. SMDC, Petron, et al.**
  Civil Case No. 09-0394;
  RTC Br. 65, Jordan, Guimaras

  Oliver S. Chavez, et al. V. SMDC, Petron, et al.
  Civil Case No. 09-0395;
  RTC Br. 65, Jordan, Guimaras

  Background: These are complaints for damages filed on August 6, 2009 by a total of 1,063 plaintiffs who allegedly did not receive any payment from the defendants of their claims for damages arising from the oil spill due to the sinking of MT Solar 1 on August 11, 2006. Total claims for both cases amount to Php291.9 Million (₱286.4 Million and Php5.5 Million). The reception of plaintiffs' evidence is on-going.

  In the Arsenal case, respondents filed a motion to hear affirmative defenses based on lack of jurisdiction for non-payment of docket fees, prescription and lack of cause of action but it was denied. The respondents went to the Court of Appeals ("CA") on a petition for *certiorari*. On May 29, 2014, the CA rendered a decision directing the plaintiffs to file their respective affidavits substantiating their claims of indigency. The plaintiffs filed a motion for partial reconsideration of the decision which was denied by the CA on January 30, 2015.

  In the Chavez case, the respondents likewise filed the same motion based on the same grounds. The lower court also denied the motion so the respondents went to the CA on a petition for *certiorari*. The CA dismissed the petition for failing to attach the necessary pleadings and orders.

  Status: Both the Arsenal and Chavez cases have been remanded to and are pending with the trial courts. In the course of plaintiffs' presentation of evidence, the plaintiffs moved for trial by commissioner, which was denied by the trial court. The plaintiffs elevated the matter by way of a petition for certiorari to the CA in Cebu City, which, on January 9, 2020 issued a Resolution ordering the Company to file its comment on plaintiffs' petition within 10 days. The Company filed a motion for reconsideration of the said resolution, which remains pending as of the date of this report. In the meantime, proceedings before the trial court continue as of the date of this report.

Other cases involving Petron are discussed in its audited financial statements.

(4) Securities of the Company

(a) Market Price of and Dividends on Company's Common Equity and Related Stockholder Matters

- Market Information

The Company's common shares, Series 3 preferred shares, and Series 4 preferred shares are traded at the PSE.

As of March 26, 2025, the total number of common stockholders of the Company was 143,481.

Common Shares

The price of the common shares of the Company as of March 26, 2025 was Php2.38 per share. The price of the common shares of the Company on December 27, 2024, the last trading day of 2024, was Php2.43 per share. And the price of the common shares of the Company on December 29, 2023, the last trading day of 2023, was Php3.55 per share.

The high and low prices of the common shares for each quarter of the last two (2) fiscal years and for the period ended March 26, 2025 are indicated in the table below:

	Highest Close		**Lowest Close**	
Period	**Price (in Peso)**	**Date**	**Price (in Peso)**	**Date**
2025				
For period ended March 26, 2025	2.50	January 13-14	2.28	February 24
2024				
1st Quarter	3.50	January 2-4	3.14	March 20
2nd Quarter	3.16	April 15	2.72	June 27-28
3rd Quarter	2.75	July 5 and 8	2.75	July 5 and 8
4th Quarter	2.88	October 8	2.88	October 8
2023				
1st Quarter	3.73	March 23	2.37	January 3
2nd Quarter	4.65	May 26	3.30	April 27 and May 8
3rd Quarter	3.82	July 17	3.47	August 30
4th Quarter	3.55	December 29	3.24	November 13-16 and 20

Preferred Shares

Series 2 Preferred Shares issued in 2014 ("Series 2 Shares")

On November 3, 2014, Petron issued and listed on the PSE 10 million cumulative, non-voting, non-participating, non-convertible peso-denominated perpetual preferred shares at an offer price of Php1,000.00 per share. The preferred shares issue, which reached a total of Php10 billion, was composed of Series 2A Preferred Shares amounting to Php7.12 billion and the Series 2B Preferred Shares amounting to Php2.88 billion.

The Series 2A Preferred Shares were redeemed by the Company on November 4, 2019.

The Series 2B Preferred Shares were redeemed by the Company on November 3, 2021.

Series 3 Preferred Shares issued in 2014 ("Series 3 Shares")

On June 25, 2019, Petron issued and listed on the PSE 20 million cumulative, non-voting, non-participating, non-convertible peso-denominated perpetual preferred shares at an offer price of Php1,000.00 per share. The preferred shares issue, which reached a total of Php20 billion, was composed of the Series 3A Preferred Shares amounting to Php13.403 billion and the Series 3B Preferred Shares amounting to Php6.597 billion.

The Series 3A Preferred Shares may be redeemed by the Company starting on 5.5th anniversary from the listing date. The Series 3B Preferred Shares may be redeemed starting on the seventh anniversary from the listing date.

Series 3A Preferred Shares

The Series 3A Preferred Shares were redeemed on December 26, 2024. Trading of the Series 3A Preferred Shares was suspended starting on November 20, 2024.

The price of the Series 3A Preferred Shares on November 19, 2024, the last trading day prior to the suspension of trading on November 20, 2024 in connection with their redemption was Php1,002.00. And the price of the Series 3A Preferred Shares on December 29, 2023, the last trading day of 2023, was Php970.00 per share.

The high and low prices of the Series 3A preferred shares for each quarter of the last two (2) fiscal years are indicated in the table below:

	Highest Close		**Lowest Close**	
Period	**Price (in Peso)**	**Date**	**Price (in Peso)**	**Date**
2024				
1st Quarter	999.00	February 21	962.00	March 27
2nd Quarter	994.50	June 28	960.00	June 24-25
3rd Quarter	1,000.00	August 16, 20 and 27; September 2	961.50	September 30
4th Quarter	1,005.00	November 7	975.00	October 14
2023				
1st Quarter	1,030.00	January 5; February 3	980.00	March 24
2nd Quarter	1,008.00	May 25	960.00	May 15

3rd Quarter	1,050.00	July 6	951.00	September 21
4th Quarter	997.50	October 2	965.00	October 10

Series 3B Preferred Shares

The price of the Series 3B Preferred Shares as of March 26, 2025 was Php998.00 per share. The price of the Series 3B Preferred Shares on December 27, 2024, the last trading day of 2024, was Php1,030.00 per share. And the price of the Series 3B Preferred Shares on December 29, 2023, the last trading day of 2023, was Php979.50 per share.

The high and low prices of the Series 3B preferred shares for each quarter of the last two (2) fiscal years and for the period ended March 26, 2025 are indicated in the table below:

	Highest Close		**Lowest Close**	
Period	**Price (in Peso)**	**Date**	**Price (in Peso)**	**Date**
2025				
For period ended March 26, 2025	1,050.00	January 14	998.00	March 24
2024				
1st Quarter	1,010.00	February 13 and 15	960.00	March 13 and 18
2nd Quarter	1,000.00	April 22 and 30; May 23-24, and June 28	970.00	April 3
3rd Quarter	1,015.00	August 30	965.00	July 25 and August 5
4th Quarter	1,030.00	December 27	965.00	November 15
2023				
1st Quarter	1,048.00	January 5	1,008.00	March 21
2nd Quarter	1,020.00	April 5 and 25; May 29 June 2 and 5	1,001.00	April 17
3rd Quarter	1,015.00	July 5, 12, 17 and 19; August 25, 29 and 31	960.00	September 20
4th Quarter	1,000.00	October 3-4, 12 and 26; November 23; December 11	967.00	November 13

Series 4 Preferred Shares issued in 2023 ("Series 4 Shares")

On July 7, 2023, Petron issued and listed on the PSE 12.5 million with oversubscription of up to 10 million cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable, reissuable peso-denominated perpetual preferred shares under its 50 million Series 4 Preferred Shares shelf registration at an offer price of Php1,000.00 per share. The preferred shares issue, which reached a total of Php14 billion, was composed of the Series 4A Preferred Shares amounting to Php5 billion, the Series 4B Preferred Shares amounting to Php2.995 billion, and the Series 4C Preferred Shares amounting to Php6.005 billion.

On September 23, 2024, Petron issued and listed on the PSE an additional 13 million with oversubscription of up to 4 million Series 4 Preferred Shares. The preferred shares issue reached nearly Php17 billion, comprising of the Series 4D Preferred Shares amounting to Php8.5 billion and the Series 4E Preferred Shares amounting to Php8.33 billion.

The Series 4 Preferred Shares may be redeemed by the Company starting on the schedule below:

Series 4 Preferred Shares	Optional Redemption Date
Series 4A	two years and six months from the listing date
Series 4B	third anniversary from the listing date
Series 4C	fifth anniversary from the listing date
Series 4D	fifth anniversary from the listing date
Series 4E	seventh anniversary from the listing date

<u>Series 4A Preferred Shares</u>

The price of the Series 4A Preferred Shares as of March 26, 2025 was Php1,004.00 per share. The price of the Series 4A Preferred Shares on December 27, 2024, the last trading day of 2024, was Php1,005.00. And the price of the Series 4A Preferred Shares on December 29, 2023, the last trading day of 2023, was Php1,000.00.

The high and low prices of the Series 4A preferred shares for each quarter since its issuance and for the period ended March 26, 2025 are indicated in the table below:

	Highest Close		Lowest Close	
Period	**Price (in Peso)**	**Date**	**Price (in Peso)**	**Date**
2025				
For period ended March 26, 2025	1,025.00	January 7-9	966.00	March 14
2024				
1st Quarter	1,010.00	February 2	971.00	January 19
2nd Quarter	994.50	April 2	950.00	April 3
3rd Quarter	996.50	September 17	970.00	July 3
4th Quarter	1,010.00	December 23	950.00	December 11 and 19
2023				
3rd Quarter	1,010.00	July 24 and 31; August 10; September 4	960.00	August 15
4th Quarter	1,005.00	November 22-23	998.00	October 12

Series 4B Preferred Shares

The price of the Series 4B Preferred Shares as of March 26, 2025 was Php993.00 per share. The price of the Series 4B Preferred Shares on December 27, 2024, the last trading day of 2024, was Php1,020.00. And the price of the Series 4B Preferred Shares on December 29, 2023, the last trading day of 2023, was Php1,000.00.

The high and low prices of the Series 4B preferred shares for each quarter since its issuance and for the period ended March 26, 2025 are indicated in the table below:

	Highest Close		**Lowest Close**	
Period	**Price (in Peso)**	**Date**	**Price (in Peso)**	**Date**
2025				
For period ended March 26, 2025	1,030.00	January 17	993.00	March 10
2024				
1st Quarter	1,010.00	February 6; March 11 and 27	965.00	January 12
2nd Quarter	1,010.00	May 24	950.00	May 27
3rd Quarter	995.00	July 1-2, 5, 9, 18 and 22; August 5, 16, 27-28; September 2, 4, 9, 13	958.00	August 19
4th Quarter	1,032.00	December 6	965.00	November 11
2023				
3rd Quarter	1,005.00	September 4-5	940.00	July 10
4th Quarter	1,010.00	November 6	950.00	December 13

Series 4C Preferred Shares

The price of the Series 4C Preferred Shares as of March 26, 2025 was Php1,020.00 per share. The price of the Series 4C Preferred Shares on December 27, 2024, the last trading day of 2024, was Php1,043.00. And the price of the Series 4C Preferred Shares on December 29, 2023, the last trading day of 2023, was Php973.00.

The high and low prices of the Series 4C preferred shares for each quarter since its issuance and for the period ended March 26, 2025 are indicated in the table below:

	Highest Close		**Lowest Close**	
Period	**Price (in Peso)**	**Date**	**Price (in Peso)**	**Date**
2025				
For period ended March 26, 2025	1,060.00	January 3	1,005.00	January 15 and March 17
2024				

1st Quarter	1,000.00	January 16, 19, 22, 29-30; February 7, 16, 20-22, 26	973.00	January 2 and 8
2nd Quarter	999.00	April 5	925.00	April 18
3rd Quarter	1,009.00	August 30	960.00	September 11
4th Quarter	1,043.00	December 27	990.00	October 1 and 9; December 10
2023				
3rd Quarter	1,027.00	September 27	972.00	September 19
4th Quarter	1,005.00	December 11	960.00	December 13

Series 4D Preferred Shares

The price of the Series 4D Preferred Shares as of March 26, 2025 was Php1,040.00 per share. The price of the Series 4D Preferred Shares on December 27, 2024, the last trading day of 2024, was Php1,050.00.

The high and low prices of the Series 4D preferred shares for each quarter since its issuance and for the period ended March 26, 2025 are indicated in the table below:

	Highest Close		**Lowest Close**	
Period	**Price (in Peso)**	**Date**	**Price (in Peso)**	**Date**
2025				
For period ended March 26, 2025	1,100.00	January 13	1,020.00	March 17
2024				
3rd Quarter	1,080.00	September 23	1,060.00	September 27
4th Quarter	1,280.00	December 5	996.00	November 11-12

Series 4E Preferred Shares

The price of the Series 4E Preferred Shares as of March 26, 2025 was Php1,068.00 per share. The price of the Series 4E Preferred Shares on December 27, 2024, the last trading day of 2024, was Php1,050.00.

The high and low prices of the Series 4E preferred shares for each quarter since its issuance and for the period as of March 26, 2025 are indicated in the table below:

	Highest Close		**Lowest Close**	
Period	**Price (in Peso)**	**Date**	**Price (in Peso)**	**Date**
2025				
For period as of March 26, 2025	1,070.00	January 7-9, 13-14, 16-17, 20	1,050.00	January 2-3, 6, 23; February 12

2024				
3rd Quarter	1,015.00	September 25-26	1,000.00	September 30
4th Quarter	1,050.00	December 26-27	1,000.00	October 1 and 7-8

- Holders

The lists of the top 20 stockholders of the common shares and preferred shares of the Company as of March 26, 2025 are as follows:

Common Shares

RANK	STOCKHOLDER NAME	Common	TOTAL SHARES	% OF O/S
1	SEA REFINERY CORPORATION	4,696,885,564	4,696,885,564	52.679596 %
2	PCD NOMINEE CORP. (FILIPINO)	1,886,604,682	1,886,604,682	21.159888 %
3	SAN MIGUEL CORPORATION	1,702,870,560	1,702,870,560	19.099152 %
4	PCD NOMINEE CORP. (NON-FILIPINO)	178,022,667	178,022,667	1.996677 %
5	F. YAP SECURITIES INC.	15,704,918	15,704,918	0.176144 %
6	BENITO KEH	7,200,000	7,200,000	0.080754 %
7	ERNESTO CHUA CHIACO &/OR MARGARET SY CHUA CHIACO	6,000,000	6,000,000	0.067295 %
8	SYSMART CORP.	4,000,000	4,000,000	0.044863 %
9	MARGARET S. CHUACHIACO	3,900,000	3,900,000	0.043742 %
10	MARY FELICCI B. ONGCHUAN	2,950,100	2,950,100	0.033088 %
11	GENEVIEVE S. CHUACHIACO	2,735,000	2,735,000	0.030675 %
12	ERNESSON S. CHUACHIACO	2,732,000	2,732,000	0.030642 %
13	Q - TECH ALLIANCE HOLDINGS, INC.	2,648,500	2,648,500	0.029705 %
14	GENEVIEVE S. CHUA CHIACO	2,490,000	2,490,000	0.027927 %
15	BENEDICT CHUA CHIACO	2,365,000	2,365,000	0.026526 %
16	ANTHONY CHUA CHIACO	2,008,000	2,008,000	0.022521 %
17	MANUEL AWITEN DY	2,000,000	2,000,000	0.022432 %
18	SHAHRAD RAHMANIFARD	2,000,000	2,000,000	0.022432 %
19	KRISTINE CHUA CHIACO	1,956,000	1,956,000	0.021938 %
20	CHING HAI GO &/OR MARTINA GO	1,500,000	1,500,000	0.016824 %

Series 3B Preferred Shares

RANK	STOCKHOLDER NAME	Preferred 3-B	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	6,509,870	6,509,870	98.679248 %
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	54,830	54,830	0.831135 %
3	CAN ASIA INC., RETIREMENT PLAN	5,000	5,000	0.075792 %
4	DISTILERIA BAGO INCORPORATED RETIREMENT PLAN	5,000	5,000	0.075792 %
5	MARILEX REALTY DEVELOPMENT CORPORATION	5,000	5,000	0.075792 %
6	SMHC MULTI-EMPLOYER RETIREMENT PLAN	5,000	5,000	0.075792 %
7	JOIE TINSAY &/OR IRENE TINSAY	4,500	4,500	0.068213 %
8	G. D. TAN & CO. INC.	2,000	2,000	0.030317 %
9	AGNES LOGRONIO BANIQUED	1,000	1,000	0.015158 %
10	ROMUALDO ESTACIO FRANCO OR VIRGINIA M. FRANCO	1,000	1,000	0.015158 %
11	CONCHITA PEREZ JAMORA	500	500	0.007579 %
12	ANTONIO M. OSTREA	500	500	0.007579 %
13	ENRIQUE LL. YUSINGCO	500	500	0.007579 %
14	ENRIQUE MIGUEL L YUSINGCO	500	500	0.007579 %
15	ENRIQUE NOEL L YUSINGCO	500	500	0.007579 %
16	MA. TERESA L YUSINGCO	500	500	0.007579 %
17	ANGELO DE GUZMAN MACABUHAY OR MARITESS SIGUA MACABUHAY	400	400	0.006063 %
18	JOSE MANUEL R. SAN JUAN	100	100	0.001516 %
19	MICHELLE MARIE Y. SAN JUAN	100	100	0.001516 %
20	HENRY P. YUSINGCO IV	100	100	0.001516 %

Series 4A Preferred Shares

RANK	STOCKHOLDER NAME	Preferred 4-A	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	4,966,630	4,966,630	99.332600 %
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	29,870	29,870	0.597400 %
3	G. D. TAN & CO., INC.	2,500	2,500	0.050000 %
4	MICHAEL ANGELO O. LOPEZ OR MA. ANA KHRISTINA L. ATIENZA OR JOSE EMANUEL O. LOPEZ	1,000	1,000	0.020000 %

Series 4B Preferred Shares

RANK	STOCKHOLDER NAME	Preferred 4-B	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	2,835,470	2,835,470	94.673456 %
2	SAN MIGUEL FOODS, INC. RETIREMENT PLAN	100,000	100,000	3.338898 %
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	20,530	20,530	0.685476 %
4	THE PUREFOODS-HORMEL CO., INC. EMPLOYEES' RETIREMENT PLAN	15,000	15,000	0.500835 %
5	SMHC MULTI-EMPLOYER RETIREMENT PLAN	12,000	12,000	0.400668 %
6	SAN MIGUEL EQUITY INVESTMENTS, INC. RETIREMENT PLAN	2,500	2,500	0.083472 %
7	PROCESS SYNERGY, INC. RETIREMENT PLAN	2,000	2,000	0.066778 %
8	ARCHEN TECHNOLOGIES, INC. RETIREMENT PLAN	1,500	1,500	0.050083 %
9	G. D. TAN & CO., INC.	1,500	1,500	0.050083 %
10	SMCGP MULTI-EMPLOYER RETIREMENT PLAN	1,500	1,500	0.050083 %
11	AGNES LOGRONIO BANIQUED OR EDRIAN JAMES LOGRONIO BANIQUED	1,000	1,000	0.033389 %
12	EAST PACIFIC STAR BOTTLERS PHILS INC. RETIREMENT PLAN	1,000	1,000	0.033389 %
13	SAN MIGUEL FOOD AND BEVERAGE INC. RETIREMENT PLAN	1,000	1,000	0.033389 %

Series 4C Preferred Shares

RANK	STOCKHOLDER NAME	Preferred 4-C	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	5,222,650	5,222,650	86.971690 %
2	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	250,000	250,000	4.163197 %
3	SAN MIGUEL FOODS, INC. RETIREMENT PLAN	150,000	150,000	2.497918 %
4	SAN MIGUEL YAMAMURA PACKAGING CORPORATION RETIREMENT PLAN	150,000	150,000	2.497918 %
5	GINEBRA SAN MIGUEL INC. RETIREMENT PLAN	50,000	50,000	0.832639 %
6	PCD NOMINEE CORPORATION (NON-FILIPINO)	43,850	43,850	0.730225 %
7	NCC RETIREMENT PLAN	25,000	25,000	0.416320 %
8	THE PUREFOODS-HORMEL CO., INC. EMPLOYEES' RETIREMENT PLAN	20,000	20,000	0.333056 %
9	SMITS, INC. RETIREMENT PLAN	18,000	18,000	0.299750 %
10	MAGNOLIA, INC. RETIREMENT PLAN	15,000	15,000	0.249792 %
11	SAN MIGUEL MILLS, INC. RETIREMENT PLAN	12,000	12,000	0.199833 %
12	SMHC MULTI-EMPLOYER RETIREMENT PLAN	12,000	12,000	0.199833 %
13	DISTILERIA BAGO, INC. RETIREMENT PLAN	5,000	5,000	0.083264 %
14	CAN ASIA INC., RETIREMENT PLAN	4,000	4,000	0.066611 %
15	SAN MIGUEL PROPERTIES, INC. RETIREMENT PLAN	4,000	4,000	0.066611 %
16	SMC SHIPPING AND LIGHTERAGE CORP. RETIREMENT PLAN	4,000	4,000	0.066611 %
17	ANCHOR INSURANCE BROKERAGE CORP. RETIREMENT PLAN	2,500	2,500	0.041632 %
18	SAN MIGUEL EQUITY INVESTMENTS, INC. RETIREMENT PLAN	2,500	2,500	0.041632 %
19	MINDANAO CORRUGATED FIBREBOARD, INC. RETIREMENT PLAN	2,000	2,000	0.033306 %
20	PROCESS SYNERGY, INC. RETIREMENT PLAN	2,000	2,000	0.033306 %

Series 4D Preferred Shares

RANK	STOCKHOLDER NAME	Preferred 4-D	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	8,199,840	8,199,840	96.468706 %
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	70,460	70,460	0.828941 %
3	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	60,000	60,000	0.705882 %
4	SAN MIGUEL FOODS, INC. RETIREMENT PLAN	50,000	50,000	0.588235 %
5	SAN MIGUEL YAMAMURA PACKAGING CORPORATION RETIREMENT PLAN	50,000	50,000	0.588235 %
6	GINEBRA SAN MIGUEL INC. RETIREMENT PLAN	25,000	25,000	0.294118 %
7	NCC RETIREMENT PLAN	10,000	10,000	0.117647 %
8	MAGNOLIA, INC. RETIREMENT PLAN	8,000	8,000	0.094118 %
9	SMHC MULTI-EMPLOYER RETIREMENT PLAN	7,000	7,000	0.082353 %
10	SAN MIGUEL MILLS, INC. RETIREMENT PLAN	5,000	5,000	0.058824 %
11	DISTILERIA BAGO INCORPORATED RETIREMENT PLAN	3,000	3,000	0.035294 %
12	SAN MIGUEL EQUITY INVESTMENTS, INC. RETIREMENT PLAN	3,000	3,000	0.035294 %
13	SMCGP MULTI-EMPLOYER RETIREMENT PLAN	3,000	3,000	0.035294 %
14	JIMMY ONG OR EVELYN DEBBIE ONG	2,500	2,500	0.029412 %
15	ENRIQUE LL. YUSINGCO	1,500	1,500	0.017647 %
16	SMC MULTI SERVICES RETIREMENT PLAN	500	500	0.005882 %
17	HENRY P. YUSINGCO IV	300	300	0.003529 %
18	SAN MIGUEL FOUNDATION, INC. RETIREMENT PLAN	250	250	0.002941 %
19	SLG MULTI - EMPLOYER RETIREMENT PLAN	250	250	0.002941 %
20	GLADYS MARYPET R. YUSINGCO	200	200	0.002353 %

Series 4E Preferred Shares

RANK	STOCKHOLDER NAME	Preferred 4-E	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	7,992,505	7,992,505	95.948439 %
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	66,495	66,495	0.798259 %
3	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	60,000	60,000	0.720288 %
4	SAN MIGUEL YAMAMURA PACKAGING CORPORATION RETIREMENT PLAN	52,000	52,000	0.624250 %
5	SAN MIGUEL FOODS, INC. RETIREMENT PLAN	50,000	50,000	0.600240 %
6	GINEBRA SAN MIGUEL INC. RETIREMENT PLAN	25,000	25,000	0.300120 %
7	NCC RETIREMENT PLAN	15,000	15,000	0.180072 %
8	MAGNOLIA, INC. RETIREMENT PLAN	10,000	10,000	0.120048 %
9	SAN MIGUEL MILLS, INC. RETIREMENT PLAN	10,000	10,000	0.120048 %
10	SMHC MULTI-EMPLOYER RETIREMENT PLAN	10,000	10,000	0.120048 %
11	SMITS, INC. RETIREMENT PLAN	10,000	10,000	0.120048 %
12	DISTILERIA BAGO INCORPORATED RETIREMENT PLAN	4,000	4,000	0.048019 %
13	SAN MIGUEL PROPERTIES, INC. RETIREMENT PLAN	4,000	4,000	0.048019 %
14	CAN ASIA INC., RETIREMENT PLAN	3,000	3,000	0.036014 %
15	SAN MIGUEL EQUITY INVESTMENTS, INC. RETIREMENT PLAN	3,000	3,000	0.036014 %
16	SMCGP MULTI-EMPLOYER RETIREMENT PLAN	3,000	3,000	0.036014 %
17	PROCESS SYNERGY, INC. RETIREMENT PLAN	2,500	2,500	0.030012 %
18	ARCHEN TECHNOLOGIES, INC. RETIREMENT PLAN	2,000	2,000	0.024010 %
19	MINDANAO CORRUGATED FIBREBOARD, INC. RETIREMENT PLAN	2,000	2,000	0.024010 %
20	SMC YAMAMURA FUSO MOLDS CORPORATION RETIREMENT PLAN	1,500	1,500	0.018007 %

- Dividends

  It is the policy of the Company under its Corporate Governance Manual to declare dividends when its retained earnings exceed 100% of its paid-in capital stock, except: (a) when justified by definite corporate expansion projects or programs approved by the Board, (b) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent and such consent has not been secured, or (c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

  Share Issuances

  On November 3, 2014, the Company issued 7,122,320 Series 2A Preferred Shares and 2,877,680 Series 2B Preferred Shares. The dividend on the Series 2A Preferred Shares was at the fixed rate of 6.30% per annum and on the Series 2B Preferred Shares was at the fixed rate of 6.8583% per annum, each as calculated based on the offer price of Php1,000.00 per share on a 30/360-day basis and payable quarterly in arrears, when approved by the Board of Directors. If the dividend payment date was not a banking day, dividends were paid on the next succeeding banking day, without adjustment as to the amount of dividends to be paid. Cash dividends were paid out on the Series 2 Shares since their listing in November 2014. The Series 2A Preferred Shares and the Series 2B Preferred Shares were redeemed on November 4, 2019 and November 3, 2021, respectively.

  On June 25, 2019, the Company issued 13,403,000 Series 3A Preferred Shares and 6,596,900 Series 3B Preferred Shares. The dividend on the Series 3A Preferred Shares is at the fixed rate of 6.8713% per annum and on the Series 3B Preferred Shares at the fixed rate of 7.1383% per annum, each as calculated based on the offer price of Php1,000.00 per share on a 30/360-day basis and payable quarterly in arrears, whenever approved by the Board of Directors. If the dividend payment date is not a banking day, dividends will be paid on the next succeeding banking day, without adjustment as to the amount of dividends to be paid. Cash dividends have been paid out on the Series 3 Shares since their listing in June 2019. The Series 3A Preferred Shares were redeemed on December 26, 2024.

  On July 7, 2023, the Company issued 5,000,000 Series 4A Preferred Shares, 2,995,000 Series 4B Preferred Shares and 6,005,000 Series 4C Preferred Shares. The dividend on the Series 4A Preferred Shares is at the fixed rate of 6.7079% per annum, 6.7972% per annum on the Series 4B Preferred Shares, and 7.0861% per annum on the Series 4C Preferred Shares, each as calculated based on the offer price of Php1,000.00 per share on a 30/360 basis and payable quarterly in arrears, whenever approved by the Board of Directors. If the dividend payment date is not a banking day, dividends will be paid on the next succeeding banking day, without adjustment as to the amount of dividends to be paid. Cash dividends have been paid out on the first tranche of Series 4 Shares since their listing in July 2023.

  On September 23, 2024, the Company issued 8,500,000 Series 4D Preferred Shares and 8,330,000 Series 4E Preferred Shares. The dividend on the Series 4D Preferred Shares is at the fixed rate of 6.8364% per annum, and 7.1032% on the Series 4E Preferred Shares, each as calculated based on the offer price of Php1,000.00 per share on a 30/360 basis and payable quarterly in arrears, whenever approved by the Board of Directors. If the dividend payment date is not a banking day, dividends will be paid on the next succeeding banking day, without adjustment as to the amount of dividends to be paid. Cash dividends have been paid out on the second tranche of Series 4 Shares since their listing in September 2024.

Dividend Declarations and Payments

2025

Common Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
March 4, 2025	P0.10	March 18, 2025	April 2, 2025

2024

Common Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
March 5, 2024	P0.10	March 19, 2024	April 4, 2024

Series 3A Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 7, 2024	P17.17825	June 3, 2024	June 25, 2024
August 6, 2024	P17.17825	September 3, 2024	September 25, 2024
November 5, 2024	P17.17825	November 29, 2024	December 26, 2024

The Series 3A Preferred Shares were redeemed on December 26, 2024.

Series 3B Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 7, 2024	P17.84575	June 3, 2024	June 25, 2024
August 6, 2024	P17.84575	September 3, 2024	September 25, 2024
November 5, 2024	P17.84575	November 29, 2024	December 26, 2024
November 5, 2024	P17.84575	March 3, 2025	March 25, 2025

Series 4A Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 7, 2024	P16.76975	June 13, 2024	July 8, 2024
August 6, 2024	P16.76975	September 13, 2024	October 7, 2024
November 5, 2024	P16.76975	December 9, 2024	January 7, 2024
November 5, 2024	P16.76975	March 13, 2025	April 7, 2025

Series 4B Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 7, 2024	P16.99300	June 13, 2024	July 8, 2024
August 6, 2024	P16.99300	September 13, 2024	October 7, 2024
November 5, 2024	P16.99300	December 9, 2024	January 7, 2024
November 5, 2024	P16.99300	March 13, 2025	April 7, 2025

Series 4C Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 7, 2024	P17.71525	June 13, 2024	July 8, 2024
August 6, 2024	P17.71525	September 13, 2024	October 7, 2024
November 5, 2024	P17.71525	December 9, 2024	January 7, 2024
November 5, 2024	P17.71525	March 13, 2025	April 7, 2025

Series 4D Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
November 5, 2024	P17.09100	November 28, 2024	December 23, 2024
November 5, 2024	P17.09100	February 28, 2025	March 24, 2025

Series 4E Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
November 5, 2024	P17.75800	November 28, 2024	December 23, 2024
November 5, 2024	P17.75800	February 28, 2025	March 24, 2025

2023

Common Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
March 6, 2023	P0.10	March 20, 2023	April 4, 2023

Series 3A Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 10, 2023	P17.17825	May 31, 2023	June 26, 2023
August 1, 2023	P17.17825	August 31, 2023	September 25, 2023
November 7, 2023	P17.17825	November 29, 2023	December 26, 2023
November 7, 2023	P17.17825	March 1, 2024	March 25, 2024

Series 3B Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 10, 2023	P17.84575	May 31, 2023	June 26, 2023
August 1, 2023	P17.84575	August 31, 2023	September 25, 2023
November 7, 2023	P17.84575	November 29, 2023	December 26, 2023
November 7, 2023	P17.84575	March 1, 2024	March 25, 2024

Series 4A Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
August 1, 2023	P16.76975	September 14, 2023	October 9, 2023
November 7, 2023	P16.76975	December 13, 2023	January 8, 2024
November 7, 2023	P16.76975	March 13, 2024	April 8, 2024

Series 4B Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
August 1, 2023	P16.99300	September 14, 2023	October 9, 2023
November 7, 2023	P16.99300	December 13, 2023	January 8, 2024
November 7, 2023	P16.99300	March 13, 2024	April 8, 2024

Series 4C Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
August 1, 2023	P17.71525	September 14, 2023	October 9, 2023
November 7, 2023	P17.71525	December 13, 2023	January 8, 2024
November 7, 2023	P17.71525	March 13, 2024	April 8, 2024

Distributions

Under the terms and conditions of the undated unsubordinated capital securities issued by the Company on January 19, 2018 and April 19, 2021 (collectively, the "Capital Securities"), more particularly described below in *"Recent Sales of Unregistered or Exempt Securities Including Recent Issuances of Securities Constituting an Exempt Transaction,"* the Company cannot declare dividends on any Junior Securities (as defined thereunder), which include any class of shares of the Company, in case the payment of all distributions scheduled to be made on the Capital Securities is not made in full by reason of the Company deferring such distributions in accordance with the terms of the Capital Securities.

- Description of Petron's Shares

The Company has an authorized capital stock of Php10 billion divided into 9,375,104,497 common shares and 624,895,503 preferred shares, with a par value of Php1 each. As of the date of this report, the outstanding shares of the Company are composed of 8,915,948,400 common shares, 6,597,000 Series 3B Preferred Shares, 5,000,000 Series 4A Preferred Shares, 2,995,000 Series 4B Preferred Shares, 6,005,000 Series 4C Preferred Shares, 8,500,000 Series 4D Preferred Shares and 8,330,000 Series 4E Preferred Shares. The Company has 89,403,000 preferred treasury shares and 459,156,097 common treasury shares.

Common shares totaling 459,156,097 were bought back by the Company on March 18, 2025 pursuant to the share buy-back program of the Company approved by the Board of Directors on March 4, 2025.

The Series 2 Preferred Shares, with an aggregate Issue value of Php10 billion, were offered during the period October 20-24, 2014 pursuant to the order of registration and the permit to sell issued by the SEC on October 17, 2014. The Series 2 Preferred Shares were issued and listed on the PSE on November 3, 2014. The Series 2A Preferred Shares and the Series 2B Preferred Shares were redeemed by the Company on November 4, 2019 and November 3, 2021, respectively.

The Series 3 Preferred Shares, with an aggregate issue value of Php20 billion, were offered during the period June 3-18, 2019 pursuant to the order of registration and the permit to sell issued by the SEC on May 31, 2019 and issued out of the treasury shares of the Company. The Series 3 Preferred Shares were issued and listed on the PSE on June 25, 2019. The Series 3A Preferred Shares were redeemed by the Company on December 26, 2024.

The first tranche of the Series 4 Preferred Shares, with an aggregate issue value of Php14 billion, were offered during the period June 15-27, 2023 pursuant to the order of registration and the permit to sell issued by the SEC on June 14, 2023. The first tranche of Series 4 Preferred Shares was issued and listed on the PSE on July 7, 2024.

The second tranche of the Series 4 Preferred Shares, with an aggregate value of Php16.83 billion, were offered during the period September 5-13, 2024 pursuant to the order of registration and the permit to sell issued by the SEC on September 4, 2024. The second tranche of Series 4 Preferred Shares was issued and listed on the PSE on September 23, 2024.

The common shares of the Company are voting shares while preferred shares are generally non-voting, except in cases provided by law.

- Stock Ownership Plan

Petron currently does not have a stock ownership plan or program. In 1994, when Petron's initial public offering was undertaken, a special secondary sale of Petron's shares was offered to its employees. The entitlement of shares at the listing price of Php9.00 per share was made equivalent to the employee's base pay factored by his/her service years with Petron. Petron's executive officers, except the Chairman, the President and the Vice President for Corporate Planning, were entitled to own Petron shares under this stock ownership plan. Preparatory to the listing of the Company's preferred shares, availment of said shares was offered to employees from February 15 to 19, 2010.

(b) Recent Sales of Unregistered or Exempt Securities Including Recent Issuances of Securities Constituting an Exempt Transaction

Under the Code, securities are not permitted to be sold or offered for sale or distribution within the Philippines unless such securities are approved for registration by the SEC or are otherwise exempt securities under Section 9 of the Code or sold pursuant to an exempt transaction under Section 10 of the Code.

The securities discussed below were sold in the Philippines by the Company in the past three (3) years (from 2021). These securities were offered to institutional lenders not exceeding 19 or to not more than 19 non-qualified buyers or to any number of qualified buyers as defined in the Code and their offer and sale therefore qualified as exempt transactions pursuant to Sections 10.1(k) and 10.1(l) of the Code. A confirmation of exemption from the SEC that the offer and sale of the securities in the Philippines qualified as an exempt transaction under the Code was not required to be, and had not been, obtained.

The securities discussed below were not registered with the SEC under the Code. Any future offer or sale thereof is subject to registration requirements under the Code, unless such offer or sale qualifies as an exempt transaction.

<u>US$550 Million Undated Unsubordinated Capital Securities</u>

a. On April 19, 2021, the Company issued US$550 million undated unsubordinated capital securities (the "2021 Capital Securities").

b. The sole global coordinator for the transaction was The Hongkong and Shanghai Banking Corporation Limited and the joint lead managers were DBS Bank Ltd., HSBC, MUFG Securities Asia Limited, SMBC Nikko Capital Markets Limited, Standard Chartered Bank and UBS AG Singapore Branch.

c. The offer price for the 2021 Capital Securities was at 100%.

d. As the 2021 Capital Securities were offered to qualified buyers in the Philippines, the issuance of such securities was considered an exempt transaction and no confirmation or notice of exemption from the registration requirements of the Code was required to be filed with the SEC pursuant to the Code and the 2015 SRC rules. The capital securities were listed with the Singapore Exchange Securities Trading Limited on April 20, 2021.

(5) Corporate Governance

Corporate Governance Manual

On May 8, 2017, the Board of Directors approved the new Corporate Governance Manual of the Company primarily based on the Code of Corporate Governance for Publicly-Listed Companies approved by the SEC pursuant to its Memorandum Circular No. 19 (2016) (the "Corporate Governance Manual"). A copy of the Corporate Governance Manual was submitted to the SEC on May 29, 2017.

Various Corporate Policies; Adoptions and Revisions in 2023

In 2023, in furtherance of good governance, the Company adopted and revised various policies of the Company and its subsidiaries (the "Petron Group"), as described below.

Revised Whistle-blowing and Non-Retaliation Policy

The Revised Whistle-blowing and Non-Retaliation Policy of the Petron Group expanded the coverage of the original policy. In addition to concerns on accounting, internal controls, auditing or financial reporting matters such as malpractice, impropriety, theft or fraud, gross mismanagement or waste of funds, the policy now also covers illegal or non-compliant conduct and misconduct such as violations of any law or regulation, violations of the Revised Code of Business Conduct and Ethical Business Policy and other policies of the Company, and improper or unethical behavior likely to cause financial loss or prejudice to company reputation or constituting abuse of authority, harassment or duress. A Whistleblowing Relations Officer and a Whistleblowing Committee have been designated for the conduct of investigations.

The Company also reiterated under this policy its commitment against retaliation, which action will be subject to appropriate sanctions that include dismissal or termination of contractual relations with the Company.

Policy on Anti-Corruption and Anti-Money Laundering and Sanctions Compliance

Under this policy, the Petron Group reiterated its compliance with all applicable laws on anti-corruption and -bribery, anti-money laundering and combating terror financing ("AML-CTF"), and trade and economic sanctions. This policy also sets forth the Petron Group's policy of zero-tolerance for bribery, corruption, money-laundering, terror financing, and sanctions violations.

Anti-Sexual Harassment Policy

The Petron Group values the dignity of every individual, strives to enhance the development of their human resources, guarantees full respect for human rights and uphold the dignity of their employees, applicants for employment, consultants and service providers. Towards this end, all forms of sexual harassment against any personnel in the workplace are prohibited. The Petron Group is committed to upholding the rights and dignity of all its personnel through the creation of a work environment characterized by professionalism, fairness, openness, trust and respect. In addition, the Petron Group has adopted procedures for the handling and investigation of sexual harassment cases. Not only does this policy document the Petron Group's zero-tolerance policy for any form of sexual harassment in the workplace, it also expressly states the position of the Petron Group against victimization for making a reasonable complaint.

Policy on Conflict of Interest

This policy highlights and reiterates the principle in the Company's Revised Code of Conduct and Ethical Business Policy that officers and employees of the Petron Group have a duty to act in the best interest of the Petron Group. The Petron Group shall be protected by identifying and resolving any possible conflict of interest between the Petron Group and officers and employees that will negatively affect current and future business, legal obligations, and good governance. The officers and employees of the Petron Group agree and acknowledge that they are not influenced by personal, family, financial or other considerations which might affect their judgment as to what is best for the Petron Group and that there is a conflict of interest if they compromise their exclusive commitment to the Petron Group. In the event that the personal business interests of an officer or employee may conflict with the interests of the Petron Group, the proper disclosure by the relevant officer or employee and a review by higher Management are required to resolve the conflict.

Diversity, Equity, and Inclusion Policy

This policy documents the dedication of the Petron Group to foster a welcoming and positive working environment. Recognizing that the workplace is an extension of an employee's social and cultural identity, the Petron Group aligns this with its core values and cultivates an open and safe space for its most valuable asset, its human capital. With this policy, the Petron Group expressly and consciously advocates an inclusive organization which is representative of all the sectors of society and which promotes an equal and inclusive workplace, respects diversity, and accepts differences in order to attract and retain skilled employees, enhance productivity, and foster loyalty and unity within the Petron Group.

Policy on Child and Forced Labor

This policy reiterates the Petron Group's commitment to value the dignity of every human person, including children, and guarantees the respect of individual rights. Children shall be afforded special protection from all forms of exploitation and other conditions prejudicial to their development, including child labor. Moreover, the Company expressly commits that it shall not engage, tolerate, or support forced or involuntary labor.

Board Diversity Policy

This policy provides a framework for inclusion to promote diversity in the Board of Directors of Petron by promoting the inclusion of a wide range of perspectives and ideas that can inspire creativity and drive innovation and improve decision-making and corporate governance. In determining the structure and composition of the Board of Directors, diversity will be considered from varied aspects, including, but not limited to, gender, age, ethnicity, religion, culture, sexual orientation, skills, backgrounds, competencies, knowledge, experience, length of service of directors, and applicable regulatory rules and regulations. The Board of Directors is also tasked to strive to maintain a balanced mix of executive, non-executive, and independent directors, having due regard to the requirements of the Company and the Board of Directors.

Revised Code of Conduct and Ethical Business Policy

The Company's Code of Conduct and Ethical Business Policy was likewise updated to specifically include in its anti-bribery coverage all commercial or private transactions of the Company. A conflict of interest in relation to the employment by another person also now extends to any organization engaged in a business that is directly in competition with any of the businesses of the Petron Group.

Policy on Dealings in Securities

On May 6, 2013, the Company adopted this policy, under which the directors, officers and employees of the Company are obliged to exercise extreme caution when dealing in the Company's securities and ensure that such dealings comply with this policy and the requirements under the Securities Regulation Code ("SRC"). The policy sets out the conditions and rules under which the directors, officers and employees of the Company should deal in securities of the Company.

Board Assessment;
Summary of 2024 Assessment

Board Assessment

In August 2013, the Board of Directors adopted a new format for the annual self-assessment by each director of his/her performance and that of the Board of Directors and the board committees.

The self-assessment forms covers the evaluation of the (1) fulfillment of the key responsibilities of the Board of Directors including the consideration of the interests of minority shareholders and stakeholders and their equitable treatment in its decision-making processes, the pursuit of good corporate governance, the establishment of a clear strategic direction for the Company designed to maximize long-term shareholder value, the review and approval of financial statements and budgets, and the appointment of directors who can add value and contribute independent judgment to the formulation of sound policies and strategies of the Company and officers who are competent and highly motivated; (2) relationship between the Board of Directors and the Management of the Company including having a clear understanding of where the role of the Board of Directors ends and where that of Management begins, the participation of the Board of Directors and the board committees in major business policies or decisions, the continuous interaction with Management for an understanding of the businesses better, and the consideration of the correlation between executive pay and Company performance; (3) effectiveness of board process and meetings through the adequacy of the frequency, duration and scheduling of board and committee meetings, the ability of the Board of Directors to balance and allocate its time effectively in discussing issues related to the Company's strategy and competitiveness, the attendance at board and committee meetings and the conduct of meetings in a manner that ensures open communication, meaningful participation, and timely resolution of issues, the wide and diverse range of expertise and occupational and personal backgrounds of the directors, and the institutionalization of a formal review process for monitoring the effectiveness of the Board of Directors and the individual directors; and (4) individual performance of the directors including a director's understanding of the mission, values and strategies of the Company, his/her duties as a director and the Company's Articles, the Company's By-laws and governing policies and applicable law, rules and regulations, the attendance at meetings and the conscious effort to avoid entering into situations where a director may be placed in a conflict of interest with that of the Company.

2024 Board Assessment

All the 15 directors accomplished the annual self-assessment for 2024. The average self-rating by the Directors covering all four (4) topics discussed above was 4.77 (out of a possible 5.0), broken down as follows: (1) Fulfilment of Board Key Responsibilities – The ratings averaged 4.80 based on a series of nine (9) questions; (2) Board-Management Relationship – The ratings averaged 4.70 based on a series of four

(4) questions; (3) Effectiveness of Board Processes and Meetings-- The ratings averaged 4.79 based on a series of nine (9) questions; and (4) Individual Performance of Directors-- The ratings averaged 4.79 based on a series of 10 questions.

Compliance with the Corporate Governance Manual

The Company is in material compliance with the provisions of the Corporate Governance Manual.

- Its directors possess all the qualifications and none of the disqualifications of a director under the Corporate Governance Manual, the Company's By-laws and applicable laws and regulations.
- The Company had three (3) independent directors (Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Margarito B. Teves, and Mr. Ricardo C. Marquez) and a Compliance Officer (Atty. Jhoanna Jasmine M. Javier-Elacio).
- The Company had a Lead Independent Director (Mr. Margarito B. Teves).
- The Company regularly held board meetings and board committee meetings, at which a quorum was always present.
- The directors properly discharge their duties and responsibilities as directors and attended a corporate governance seminar.
- Each director accomplished a self-assessment form for 2024.
- The Company has an external auditor.
- The Company has an Internal Audit Department.
- The Company respects and observes the rights of its stockholders under applicable law.
- The Company is in material compliance with laws and regulations applicable to its business operations, including applicable accounting standards and disclosure requirements.

Pursuit of Corporate Governance

As above-discussed, the Company adopted on May 8, 2017 its new Corporate Governance Manual to align with the Code of Corporate Governance for Publicly Listed Company approved by the SEC and which took effect on January 1, 2017.

The Company is committed to pursuing good corporate governance by keeping abreast of new developments in and leading principles and practices on good corporate governance. The Company also continuously reviews its own policies and practices as it competes in a continually evolving business environment while taking into account the Company's corporate objectives and the best interests of its stakeholders and the Company.

To further instill good governance in the Company, the Company will continue to coordinate with accredited providers for the attendance of the directors and officers in more extensive corporate governance programs to keep them updated with the latest developments in and best practices on good corporate governance. The Office of the General Counsel and Corporate Secretary will also continue to periodically release internal memoranda to explain and/or reiterate the Company's corporate governance practices and the latest good corporate governance practices in general.

Integrated Annual Corporate Governance Report ("I-ACGR")

Other matters relating to the governance of the Company are discussed in the I-ACGR of the Company filed with the SEC and posted on the company website.

Recipient of Golden Arrow Award of the Institute of Corporate Directors for Governance

In 2024, the Company once again received a Golden Arrow award (two arrows) from the Institute of Corporate Directors in recognition of the Company as a top-performing Philippine publicly-listed company. This award was for the ASEAN Corporate Governance Scorecard for 2023.

(6) Director Meeting and Corporate Governance Seminar Attendance

Board and Annual Stockholders' Meetings Attendance

The list of the directors of the Company and the directors' attendance at meetings held in 2024 are set out below.

Corporate Governance Seminar Attendance

All the directors of the Company (together with all its executive officers in 2024, the Internal Auditor and the Assistant Corporate Secretary) completed a corporate governance seminar for year 2024 conducted in accordance with SEC Memorandum Circular No. 20, Series of 2013.

ATTENDANCE FOR 2024 MEETINGS AND CORPORATE COVERNANCE SEMINAR 2024

Director's Name	February 15 Special Board Meeting	March 5 Regular Board Meeting	May 7 Regular Board Meeting	May 21 Annual Stockholders' Meeting	May 21 Organizational Board Meeting	June 26 Special Board Meeting	August 6 Regular Board Meeting	November 5 Regular Board Meeting	Attendance at Corporate Governance Seminar in 2024
1. Ramon S. Ang	✓	✓	✓	✓	✓	✓	✓	✓	✓
2. Lubin B. Nepomuceno	✓	✓	✓	✓	✓	✓	✓	✓	✓
3. Estelito P. Mendoza	✓	✓	✓	✓	✓	✓	✓	✓	✓
4. Jose P. De Jesus	✓	✓	✓	✓	✓	✓	✓	✓	✓
5. Ron W. Haddock	✓	✓	✓	✓	✓	✓	✓	✓	✓
6. Mirzan Mahathir	✓	✓	✓	✓	✓	✓	✓	✓	✓
7. Aurora T. Calderon	✓	✓	✓	✓	✓	✓	✓	✓	✓
8. Francis H. Jardeleza	✓	✓	✓	✓	✓	✓	✓	✓	✓
9. Virgilio S. Jacinto	✓	✓	✓	✓	✓	✓	✓	✓	✓
10. Nelly Favis-Villafuerte	✓	✓	✓	✓	✓	✓	✓	✓	✓
11. Horacio C. Ramos	✓	✓	✓	✓	✓	✓	✓	✓	✓
12. John Paul L. Ang	✓	✓	✓	✓	✓	▼	✓	✓	✓
13. Artemio V. Panganiban	✓	✓	✓	✓	✓	✓	✓	✓	✓
14. Margarito B. Teves	✓	✓	✓	✓	✓	✓	✓	✓	✓
15. Ricardo C. Marquez	✓	✓	✓	✓	✓	✓	✓	✓	✓

Legend: ✓ - Present ▼ - Absent

Board Committee Meeting Attendance

The list of members of the board committees and the members' attendance at meetings held in 2024 are set out below.

Executive Committee

Members	March 13	April 29	September 24
Ramon S. Ang (Chairperson)	✓	✓	✓
Lubin B. Nepomuceno (Member)	✓	✓	✓
Aurora T. Calderon (Member)	✓	✓	✓
Virgilio S. Jacinto (Alternate Member)	-	-	-
John Paul L. Ang (Alternate Member)	-	-	-

Audit Committee

Members	March 5	May 7	August 6	November 5
Margarito B. Teves (Independent Director; Chairperson)	✓	✓	✓	✓
Artemio V. Panganiban (Independent Director)	✓	✓	✓	✓
Ricardo C. Marquez (Independent Director)	✓	✓	✓	✓
Estelito P. Mendoza	✓	✓	✓	✓
Aurora T. Calderon	✓	✓	✓	✓
Ferdinand K. Constantino - Advisor	✓	✓	✓	✓

Corporate Governance Committee

Members	March 5
Artemio V. Panganiban (Chairperson, Independent Director)	✓
Margarito B. Teves (Independent Director)	✓
Ricardo C. Marquez (Independent Director)	✓
Estelito P. Mendoza	✓
Virgilio S. Jacinto	✓

Related Party Transaction Committee

Members	November 5
Artemio V. Panganiban (Independent Director; Chairperson)	✓
Margarito B. Teves (Independent Director)	✓
Aurora T. Calderon	✓

ANNEX D

2024 Audited Financial Statements (Petron & Subsidiaries) and Statement of Management's Responsibility for Financial Statements

The following document has been received:

Receiving: ICTD ERMD
Receipt Date and Time: March 19, 2025 07:52:05 PM

Company Information

SEC Registration No.: 0000031171
Company Name: Petron Corporation
Industry Classification: E40200
Company Type: Stock Corporation

Document Information

Document ID: OST10319202583114565
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2024
Submission Type: Consolidated
Remarks: None

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

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

3 1 1 7 1

COMPANY NAME

P E T R O N   C O R P O R A T I O N   A N D
S U B S I D I A R I E S

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

S M C   H e a d   O f f i c e   C o m p l e x
4 0   S a n   M i g u e l   A v e n u e
M a n d a l u y o n g   C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		Certificates of Permit to Offer Securities for Sale dated 1994, 1995, 2010, 2014 and 2019

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
talk2us@petron.com	8-884-9200	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
143,711 (as of December 31, 2024)	May 2, 2025	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Myrna C. Geronimo	mcgeronimo@petron.com	8-884-9200 loc 49189	

CONTACT PERSON's ADDRESS

SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City

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

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

PETRON

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Petron Corporation and Its Subsidiaries** (collectively referred to as the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors (the "Board") is responsible for overseeing the Group's financial reporting process.

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

R.G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

RAMON S. ANG
President, Chief Executive Officer and Acting Chairman

EMMANUEL E. ERAÑA
Senior Vice President and Chief Finance Officer

Signed this 4th day of March 2025

SUBSCRIBED AND SWORN TO before me, a Notary Public for and in the City of Mandaluyong, Metro Manila, this MAR 0 4 2025, affiants being personally known to me and signed this instrument in my presence and avowed under penalty of law to the whole truth of contents thereof.

Name	Competent Evidence of Identity	Date/Place of Issue
Ramon S. Ang		
Emmanuel E. Eraña		

Doc. No. 269;
Page No. 55;
Book No. I;
Series of 2025

DARYL ANNE E. YANG
Notary Public for Mandaluyong City
40 San Miguel Avenue, 1550 Mandaluyong City
Appointment No. 0652-25
Until December 31, 2026
Attorney's Roll No. 69700
PTR No. 5718011/01-02-2025/Mandaluyong
IBP No. 497085/01-03-2024/Laguna
MCLE Compliance No. VIII – 0015850 / 11-11-2024

PETRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

With Independent Auditors' Report

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Petron Corporation
SMC Head Office Complex
40 San Miguel Avenue
Mandaluyong City

Opinion

We have audited the consolidated financial statements of Petron Corporation and Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the 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.

Key Audit Matters

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

Revenue Recognition (P867,966 million)
Refer to Note 3, *Summary of Material Accounting Policies* and Note 37, *Segment Information* to the consolidated financial statements.

The risk
Revenue is an important measure used to evaluate the performance of the Group. It is accounted for when the sales transactions have been completed and control over the goods and services has been transferred to the customer. Whilst revenue recognition and measurement is not complex for the Group, voluminous sales transactions and the sales target which form part of the Group's key performance measure may provide venue to improperly recognize revenue.

Our response
We performed the following audit procedures, among others, on revenue recognition:

- We tested operating effectiveness of the key controls over revenue recognition. We involved our information technology specialists, as applicable, to assist in the audit of automated controls and the design and operating effectiveness of controls over the recording of revenue transactions.

- We checked on a sampling basis, the sales transactions to the delivery documents for the year.

- We checked sales transactions for the last month of the financial year and also the first month of the following financial year to the delivery documents to assess whether these transactions are recorded in the correct financial year.

- We tested journal entries posted to revenue accounts, including any unusual or irregular items.

- We tested credit notes recorded after the financial year to identify potential reversals of revenue which were inappropriately recognized in the current financial year.

Valuation of Inventories (P90,570 million)
Refer to Note 3, *Summary of Material Accounting Policies*, Note 4, *Use of Judgments, Estimates and Assumptions* and Note 8, *Inventories* to the consolidated financial statements.

The risk
There is a risk over the recoverability of the Group's inventories due to market price volatility of crude and petroleum products. Such volatility can lead to potential issues over the full recoverability of inventory balances. In addition, determining the net realizable values of inventories is subject to management's judgment and estimation. This includes estimating the selling price of finished goods and the cost of conversion of raw materials based on available market price forecasts and current costs.

Our response
We performed the following audit procedures, among others, on the valuation of inventories:

- We obtained and reviewed the calculation of write-down of the Group's raw materials and finished goods based on the net realizable values of finished goods at yearend.

- For raw materials, projected production yield was used to estimate the cost of conversion for the raw materials as at yearend. We assessed the projected yield by comparing it to the actual yield achieved from crude oil production runs during the year. We then compared the estimated costs of finished goods to the net realizable values to determine any potential write-down.

- For finished goods, we assessed the reasonableness of estimated selling prices by checking various products' sales invoices issued around and after yearend. Any write-down is computed based on the difference between the net realizable value and the cost of inventory held at yearend.

Valuation of Goodwill (P8,731 million)
Refer to Note 3, *Summary of Material Accounting Policies*, Note 4, *Use of Judgments, Estimates and Assumptions* and Note 12, *Business Combination, Investment in Shares of Stock of Subsidiaries, Goodwill and Non-Controlling Interests* to the consolidated financial statements.

The risk
The Group has significant amount of goodwill arising from business acquisitions. We particularly focused on the valuation of goodwill allocated to Petron Oil and Gas International Sdn. Bhd. Group (Petron Malaysia Group) which accounts for 99% of total goodwill. The annual impairment test was significant to our audit as the assessment process is complex by nature and is based on management's judgment and assumptions on future market and/or economic conditions. The assumptions used include future cash flow projections, growth rates and discount rates.

Our response
We performed the following audit procedures, among others, on the valuation of goodwill:

- We tested the integrity of the discounted cash flow model used by the Group. This involved the review of component auditor's work and use of their own valuation specialist to assist in evaluating the models used and assumptions applied and comparing these assumptions to external data, where applicable. The key assumptions include sales volume, selling price and gross profit margin.

- We also involved our own valuation specialist to evaluate the key assumptions used by the Group. This involved comparing the Group's assumptions to externally derived data, where applicable, including our own assessments in relation to key inputs such as projected economic growth, competition, cost of inflation and discount rates, as well as performing break-even analysis on the assumptions.

- We also assessed the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions used in the valuation of goodwill.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' report.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and determine whether the other information needs to be revised.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, 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 PSA, 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Rohanie C. Galicia.

R.G. MANABAT & CO.

ROHANIE C. GALICIA
Partner
CPA License No. 0118706
Tax Identification No. 249-773-914
BIR Accreditation No. 08-001987-044-2024
  Issued July 17, 2024; valid until July 16, 2027
PTR No. MKT 10467177
  Issued January 2, 2025 at Makati City

March 19, 2025
Makati City, Metro Manila

PETRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Million Pesos)

	Note	**December 31 2024**	December 31 2023 As restated (Note 40)	January 1 2023 As restated (Note 40)
ASSETS				
Current Assets				
Cash and cash equivalents	*5, 34, 35*	**P30,389**	P27,519	P37,183
Financial assets at fair value	*6, 14, 34, 35*	**1,044**	1,162	1,753
Trade and other receivables - net	*4, 7, 28, 34, 35*	**82,762**	86,479	81,979
Inventories	*4, 8*	**90,570**	77,318	85,347
Other current assets	*14, 28*	**51,108**	40,529	37,025
Total Current Assets		**255,873**	233,007	243,287
Noncurrent Assets				
Investment in shares of stock of an associate and joint ventures	*2, 13*	**1,165**	1,158	1,085
Property, plant and equipment - net	*4, 9, 11, 37, 40*	**169,302**	167,987	171,570
Right-of-use assets - net	*4, 10*	**2,925**	5,286	5,398
Investment property - net	*4, 9, 11*	**28,243**	27,194	28,437
Deferred tax assets - net	*4, 27, 40*	**560**	1,114	1,741
Goodwill - net	*4, 12*	**8,731**	8,093	8,509
Other noncurrent assets - net	*4, 6, 14, 34, 35*	**2,003**	1,930	1,390
Total Noncurrent Assets		**212,929**	212,762	218,130
		P468,802	P445,769	P461,417
LIABILITIES AND EQUITY				
Current Liabilities				
Short-term loans	*15, 33, 34, 35, 37*	**P138,906**	P137,910	P137,886
Liabilities for crude oil and petroleum products	*16, 28, 31, 34, 35*	**51,625**	44,840	51,067
Trade and other payables	*17, 28, 30, 33, 34, 35, 39, 40*	**29,012**	26,454	24,890
Lease liabilities - current portion	*4, 31, 33, 34*	**1,295**	1,566	1,380
Derivative liabilities	*34, 35*	**1,699**	749	723
Income tax payable		**304**	132	204
Current portion of long-term debt - net	*18, 33, 34, 35*	**29,418**	25,642	13,399
Total Current Liabilities		**252,259**	237,293	229,549

Forward

	Note	**December 31 2024**	December 31 2023 As restated (Note 40)	January 1 2023 As restated (Note 40)
Noncurrent Liabilities				
Long-term debt - net of current portion	*18, 33, 34, 35*	**P88,025**	P83,254	P93,662
Retirement benefits liability - net	*30*	**3,661**	2,621	3,261
Deferred tax liabilities - net	*27, 40*	**6,719**	4,456	3,638
Lease liabilities - net of current portion	*4, 31, 33, 34*	**12,120**	14,378	13,714
Asset retirement obligation	*4, 19*	**1,321**	3,612	3,527
Other noncurrent liabilities	*20, 34, 35, 40*	**487**	495	465
Total Noncurrent Liabilities		**112,333**	108,816	118,267
Total Liabilities		**364,592**	346,109	347,816
Equity Attributable to Equity Holders of the Parent Company	*21*			
Capital stock		**9,502**	9,485	9,485
Additional paid-in capital		**57,698**	40,985	37,500
Capital securities		**34,555**	37,529	62,712
Retained earnings	*40*	**33,715**	31,847	30,382
Equity reserves	*40*	**(19,350)**	(21,260)	(16,891)
Treasury stock		**(21,003)**	(7,600)	(18,000)
Total Equity Attributable to Equity Holders of the Parent Company		**95,117**	90,986	105,188
Non-controlling Interests	*12*	**9,093**	8,674	8,413
Total Equity		**104,210**	99,660	113,601
		P468,802	P445,769	P461,417

See Notes to the Consolidated Financial Statements.

PETRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Million Pesos, Except Per Share Data)

	Note	2024	2023 As restated (Note 40)	2022 As restated (Note 40)
SALES	*28, 31, 37*	**P867,966**	P801,027	P857,638
COST OF GOODS SOLD	*22*	**821,753**	754,429	823,788
GROSS PROFIT		**46,213**	46,598	33,850
SELLING AND ADMINISTRATIVE EXPENSES	*23, 40*	**(18,757)**	(17,568)	(15,853)
OTHER OPERATING INCOME	*29*	**1,767**	1,683	1,538
INTEREST EXPENSE AND OTHER FINANCING CHARGES	*26, 37*	**(20,961)**	(19,095)	(13,094)
INTEREST INCOME	*26, 37*	**1,201**	1,284	898
SHARE IN NET INCOME OF AN ASSOCIATE AND JOINT VENTURES	*13*	**114**	89	66
OTHER INCOME - Net	*26, 40*	**3,417**	119	1,000
		(33,219)	(33,488)	(25,445)
INCOME BEFORE INCOME TAX		**12,994**	13,110	8,405
INCOME TAX EXPENSE	*27, 36, 37, 40*	**4,523**	2,998	1,480
NET INCOME		**P8,471**	P10,112	P6,925
Attributable to:				
Equity holders of the Parent Company	*32, 40*	**P8,469**	P9,229	P5,952
Non-controlling interests	*12, 40*	**2**	883	973
		P8,471	P10,112	P6,925
BASIC/DILUTED EARNINGS PER COMMON SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	*32, 40*	**P0.30**	P0.27	P0.04

See Notes to the Consolidated Financial Statements.

PETRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Million Pesos)

	Note	**2024**	2023 As restated (Note 40)	2022 As restated (Note 40)
NET INCOME	*40*	**P8,471**	P10,112	P6,925
OTHER COMPREHENSIVE LOSS				
Item that will not be reclassified to profit or loss				
Equity reserve for retirement plan	*30*	**(1,655)**	(38)	(626)
Income tax benefit	*27*	**409**	9	156
		(1,246)	(29)	(470)
Items that may be reclassified to profit or loss				
Income (loss) on cash flow hedges	*35*	**-**	(68)	73
Exchange differences on translation of foreign operations		**4,171**	(2,418)	2,132
Share in other comprehensive income of an associate and joint ventures		**1**	4	-
Income tax benefit (expense)	27	**-**	18	(19)
	40	**4,172**	(2,464)	2,186
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		**2,926**	(2,493)	1,716
TOTAL COMPREHENSIVE INCOME FOR THE YEAR - Net of tax		**P11,397**	P7,619	P8,641
Attributable to:				
Equity holders of the Parent Company	*40*	**P10,765**	P7,146	P7,402
Non-controlling interests	*12*	**632**	473	1,239
		P11,397	P7,619	P8,641

See Notes to the Consolidated Financial Statements.

PETRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Million Pesos)

		Equity Attributable to Equity Holders of the Parent Company										
					Retained Earnings		Equity Reserves					
	Note	**Capital Stock**	**Additional Paid-in Capital**	**Capital Securities**	**Appro-priated**	**Unappro-priated**	**Reserve for Retirement Plan**	**Other Reserves**	**Treasury Stock**	**Total**	**Non-controlling Interests**	**Total Equity**
As of December 31, 2023, as previously reported		**P9,485**	**P40,985**	**P37,529**	**P3**	**P31,831**	**(P6,466)**	**(P14,786)**	**(P7,600)**	**P90,981**	**P8,654**	**P99,635**
Effect of prior period adjustments	*40*	**-**	**-**	**-**	**-**	**13**	**-**	**(8)**	**-**	**5**	**20**	**25**
As of December 31, 2023, as restated		**9,485**	**40,985**	**37,529**	**3**	**31,844**	**(6,466)**	**(14,794)**	**(7,600)**	**90,986**	**8,674**	**99,660**
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**-**	**-**	**3,499**	**-**	**3,499**	**672**	**4,171**
Equity reserve for retirement plan - net of tax		**-**	**-**	**-**	**-**	**-**	**(1,204)**	**-**	**-**	**(1,204)**	**(42)**	**(1,246)**
Share in other comprehensive income of an associate and joint ventures		**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**1**	**-**	**1**
Other comprehensive income (loss)		**-**	**-**	**-**	**-**	**-**	**(1,204)**	**3,500**	**-**	**2,296**	**630**	**2,926**
Net income for the year		**-**	**-**	**-**	**-**	**8,469**	**-**	**-**	**-**	**8,469**	**2**	**8,471**
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**-**	**8,469**	**(1,204)**	**3,500**	**-**	**10,765**	**632**	**11,397**
Cash dividends	*21*	**-**	**-**	**-**	**-**	**(3,650)**	**-**	**-**	**-**	**(3,650)**	**(213)**	**(3,863)**
Distributions paid	*21*	**-**	**-**	**-**	**-**	**(2,951)**	**-**	**-**	**-**	**(2,951)**	**-**	**(2,951)**
Issuance of preferred shares	*21*	**17**	**16,713**	**-**	**-**	**-**	**-**	**-**	**-**	**16,730**	**-**	**16,730**
Redemption of preferred shares	*21*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(13,403)**	**(13,403)**	**-**	**(13,403)**
Repurchase of capital securities	*21*	**-**	**-**	**(2,974)**	**-**	**-**	**-**	**(386)**	**-**	**(3,360)**	**-**	**(3,360)**
Transactions with owners		**17**	**16,713**	**(2,974)**	**-**	**(6,601)**	**-**	**(386)**	**(13,403)**	**(6,634)**	**(213)**	**(6,847)**
As of December 31, 2024		**P9,502**	**P57,698**	**P34,555**	**P3**	**P33,712**	**(P7,670)**	**(P11,680)**	**(P21,003)**	**P95,117**	**P9,093**	**P104,210**

Forward

		Equity Attributable to Equity Holders of the Parent Company										
					Retained Earnings		Equity Reserves					
	Note	Capital Stock	Additional Paid-in Capital	Capital Securities	Appro-priated	Unappro-priated	Reserve for Retirement Plan	Other Reserves	Treasury Stock	Total	Non-controlling Interests	Total Equity
As of December 31, 2022, as previously reported		P9,485	P37,500	P62,712	P7,003	P23,354	(P6,437)	(P10,450)	(P18,000)	P105,167	P8,383	P113,550
Effect of prior period adjustments	*40*	-	-	-	-	25	-	(4)	-	21	30	51
As of December 31, 2022, as restated		9,485	37,500	62,712	7,003	23,379	(6,437)	(10,454)	(18,000)	105,188	8,413	113,601
Other comprehensive loss:												
Exchange differences on translation of foreign operations, as previously reported		-	-	-	-	-	-	(2,004)	-	(2,004)	(410)	(2,414)
Effect of prior period adjustments	*40*	-	-	-	-	-	-	(4)	-	(4)	-	(4)
Exchange differences on translation of foreign operations, as restated	*40*	-	-	-	-	-	-	(2,008)	-	(2,008)	(410)	(2,418)
Net loss on cash flow hedges - net of tax	*35*	-	-	-	-	-	-	(50)	-	(50)	-	(50)
Equity reserve for retirement plan - net of tax		-	-	-	-	-	(29)	-	-	(29)	-	(29)
Share in other comprehensive income of an associate and joint ventures		-	-	-	-	-	-	4	-	4	-	4
Total other comprehensive loss, as restated		-	-	-	-	-	(29)	(2,054)	-	(2,083)	(410)	(2,493)
Net income for the year, as previously reported		-	-	-	-	9,241	-	-	-	9,241	893	10,134
Effect of prior period adjustments	*40*	-	-	-	-	(12)	-	-	-	(12)	(10)	(22)
Net income for the year, as restated	*40*	-	-	-	-	9,229	-	-	-	9,229	883	10,112
Total comprehensive income (loss) for the year, as restated		-	-	-	-	9,229	(29)	(2,054)	-	7,146	473	7,619
Cash dividends	*21*	-	-	-	-	(3,053)	-	-	-	(3,053)	(212)	(3,265)
Distributions paid	*21*	-	-	-	-	(4,569)	-	-	-	(4,569)	-	(4,569)
Reissuance of preferred shares	*21*	-	3,485	-	-	-	-	-	10,400	13,885	-	13,885
Redemption of capital securities	*21*	-	-	(25,183)	-	-	-	(2,286)	-	(27,469)	-	(27,469)
Share issuance cost of a subsidiary		-	-	-	-	(142)	-	-	-	(142)	-	(142)
Reversal of retained earnings appropriation	*21*	-	-	-	(7,000)	7,000	-	-	-	-	-	-
Transactions with owners		-	3,485	(25,183)	(7,000)	(764)	-	(2,286)	10,400	(21,348)	(212)	(21,560)
As of December 31, 2023, as restated		P9,485	P40,985	P37,529	P3	P31,844	(P6,466)	(P14,794)	(P7,600)	P90,986	P8,674	P99,660

Forward

	Note	Capital Stock	Additional Paid-in Capital	Capital Securities	Retained Earnings: Appro-priated	Retained Earnings: Unappro-priated	Equity Reserves: Reserve for Retirement Plan	Equity Reserves: Other Reserves	Treasury Stock	Total	Non-controlling Interests	Total Equity
		Equity Attributable to Equity Holders of the Parent Company										
As of December 31, 2021, as previously reported		P9,485	P37,500	P62,712	P7,003	P23,229	(P5,962)	(P12,379)	(P18,000)	P103,588	P7,325	P110,913
Effect of prior period adjustments	*40*	-	-	-	-	(200)	-	-	-	(200)	28	(172)
As of December 31, 2021, as restated		9,485	37,500	62,712	7,003	23,029	(5,962)	(12,379)	(18,000)	103,388	7,353	110,741
Other comprehensive income (loss):												
Exchange differences on translation of foreign operations, as previously reported		-	-	-	-	-	-	1,875	-	1,875	262	2,137
Effect of prior period adjustments	*40*	-	-	-	-	-	-	(4)	-	(4)	(1)	(5)
Exchange differences on translation of foreign operations, as restated	*40*	-	-	-	-	-	-	1,871	-	1,871	261	2,132
Net income on cash flow hedges - net of tax	*35*	-	-	-	-	-	-	54	-	54	-	54
Equity reserve for retirement plan - net of tax		-	-	-	-	-	(475)	-	-	(475)	5	(470)
Total other comprehensive income (loss), as restated		-	-	-	-	-	(475)	1,925	-	1,450	266	1,716
Net income for the year, as previously reported		-	-	-	-	5,727	-	-	-	5,727	970	6,697
Effect of prior period adjustments	*40*	-	-	-	-	225	-	-	-	225	3	228
Net income for the year, as restated	*40*	-	-	-	-	5,952	-	-	-	5,952	973	6,925
Total comprehensive income (loss) for the year, as restated		-	-	-	-	5,952	(475)	1,925	-	7,402	1,239	8,641
Cash dividends	*21*	-	-	-	-	(1,044)	-	-	-	(1,044)	(179)	(1,223)
Distributions paid	*21*	-	-	-	-	(4,545)	-	-	-	(4,545)	-	(4,545)
Share issuance cost of a subsidiary		-	-	-	-	(13)	-	-	-	(13)	-	(13)
Transactions with owners		-	-	-	-	(5,602)	-	-	-	(5,602)	(179)	(5,781)
As of December 31, 2022, as restated		P9,485	P37,500	P62,712	P7,003	P23,379	(P6,437)	(P10,454)	(P18,000)	P105,188	P8,413	P113,601

See Notes to the Consolidated Financial Statements.

PETRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Million Pesos)

	Note	2024	2023 As restated (Note 40)	2022 As restated (Note 40)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	*40*	**P12,994**	P13,110	P8,405
Adjustments for:				
Interest expense and other financing charges	*26, 37*	**20,961**	19,095	13,094
Depreciation and amortization	*25, 37, 40*	**13,456**	13,292	12,005
Retirement benefits costs	*30*	**270**	257	367
Interest income	*26*	**(1,201)**	(1,284)	(898)
Unrealized foreign exchange losses (gains) - net		**2,043**	(327)	670
Allowance for impairment (net reversal) of receivables and inventories	*7, 8, 40*	**(343)**	29	287
Share in net income of an associate and joint ventures	*13*	**(114)**	(89)	(66)
Gain on lease termination	*26, 40*	**(3,509)**	-	-
Other losses (gains) - net		**592**	154	(775)
Operating income before working capital changes		**45,149**	44,237	33,089
Changes in noncash assets, certain current liabilities and others	*33, 40*	**(11,758)**	(4,986)	(38,582)
Changes in noncash assets and liabilities of new subsidiary	*12*	**-**	-	(3,165)
Cash generated from (used in) operations		**33,391**	39,251	(8,658)
Contribution to retirement fund	*30*	**(1,023)**	(1,015)	(900)
Interest paid		**(19,928)**	(18,264)	(12,086)
Income taxes paid		**(413)**	(948)	(1,001)
Interest received		**1,181**	1,292	840
Net cash flows provided by (used in) operating activities		**13,208**	20,316	(21,805)

Forward

	Note	2024	2023 As restated (Note 40)	2022 As restated (Note 40)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	*9, 40*	**(P9,960)**	(P7,047)	(P6,253)
Proceeds from sale of property and equipment		**12**	49	9
Acquisition of investment property	*11*	**(376)**	(244)	(286)
Proceeds from sale of investment property		**-**	1	12
Dividend received from an associate	*13*	**108**	-	-
Increase in other noncurrent assets		**-**	(9)	(22)
Payment for acquisition of a subsidiary	*12, 40*	**-**	(300)	-
Net cash from consolidation of a new subsidiary	*12*	**-**	-	3,302
Net cash flows used in investing activities		**(10,216)**	(7,550)	(3,238)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans, bonds and advances	*28, 33*	**385,910**	289,660	373,935
Payments of:				
Loans and bonds	*33*	**(377,659)**	(287,868)	(342,654)
Lease liabilities	*29, 33*	**(2,780)**	(2,463)	(2,347)
Cash dividends and distributions	*21, 33*	**(6,723)**	(7,356)	(6,127)
Repurchase of capital securities	*21*	**(3,360)**	(27,469)	-
Issuance/reissuance of preferred shares	*21*	**16,730**	13,885	-
Redemption of preferred shares	*21*	**(13,403)**	-	-
Share issuance cost of a subsidiary		**-**	(142)	(13)
Net cash flows provided by (used in) financing activities		**(1,285)**	(21,753)	22,794
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**1,163**	(677)	3,026
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,870**	(9,664)	777
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**27,519**	37,183	36,406
CASH AND CASH EQUIVALENTS AT END OF YEAR	*5*	**P30,389**	P27,519	P37,183

See Notes to the Consolidated Financial Statements.

PETRON CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Million Pesos, Except Par Value, Number of Shares and Per Share Data, Exchange Rates and Commodity Volumes)

1. Reporting Entity

Petron Corporation (the "Parent Company" or "Petron") was incorporated under the laws of the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 22, 1966. On September 13, 2013, the SEC approved the extension of the Parent Company's corporate term to December 22, 2066. Under its Articles of Incorporation (AOI), the Parent Company has a corporate life of 50 years or for such longer period as may hereafter be authorized by the laws of the Philippines. Pursuant to the Revised Corporation Code of the Philippines, which took effect in February 2019, the Parent Company shall have a perpetual existence because the Parent Company did not elect to retain its specific corporate term under its AOI.

Petron is the only oil refining and the leading marketing company in the Philippines. Petron envisions an energy-secure and prosperous nation where everyone's journey is fueled by opportunities for meaningful experiences and sustainable success.

Petron operates the modern refinery in Bataan, with a rated capacity of 180,000 barrels a day. Petron's refinery processes crude oil into a full range of world-class petroleum products including liquefied petroleum gas (LPG), gasoline, diesel, jet fuel, kerosene, and petrochemicals. From the refinery, Petron moves its products mainly by sea to more than 30 terminals and facilities strategically located across the country. Through this network, Petron supplies fuels to its service stations and various essential industries such as power-generation, transportation, manufacturing, agriculture, etc. Petron also supplies jet fuel at key airports to international and domestic carriers.

With around 1,800 service stations and hundreds of industrial accounts, Petron remains the leader in the Philippine fuel market. Petron retails gasoline and diesel to motorists and public transport operators. Petron also sells its LPG brands "Gasul" and "Fiesta" to households and other industrial consumers through an extensive dealership network. In line with efforts to increase its presence in the regional market, Petron exports various products to Asia-Pacific countries.

Petron sources its fuel additives from its blending facility in Subic Bay. This gives Petron the capability to formulate unique additives suitable for the driving conditions in the Philippines. Petron also has a facility in Mariveles, Bataan where the refinery's propylene production is converted into higher-value polypropylene resin.

Today, Petron is one of the leading oil companies in Malaysia with an integrated business which includes an 88,000 barrel-per-day refinery, 10 product terminals and facilities, and a network of 800 service stations.

The Parent Company is a public company under Section 17.2 of Securities Regulation Code (SRC) and its shares of stock are listed for trading at the Philippine Stock Exchange (PSE). As of December 31, 2024, the Parent Company's public float stood at 26.71%.

The intermediate parent company of Petron is San Miguel Corporation (SMC) while its ultimate parent company is Top Frontier Investment Holdings, Inc. Both companies are incorporated in the Philippines.

As of December 31, 2024, the three (3) principal common shareholders of the Company holding at least 5% of its common stock were SEA Refinery Corporation ("SEA Refinery") (50.10%), PCD Nominee Corporation - Filipino (20.11%), and SMC (18.16%). SEA Refinery is wholly-owned by SMC. SMC thus holds an aggregate 68.26% ownership of the common shares of the Company.

The registered office address of Petron is SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City.

2. Basis of Preparation

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards (IFRS) Accounting Standards issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards consist of PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Financial and Sustainability Reporting Standards Council (FSRSC).

The consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on March 4, 2025.

Basis of Measurement

The consolidated financial statements of the Group have been prepared on the historical cost basis of accounting except for the following which are measured on an alternative basis at each reporting date:

Items	Measurement Bases
Derivative financial instruments	Fair value
Financial assets at fair value through profit or loss (FVPL)	Fair value
Retirement benefits liability	Present value of the defined benefit obligation less fair value of plan assets

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional currency. All financial information presented in Philippine peso is rounded off to the nearest million (P000,000), except when otherwise indicated.

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. These subsidiaries are:

Name of Subsidiary	Percentage of Ownership **2024**	Percentage of Ownership 2023	Country of Incorporation
Overseas Ventures Insurance Corporation Ltd. (Ovincor)	**100.00**	100.00	Bermuda
Petron Freeport Corporation (PFC)	**100.00**	100.00	Philippines
Petron Singapore Trading Pte., Ltd. (PSTPL)	**100.00**	100.00	Singapore
Petron Marketing Corporation (PMC)	**100.00**	100.00	Philippines
New Ventures Realty Corporation (NVRC) and Subsidiaries	**85.55**	85.55	Philippines
Petron Global Limited (PGL)	**100.00**	100.00	British Virgin Islands
Petron Finance (Labuan) Limited (PFL)	**100.00**	100.00	Malaysia
Petron Oil and Gas Mauritius Ltd. (POGM) and Subsidiaries	**100.00**	100.00	Mauritius
Petrochemical Asia (HK) Limited (PAHL) and Subsidiaries	**100.00**	100.00	Hong Kong
Mema Holdings, Inc. (Mema) and Subsidiaries	**100.00**	100.00	Philippines

Ovincor is engaged in the business of non-life insurance and re-insurance.

The primary purpose of PFC and PMC is to, among others, sell on wholesale or retail and operate service stations, retail outlets, restaurants, convenience stores and the like.

PSTPL's principal activities include those relating to the procurement of crude oil, ethanol, catalysts, additives, coal and various petroleum finished products; crude vessel chartering and commodity risk management.

NVRC's primary purpose is to acquire real estate and derive income from its sale or lease. As of December 31, 2024 and 2023, NVRC owns 100% of Las Lucas Construction and Development Corporation (LLCDC), Parkville Estates and Development Corporation (PEDC), South Luzon Prime Holdings, Inc. (SLPHI), Abreco Realty Corporation (ARC) and 60% of Mariveles Landco Corporation (MLC).

PGL is a holding company incorporated in the British Virgin Islands.

POGM is a holding company incorporated under the laws of Mauritius. POGM owns an offshore subsidiary Petron Oil and Gas International Sdn. Bhd. (POGI).

As of December 31, 2024 and 2023, POGI owns 73.4% of Petron Malaysia Refining & Marketing Bhd (PMRMB) and 100% of both Petron Fuel International Sdn Bhd (PFISB) and Petron Oil (M) Sdn Bhd (POMSB), collectively hereinafter referred to as "Petron Malaysia".

Petron Malaysia is involved in the refining and marketing of petroleum products in Malaysia.

PFL is a holding company incorporated under the laws of Labuan, Malaysia.

PAHL is a holding company incorporated in Hong Kong in March 2008. As of December 31, 2024 and 2023, PAHL owns 100% of Robinsons International Holdings Limited (RIHL) which owns 100% of Philippine Polypropylene, Inc. (PPI) and 40% of MLC.

Mema is a holding company acquired by the Parent Company on June 30, 2022. As of December 31, 2024 and 2023, Mema owns 100% of Weldon Offshore Strategic Limited Incorporated which owns 100% of Petrofuel Logistics, Inc. (PLI). PLI provides logistics and freight forwarding services for the hauling, carriage, transportation, forwarding, and/or storage, and into-plane operation requirements mainly of the Group.

Non-controlling interests represent the interests not held by the Parent Company in NVRC and PMRMB in 2024 and 2023.

3. Summary of Material Accounting Policies

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

<u>Adoption of Amended Standards</u>

The FSRSC approved the adoption of a number of amended standards as part of PFRS Accounting Standards.

The Group has adopted the following amendments to PFRS Accounting Standards effective January 1, 2024 and accordingly, changed its accounting policies in the following areas:

- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16, *Leases*). The amendments confirm the following:

  - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale and leaseback transaction.

  - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right-of-use asset it retains.

  A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

- Classification of Liabilities as Current or Noncurrent - 2020 Amendments and Noncurrent Liabilities with Covenants - 2022 Amendments (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead require that the right must have substance and exist at the reporting date;

- clarified that only covenants with which the entity must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

- provided additional disclosure requirements for noncurrent liabilities subject to conditions within 12 months after the reporting period to enable the assessment of the risk that the liability could become repayable within 12 months; and

- clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

▪ Supplier Finance Arrangements (Amendments to PAS 7, *Statement of Cash Flows,* and PFRS 7, *Financial Instruments: Disclosures).* The amendments introduce new disclosure objectives to provide information about the supplier finance arrangements of an entity that would enable users to assess the effects of these arrangements on the liabilities and cash flows, and the exposure to liquidity risk.

  Under the amendments, an entity discloses in aggregate for its supplier finance arrangements:

  - the terms and conditions of the arrangements;

  - beginning and ending carrying amounts and associated line items of the financial liabilities that are part of a supplier finance arrangement, distinguishing those for which suppliers were already paid, and range of payment due dates including those for comparable trade payables not part of a supplier finance arrangement; and

  - the type and effect of non-cash changes in the carrying amounts.

  The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in PFRS 7 on factors an entity might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

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

<u>New and Amended Standards Not Yet Adopted</u>

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2024 and have not been applied in preparing the consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant effect on the consolidated financial statements.

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

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

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

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

  The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the entity uses a presentation currency other than its functional currency.

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

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

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

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

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to new standards:

  - Gain or Loss on Derecognition (Amendments to PFRS 7 Financial Instruments: Disclosure). The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13 Fair Value Measurement.

  - Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7 Financial Instruments: Disclosure). The amendments:

    - clarified that the Guidance on implementing PFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7;

    - made the wordings on the disclosure of deferred difference between fair value and transaction price in paragraph IG14 of PFRS 7 consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts in PFRS 9 Financial Instruments and PFRS 13 Fair Value Measurement; and

    - simplified the wordings on credit risk disclosures in paragraph IG20B that the illustration does not include financial assets that are purchased or originated credit impaired.

  - Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9 Financial Instruments). The amendments:

    - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and

    - replaced the term 'their transaction price (as defined in IFRS 15)' with 'the amount determined by applying IFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

  - Determination of 'De Facto Agent' (Amendments to PFRS 10 Consolidated Financial Statements). The amendments revised the wording on whether a party is a de facto agent when directed by 'those that direct the activities of the investor' to be non-conclusive given this may require judgement.

  - Cost Method (Amendments to PAS 7 Statement of Cash Flows). The amendments replaced the term 'cost method' with 'at cost' given the definition of 'cost method' has previously been removed from PFRS Accounting Standards.

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

- PFRS 17, *Insurance Contracts*, replaces the standard, PFRS 4, *Insurance Contracts*, and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The new standard applies to all insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  PFRS 17 aims to increase transparency and to reduce diversity in the accounting for insurance contracts. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and simplified approach (the premium allocation approach) mainly for short-duration contracts.

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

  On February 14, 2025, the FSRSC further deferred the date of initial application by two years, making PFRS 17 effective for annual reporting periods beginning on or after January 1, 2027, with comparative figures required. Early adoption is permitted. The Insurance Commission issued CL No. 2025-04, aligning with this deferral.

- PFRS 18, *Presentation and Disclosure in Financial Statements*, replaces PAS 1, *Presentation of Financial Statements*. The new standard introduces the following key requirements:

  - Entities are required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, income tax, and discontinued operations. Subtotals and totals are presented in the statement of income for operating profit or loss, profit or loss before financing and income taxes, and profit or loss.

  - Management-defined performance measures are disclosed in a single note to the financial statements.

  - Enhanced guidance is provided on how to group information in the financial statements. Additionally, entities are required to use the operating profit or loss subtotal as the starting point for the statement of cash flows when presenting cash flows from operating activities under the indirect method.

  PFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with retrospective application required. Early adoption is permitted. The Group is still in the process of assessing the impact of the new standard.

Deferral of the local implementation of Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

- The amendments address an inconsistency in the requirements in PFRS 10 and PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  Originally, the amendments apply prospectively for annual reporting periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the FSRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no right to defer the settlement of the liability for at least 12 months after the reporting period.

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

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

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

A financial asset (unless a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as at FVPL, includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The Group classifies its financial assets, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

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

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's cash and cash equivalents, trade and other receivables, noncurrent receivables and deposits, and restricted cash are included under this category.

Financial Assets at FVPL. All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. This includes derivative financial assets that are not designated as cash flow hedge. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVPL.

At initial recognition, the Group may irrevocably designate a financial asset as at FVPL if the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on different bases.

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the consolidated statements of income as incurred. Changes in fair value and realized gains or losses are recognized in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income. Any interest earned from investment in debt instrument designated as at FVPL is recognized in the consolidated statements of income. Any dividend income from investment in equity instrument is recognized in the consolidated statements of income when the right to receive payment has been established, unless the dividend clearly represents a recovery of the part of the cost of the investment.

The Group's derivative assets that are not designated as cash flow hedge and investments in equity instruments at FVPL are classified under this category.

Financial Liabilities
The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Financial Liabilities at FVPL. Financial liabilities are classified under this category through the fair value option. Derivative instruments (including embedded derivatives) with negative fair values, except those covered by hedge accounting relationships, are also classified under this category.

The Group carries financial liabilities at FVPL using their fair values and reports fair value changes in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective accounting hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest expense incurred is recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income.

The Group's derivative liabilities that are not designated as cash flow hedge are classified under this category.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Interest expense and other financing charges" account in the consolidated statements of income. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the consolidated statements of income.

The Group's liabilities arising from its trade transactions or borrowings such as loans payable, accounts payable and accrued expenses, long-term debt, lease liabilities and other noncurrent liabilities are included under this category.

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

- the rights to receive cash flows from the asset have expired; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group is required to repay.

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

Impairment of Financial Assets

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

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

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

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

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

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

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

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

- deliver cash or another financial asset to another entity;

- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Derivative Financial Instruments and Hedge Accounting

The Group uses derivative financial instruments, such as forwards, swaps and options to manage its exposure on foreign currency, interest rate and commodity price risks. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized in the consolidated statements of income.

Freestanding Derivatives

The Group designates certain derivatives as hedging instruments to hedge the exposure to variability in cash flows associated with recognized liabilities arising from changes in foreign exchange rates and interest rates.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedging instrument are expected to offset the changes in cash flows of the hedged item.

Cash Flow Hedge. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the “Hedging reserve” account in the consolidated statements of changes in equity. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the consolidated statements of income.

The Group designates only the intrinsic value of options and the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the time value of options, the forward element of forward contracts and the foreign currency basis spread of financial instruments are separately accounted for as cost of hedging and recognized in other comprehensive income. The cost of hedging is removed from other comprehensive income and recognized in the consolidated statements of income, either over the period of the hedge if the hedge is time related, or when the hedged transaction affects the consolidated statements of income if the hedge is transaction related.

When the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is transferred and included in the initial cost of the hedged asset or liability. For all other hedged transactions, the amount accumulated in equity is reclassified to the consolidated statements of income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the consolidated statements of income.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument expires, is sold, is terminated or is exercised, hedge accounting is discontinued prospectively. The amount that has been accumulated in equity is: (a) retained until it is included in the cost of non-financial item on initial recognition, for a hedge of a transaction resulting in the recognition of a non-financial item; or (b) reclassified to the consolidated statements of income as a reclassification adjustment in the same period or periods as the hedged cash flows affect the consolidated statements of income, for other cash flow hedges. If the hedged future cash flows are no longer expected to occur, the amounts that have been accumulated in equity are immediately reclassified to the consolidated statements of income.

The Group has no outstanding derivatives accounted for as cash flow hedge as at December 31, 2024 and 2023 (Note 35).

Inventories

Inventories are carried at the lower of cost and net realizable value (NRV). For petroleum products and crude oil, the NRV is the estimated selling price in the ordinary course of business, less the estimated costs to complete and/or market and distribute.

For financial reporting purposes, the Group uses the first-in, first-out method in costing petroleum products and crude oil. Cost is determined using the moving-average method in costing lubes and greases, blending components, polypropylene, materials and supplies inventories. For income tax reporting purposes, cost of all inventories is determined using the moving-average method.

For financial reporting purposes, duties and taxes related to the acquisition of inventories are capitalized as part of inventory cost. For income tax reporting purposes, such duties and taxes are treated as deductible expenses in the year these charges are incurred.

Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of “Selling and administrative expenses” account in the consolidated statements of income.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the consolidated statements of income.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of income. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statements of income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statements of income.

- *Goodwill in a Business Combination*
  Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units.

  Each unit or group of units to which the goodwill is allocated:

  - represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

  - is not larger than an operating segment determined in accordance with PFRS 8, *Operating Segments.*

  Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. An impairment loss with respect to goodwill is not reversed.

Investments in Shares of Stock of Associates and Joint Ventures
The Group's investments in shares of stock of associates and joint ventures are accounted for using the equity method.

The Group's 25.06% interest in Petrogen, accounted for as an investment in an associate, 33.33% joint venture interest in Pandacan Depot Services, Inc. (PDSI) and 50.00% joint venture interest in Terminal Bersama Sdn Bhd (TBSB), included under "Investment in shares of stock of an associate and joint ventures" account in the consolidated statements of financial position, are accounted for under the equity method of accounting. The investment in associate and interest in joint ventures are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Group's share in net income (loss) of the joint ventures, less any impairment in value. The consolidated statements of income reflect the Group's share in the results of operations of associate and joint ventures are presented as part of "Share in net income of associate and joint ventures" account. As of December 31, 2024 and 2023, the Group has capital commitments amounting to P1.6 and P1.4 for TBSB, respectively. The Group has no contingent liabilities in relation to its interest in these associate and joint ventures.

Property, Plant and Equipment
Property, plant and equipment, except for land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less impairment in value, if any.

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

Capital projects in progress (CPIP) represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. CPIP is not depreciated until such time that the relevant assets are ready for use.

For financial reporting purposes, depreciation for property, plant and equipment other than those assets used in production such as refinery and plant equipment, which commences when the assets are available for its intended use, are computed using the straight-line method. Depreciation of refinery and plant equipment used in production is computed based on the unit of production method (UPM) which considers the expected capacity over the estimated useful lives of these assets. UPM closely reflects the expected pattern of consumption of the future economic benefits embodied in these assets.

The estimated useful lives of the assets are as follows:

	Number of Years
Buildings and improvements and related facilities	7 - 50
Refinery and plant equipment	4 - 30
Service stations and other equipment	3 - 30
LPG cylinders	12-15
Computers, office and motor equipment	2 - 15
Land and leasehold improvements	2 - 12 or the term of the lease, whichever is shorter

For financial reporting purposes, duties and taxes related to the acquisition of property, plant and equipment are capitalized. For income tax reporting purposes, such duties and taxes are treated as deductible expenses in the year these charges are incurred.

In 2024, the Parent Company changed the depreciation method for tax reporting purposes from double-declining balance method to UPM method for production-related assets and straight-line method for all other depreciable assets to align with financial reporting. The alignment of depreciation method aims to simplify the accounting and reporting of depreciation and to eliminate possible discrepancies arising from the use of different methodologies for financial reporting and taxation.

The remaining useful lives, residual values, and depreciation methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

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

Fully depreciated assets are retained in the accounts until they are no longer in use.

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

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

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

- the Group has the right to direct the use of the identified asset.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognized in the consolidated statements of income if the carrying amount of the right-of-use asset has been reduced to zero.

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

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease

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

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

When the Group is an intermediate lessor, it accounts for the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the recognition exemption, it classifies the sublease as an operating lease.

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

The Group identified the use of loaned equipment related to the sale of goods to be accounted for under PFRS 16. The Group provides equipment such as pumps, tanks, signage and other ancillary equipment necessary for the operation of the business. These are loaned to the customers for the duration of the contract for the sole purpose of storing, handling and selling products and shall, at all times, remain the property of Petron. The Group allocates portion of the revenue to the use of loaned equipment and presented as part of “Sales” in the consolidated statements of income based on adjusted market assessment approach. Lease revenue from the use of loaned equipment is contingent to, and recognized at the same time as, the sale of goods.

The Group recognizes lease payments received under operating leases as rent income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as rent income. Contingent rents are recognized as income in the period in which they are earned.

Investment Property
Investment property consists of property held to earn rentals and/or for capital appreciation but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property, except for land, is measured at cost including transaction costs less accumulated depreciation and any accumulated impairment in value. Cost also includes any related asset retirement obligation (ARO), if any. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Land is stated at cost less any impairment in value.

CPIP represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. CPIP is not depreciated until such time that the relevant assets are ready for use.

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

	Number of Years
Buildings and improvements	7 - 50
Land and leasehold improvements	10 -12 or the term of the lease, whichever is shorter

The useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognized in the consolidated statements of income in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is an actual change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is an actual change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are recognized in the consolidated statements of income in the year in which the related expenditures are incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and amortization method used for an intangible asset with a finite useful life are reviewed at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income consistent with the function of the intangible asset.

Amortization is computed using the straight-line method over the following estimated useful lives of the other intangible assets with finite lives:

	Number of Years
Software	5 - 7
Franchise fee	3 - 10
Other intangibles	3 - 16

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statements of income when the asset is derecognized.

As of December 31, 2024 and 2023, the Group has existing and pending trademark registration for its products for a term of 10 years and renewable every 10 years. It has copyrights for its 7-kg LPG container, Gasulito with stylized letter "P" and two flames, Powerburn 2T, Petron New Logo (22 styles), Philippine Card Designs and Malaysian Card Designs, and Petron font. Copyrights endure during the lifetime of the creator and for another 50 years after creator's death. It also has registered industrial designs for its certain lubricant and oil bottles and containers, 2.7kg LPG cylinders, gas cylinder and gas cylinder valve.

The amount of intangible assets is included as part of "Other noncurrent assets - net" in the consolidated statements of financial position.

Expenses incurred for research and development of internal projects and internally developed patents and copyrights are expensed as incurred and are part of "Selling and administrative expenses" account in the consolidated statements of income.

<u>Impairment of Nonfinancial Assets</u>

The carrying amounts of property, plant and equipment, right-of-use assets, investment property, intangible assets with finite useful lives, investment in shares of stock of an associate and interest in joint ventures are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill, licenses and trademarks and brand names with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

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 and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income. After such a reversal, the depreciation and amortization charge 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. An impairment loss with respect to goodwill is not reversed.

<u>Cylinder Deposits</u>
The Group acquires LPG cylinders which are loaned to dealers upon payment by the latter of an amount approximate to the acquisition cost of the cylinders.

The Group maintains the balance of cylinder deposits at an amount equivalent to the deposit value of the cumulative LPG cylinders held by dealers, contractors, terminals and those estimated to be in circulation.

At the end of each reporting date, cylinder deposits, shown under "Trade and other payables" account in the consolidated statements of financial position, are adjusted for estimated non-returns. The adjustments are recognized directly in the consolidated statements of income.

<u>Fair Value Measurements</u>
The Group measures financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic best interest.

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3: inputs for the asset or liability that are not based on observable market data.

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

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

Provisions

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

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

The Group recognizes provisions arising from legal and/or constructive obligations associated with the cost of dismantling and removing an item of property, plant and equipment and restoring the site where it is located, the obligation for which the Group incurs either when the asset is acquired or as a consequence of using the asset during a particular year for purposes other than to produce inventories during the year.

Capital Stock

Common Shares. Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preferred Shares. Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the option of the Parent Company, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Parent Company.

Preferred shares are classified as a liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the consolidated statements of income as accrued.

Additional Paid-in Capital
When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Capital Securities
Senior Perpetual Capital Securities (SPCS) and *Redeemable Perpetual Securities (RPS)* are classified as equity instruments in the consolidated financial statements since these securities are perpetual securities in respect of which there is no fixed redemption date and the redemption is at the option of the Parent Company. Also, the Parent Company has the sole and absolute discretion to defer payment of any or all of the distribution (Note 21).

Incremental costs directly attributable to the issuance of capital securities are recognized as a deduction from equity, net of tax. The proceeds received net of any directly attributable transaction costs are credited to capital securities.

Retained Earnings
Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments. Appropriated retained earnings represent that portion which is restricted and therefore not available for any dividend declaration.

Equity Reserve
The equity reserve includes the effect of transactions with non-controlling interests and equity adjustments.

Translation Reserve
The translation reserve comprises of all foreign currency differences arising from the translation of the financial statements of foreign operations.

Reserve for Retirement Plan
The reserve for retirement plan represents re-measurements of net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest).

Hedging Reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

The hedging reserve also includes cost of hedging which reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts, time value of options and foreign currency basis spread which are initially recorded in other comprehensive income.

Treasury Stock
Own equity instruments which are reacquired are carried at cost and deducted from equity. No gain or loss is recognized on the purchase, sale, reissuance or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue
The Group recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has concluded that it acts as a principal as it controls the goods or services before transferring to the customer.

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

Sale of Goods. Revenue is recognized at the point in time when control of petroleum and related products is transferred to the customer, which is normally upon delivery of the goods. The Group provides trade discounts and volume rebates to certain customers based on the level of their purchases which may be applied against the amount of their existing or future payables to the Group. Trade discounts and volume rebates do not result to significant variable consideration and are generally determined based on concluded sales transactions as at the end of each month. The general payment terms with customers are combination of prepayments and credit terms on an average of 45 days from invoice date.

The Group identified several performance obligations related to the sale of goods and accounted for them separately:

- *Provisions of Technical Support.* The Group provides technical information, assistance and advice relating to the uses, handling and disposition of the products, loaned equipment and the machinery and equipment necessary or appropriate for the customers' needs. Revenue is recognized over time upon rendering of services to the customer. The Group allocates portion of the revenue to the technical support based on expected cost plus a margin approach.

- *Consumer Loyalty Program.* The Group has Consumer Loyalty Programs which allows customers to accumulate points when they purchase products at participating service stations. These points can be redeemed for Group's products, rewards, discounts and other privileges from partner merchants. Revenue is allocated between the goods sold and the points issued that are expected to be redeemed. This allocation is based on the relative stand-alone selling price of the points. A deferred liability account is set up for these points. The liability will be reversed when the Group has fulfilled its obligations to supply the discounted products under the terms of the program or when it is no longer probable that the points under the program will be redeemed. The deferred liability is based on the best estimate of future redemption profile. All the estimates are reviewed on an annual basis or more frequently, where there is indication of a material change.

Service Income. Revenue is recognized over time when the performance of contractually agreed task has been rendered and control over the services has been transferred to the customer. General payment terms is on an average of 45 days from invoice date.

Other sources of revenue are as follows:

Interest Income. Interest income is recognized using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

Dividend Income. Dividend income is recognized when the Group’s right to receive the payment is established.

Rent Income. Rent income from operating leases (net of any incentives given to the lessees), other than from the use of loaned equipment, is recognized on a straight-line basis over the lease terms. Lease incentives granted are recognized as an integral part of the total rent income over the term of the lease.

Other Income. Other income is recognized when there is incidental economic benefit, other than the usual business operations, that will flow to the Group and that can be measured reliably.

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

<u>Borrowing Costs</u>
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Employee Benefits

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

Retirement Benefits Costs and Other Employee Benefit Costs. Petron has a tax qualified and funded defined benefit pension plan covering all permanent, regular, full-time employees administered by trustee banks. Some of its subsidiaries have separate unfunded, noncontributory, retirement plans.

The net defined benefit retirement liability or asset is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of economic benefits available in the form of reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning projected salaries of employees. Actuarial gains and losses are recognized in full in the period in which they occur in OCI. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

Defined benefit costs comprise the following:

- Service costs;
- Net interest on the defined benefit retirement liability or asset;
- Remeasurements of defined benefit retirement liability or asset; and
- Settlement gain or loss, if any.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statements of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit retirement liability or asset is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the net defined benefit retirement liability or asset. Net interest on the net defined benefit retirement liability or asset is recognized as expense or income in the consolidated statements of income.

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

Settlement gain or loss pertains to the difference between the present value of the defined benefit obligation being settled, as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement. Any gain or loss on settlement is recognized as income or expense in the consolidated statements of income.

The Group also provides other benefits to its employees as follows:

Corporate Performance Incentive Program. The Group has a corporate performance incentive program that aims to provide financial incentives for the employees, contingent on the achievement of the Group’s annual business goals and objectives. The Group recognizes achievement of its business goals through key performance indicators (KPIs) which are used to evaluate performance of the organization. The Group recognizes the related expense when the KPIs are met, that is when the Group is contractually obliged to pay the benefits.

Savings Plan. The Group established a Savings Plan wherein eligible employees may apply for membership and have the option to contribute 5% to 15% of their monthly base pay. The Group, in turn, contributes an amount equivalent to 50% of the employee-member’s contribution. However, the Group’s 50% share applies only to a maximum of 10% of the employee-member’s contribution. The Savings Plan aims to supplement benefits upon employees’ retirement and to encourage employee-members to save a portion of their earnings. The Group accounts for this benefit as a defined contribution pension plan and recognizes a liability and an expense for this plan as the expenses for its contribution fall due. The Group has no legal or constructive obligations to pay further contributions after payments of the equivalent employer-share. The accumulated savings of the employees plus the Group’s share, including earnings, will be paid in the event of the employee’s: (a) retirement, (b) resignation after completing at least five years of continuous services, (c) death, or (d) involuntary separation not for cause.

Land/Home Ownership Plan. The Group established the Land/Home Ownership Plan, an integral part of the Savings Plan, to extend a one-time financial assistance to Savings Plan members in securing housing loans for residential purposes.

<u>Foreign Currency</u>

Foreign Currency Translations. Transactions in foreign currencies are initially recorded in the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and monetary liabilities denominated in foreign currencies are translated to the functional currency at exchange rate at the reporting date.

Non-monetary assets and non-monetary liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate when fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in the consolidated statements of income, except for differences arising on the translation of financial assets at FVOCI, a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognized in OCI.

Foreign Operations. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Philippine peso at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Philippine peso at average exchange rates for the period.

Foreign currency differences are recognized in OCI and presented in the "Other reserves" account in the consolidated statements of changes in equity. However, if the operation is not a wholly-owned subsidiary, the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated statements of income as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in share of stock of an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in OCI, and presented in the "Other reserves" account in the consolidated statements of changes in equity.

<u>Taxes</u>

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

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

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit taxable profit or loss; and

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

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where 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 profit nor taxable profit or loss; and

- with respect to deductible temporary differences associated with investments in shares of stock of 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 profit will be available against which the temporary differences can be utilized.

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

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

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

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

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

Value-added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of “Other current assets” or “Trade and other payables” accounts in the consolidated statements of financial position.

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

Operating Segments
The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 37 to the consolidated financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

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

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

4. Use of Judgments, Estimates and Assumptions

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

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

Judgments
In the process of applying the Group'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:

Determining Functional Currency. The Parent Company has determined that its functional currency is the Philippine peso. It is the currency of the primary economic environment in which the Parent Company operates. It is the currency that mainly influences the sales price of goods and services and the costs of providing these goods and services.

Identification of Distinct Performance Obligation. The Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. The Group has determined that it has distinct performance obligations other than the sale of petroleum products such as the provision of technical support and consumer loyalty program and allocates the transaction price into these several performance obligations.

Determining the Incremental Borrowing Rate. The Group cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific judgement estimates.

Determining the Lease Term of Contracts with Renewal Options - Group as Lessee. The Group determines the lease term as the noncancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. At lease commencement date, the Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew the lease by considering all relevant factors that create an economic incentive for it to exercise the renewal option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.

Determining Whether the Group is acting as a Principal or Agent in a Revenue Transaction. The determination whether the Group is a principal or agent in a contract is made by identifying each specified goods or services promised to the customers in the contract and evaluating whether the Group obtains control of the specified goods and services before it is transferred to the customer.

For the sale of petroleum products to dealers, the Group transfers the control of the goods upon delivery, hence, the Group has determined that it is acting as principal in the sales transactions with dealers. The dealers are likewise acting as principal in the sales transactions to end consumers on the basis of the following: (a) the dealers have the primary responsibility to provide specified goods to the end consumers; (b) the dealers bear inventory risk before the goods are transferred to end consumers; and (c) the dealers have discretion to establish prices for specified goods.

For the Group’s consumer loyalty program, the Group has determined that it is acting as principal with respect to the loyalty points and the delivery of goods and services to be delivered in exchange for the points. The Group has discretion to establish value of points in the consumer loyalty program and the points issued by the Group can be redeemed for goods and services provided by the Group or by partner merchants at the discretion of the customer.

For the Group's fleet card transactions, the Group has likewise determined that it is acting as principal in the sales transactions with the customers since the Group has the primary responsibility for providing goods purchased through fleet cards and the Group has discretion to establish prices for specified goods in a fleet card transaction.

Determining Impairment Indicators of Other Non-financial Assets. PFRS Accounting Standards require that an impairment review be performed on property, plant and equipment, investment in shares of stock of an associate and interest in joint ventures, investment property, right-of-use assets and intangible assets when events or changes in circumstances indicate that the carrying value may not be recoverable. Determining the recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of recoverable amounts are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on financial performance.

Taxes. Significant judgment is required in determining current and deferred tax expense. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax expenses in the year in which such determination is made.

In the determination of the Group's current taxable income, entities within the Group has an option to either apply the optional standard deduction (OSD) or continue to claim itemized standard deduction. Entities within the Group, at each taxable year from the effectivity of the law, may decide which option to apply; once an option to use OSD is made, it shall be irrevocable for that particular taxable year. For 2024, 2023 and 2022, majority of the entities within the Group opted to continue claiming itemized standard deductions except for certain subsidiaries of NVRC such as LLCDC, MLC, SLPHI, ARC and PEDC, as they opted to apply OSD (Note 27).

Contingencies. The Group is currently involved in various pending claims and lawsuits which could be decided in favor of or against the Group. The Group's estimate of the probable costs for the resolution of these pending claims and lawsuits has been developed in consultation with in-house as well as outside legal counsel handling the prosecution and defense of these matters and is based on an analysis of potential results. The Group currently does not believe that these pending claims and lawsuits will have a material adverse effect on its financial position and financial performance. It is possible, however, that future financial performance could be materially affected by the changes in the estimates or in the effectiveness of strategies relating to these proceedings.

Estimates and Assumptions

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

Assessment for ECL on Trade and Other Receivables. The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade and other receivables. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience. The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate.

The Group has assessed that the forward-looking default rate component of its ECL on trade and other receivables is not material because substantial amount of receivables are normally collected within one year. Moreover, based on Management's assessment, current conditions and forward-looking information does not indicate a significant increase in credit risk exposure of the Group from its trade receivables.

Net reversal of impairment on trade and other receivables amounted to P9, P14 and P8 in 2024, 2023 and 2022, respectively (Notes 7 and 23). Receivables written-off amounted to P2 in 2024, P7 in 2023 and P97 in 2022 (Note 7).

The carrying amount of trade and other receivables amounted to P82,762 and P86,479 as of December 31, 2024 and 2023, respectively (Note 7).

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

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

- Actual or expected external and internal credit rating downgrade;

- Existing or forecasted adverse changes in business, financial or economic conditions; and

- Actual or expected significant adverse changes in the operating results of the borrower.

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

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks, the Government of the Philippines and companies with good credit standing and relatively low risk of defaults. Accordingly, no additional provision for ECL on other financial assets at amortized cost was recognized in 2024 and 2023. The carrying amounts of other financial assets at amortized cost are as follows:

	Note	**2024**	2023
Cash in banks and cash equivalents	*5*	**P28,177**	P24,373
Noncurrent deposits	*14*	**141**	124
		P28,318	P24,497

Net Realizable Values of Inventories. In determining the NRV of inventories, management takes into account the most reliable evidence available at the time the estimates are made. Future realization of the carrying amount of inventories of P90,570 and P77,318 as of the end of 2024 and 2023, respectively (Note 8), is affected by price changes in different market segments for crude and petroleum products. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next financial year.

The Group recognized loss on inventory write-down amounting to P107 in 2024, P363 in 2023 and P356 in 2022 (Note 8).

Allowance for Inventory Obsolescence. The allowance for inventory obsolescence consists of collective and specific valuation allowance. A collective valuation allowance is established as a certain percentage based on the age and movement of stocks. In case there is write-off or disposal of slow-moving items during the year, a reduction in the allowance for inventory obsolescence is made. Review of allowance is done every quarter, while a revised set-up or booking is posted at the end of the year based on evaluations or recommendations of the proponents. The amount and timing of recorded expenses for any year would therefore differ based on the judgments or estimates made.

In 2024, 2023 and 2022, the Group increased/(reduced) the allowance for inventory obsolescence amounting to (P76), P43 and P73, respectively (Note 8).

Fair Value Measurements. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Note 35.

Estimated Useful Lives of Property, Plant and Equipment, Right-of-Use Asset, Investment Property and Intangible Assets with Finite Useful Lives. The Group estimates the useful lives of property, plant and equipment, right-of-use asset, investment property and intangible assets with finite useful lives based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, right-of-use asset, investment property, intangible assets with finite useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property, plant and equipment, right-of-use asset, investment property, intangible assets with finite useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment, right-of-use asset, investment property, intangible assets with finite useful lives would increase recorded cost of goods sold and selling and administrative expenses and decrease noncurrent assets.

There is no change in estimated useful lives of property, plant and equipment, right-of-use asset, investment property and intangible assets with finite useful lives based on management’s review at the reporting date.

Property, plant and equipment, net of accumulated depreciation, amounted to P169,302 and P167,987 as of December 31, 2024 and 2023, respectively. Accumulated depreciation of property, plant and equipment, amounted to P134,309 and P124,531 as of December 31, 2024 and 2023, respectively (Note 9).

Right-of-use assets, net of accumulated depreciation, amounted to P2,925 and P5,286 as of December 31, 2024 and 2023, respectively. Accumulated depreciation of right-of-use asset amounted to P1,679 and P2,628 as of December 31, 2024 and 2023, respectively (Note 10).

Investment property, net of accumulated depreciation, amounted to P28,243 and P27,194 as of December 31, 2024 and 2023, respectively. Accumulated depreciation of investment property amounted to P24,657 and P21,184 as of December 31, 2024 and 2023, respectively (Note 11).

Intangible assets with finite useful lives, net of accumulated amortization, amounted to P68 and P101 as of December 31, 2024 and 2023, respectively (Note 14). Accumulated amortization of intangible assets with finite useful lives amounted to P861 and P780 as of December 31, 2024 and 2023, respectively.

Fair Value of Investment Property. The fair value of investment property presented for disclosure purposes is based on market values, being the estimated amount for which the property can be sold or based on a most recent sale transaction of a similar property within the same vicinity where the investment property is located.

In the absence of current prices in an active market, the valuations are prepared by considering: (a) the aggregate estimated future cash flows expected to be received from leasing out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation; or (b) the depreciated replacement cost of the asset, which estimates the current replacement cost of new assets and adjusted for obsolescence, including physical, functional and economic obsolescence.

Estimated fair values of investment property amounted to P66,809 and P55,065 as of December 31, 2024 and 2023, respectively (Note 11).

Impairment of Goodwill. The Group determines whether goodwill is impaired at least annually. This requires the estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate to calculate the present value of those cash flows.

The recoverable amount of goodwill arising from the acquisition of Petron Malaysia has been determined based on the value in use using discounted cash flows (DCF). Assumptions used in the DCF include terminal growth rate of 3% in 2024 and 2023, respectively, and discount rates of 7.7% and 8.4% in 2024 and 2023, respectively (Note 12).

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

No impairment losses were recognized in 2024, 2023 and 2022 in relation to the goodwill arising from the acquisition of Petron Malaysia which accounts for almost 99% of goodwill in the consolidated statements of financial position as of December 31, 2024 and 2023.

Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group’s assessment on the recognition of deferred tax assets on deductible temporary differences and carry forward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets amounted to P560 and P1,114 as of December 31, 2024 and 2023, respectively (Note 27).

Present Value of Defined Benefit Retirement Obligation. The present value of defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are described in Note 30 to the consolidated financial statements and include discount rate and salary increase rate.

The Group determines the appropriate discount rate at the end of each year. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement liabilities. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement benefits liability.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

While it is believed that the assumptions of the Group are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's retirement benefits liability.

Retirement benefits costs recognized in the consolidated statements of income amounted to P417, P454 and P519 in 2024, 2023 and 2022, respectively. Remeasurement losses of the net defined retirement obligation recognized in OCI amounted to P1,655, P38 and P626 in 2024, 2022 and 2022, respectively. The retirement benefits liability amounted to P3,785 and P2,684 as of December 31, 2024 and 2023, respectively (Notes 17 and 30).

Asset Retirement Obligation (ARO). The Group has ARO arising from the refinery, leased service stations, terminals and blending plant. Determining ARO requires estimation of the costs of dismantling, installing and restoring leased properties to their original condition. The Group determined the amount of ARO based on the dismantling costs as estimated by the operating unit responsible for the asset, discounted at the Group's current credit-adjusted risk-free rate ranging from 3.24% to 7.18% depending on the life of the capitalized costs. The Group also conducts periodic review of the estimates of dismantling costs to consider actual expenses incurred during the actual retirement of assets and uses this as input in determining future liability. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

The ARO amounted to P1,379 and P3,658 as of December 31, 2024 and 2023, respectively (Notes 17 and 19).

5. Cash and Cash Equivalents

This account consists of:

	Note	**2024**	2023
Cash on hand		**P2,212**	P3,146
Cash in banks		**9,410**	7,899
Short-term placements		**18,767**	16,474
	34, 35	**P30,389**	P27,519

Cash in banks earn annual interest at the respective bank deposit rates. Short-term placements include demand deposits which can be withdrawn at any time depending on the immediate cash requirements of the Group and earn annual interest at the respective short-term placement rates ranging from 1.00% to 6.00% in 2024, 1.00% to 6.94% in 2023, and 0.05% to 6.32% in 2022 (Note 26).

6. Financial Assets at Fair Value

This account consists of:

	Note	**2024**	2023
Derivative assets not designated as cash flow hedge		**P1,044**	P1,162
Proprietary membership shares		**458**	389
	34, 35	**1,502**	1,551
Less: noncurrent portion	*14*	**458**	389
		P1,044	P1,162

The fair values presented have been determined directly by reference to published market prices, except for derivative assets which are based on inputs other than quoted prices that are observable (Note 35).

The noncurrent portion pertaining to proprietary membership shares which are not expected to be realized in the next 12 months, is included in "Other noncurrent assets - net" account in the consolidated statements of financial position (Note 14).

Changes in fair value of assets at FVPL recognized in the consolidated statements of income in 2024, 2023, and 2022 amounted to P70, P37, and P54, respectively (Note 26).

7. Trade and Other Receivables

This account consists of:

	Note	**2024**	2023
Trade	*34*	**P57,652**	P55,659
Related parties - trade	*28, 34*	**3,782**	3,646
Allowance for impairment loss on trade receivables		**(690)**	(702)
		60,744	58,603
Government		**19,968**	24,351
Related parties - non-trade	*28*	**1,049**	995
Others		**1,205**	2,730
Allowance for impairment loss on non-trade receivables		**(204)**	(200)
		22,018	27,876
	34, 35	**P82,762**	P86,479

Trade receivables are non-interest bearing and are generally on a 45-day average term. Penalties are charged when the account becomes overdue.

Government receivables pertain to duty drawback, VAT and specific tax claims as well as subsidy receivables from the Government of Malaysia under the Automatic Pricing Mechanism. The filing and the collection of claims is a continuous process and is closely monitored.

Related parties - non-trade consists of advances made by the Parent Company to Petron Corporation Employee Retirement Plan (PCERP) and other receivables from SMC and its subsidiaries.

Others mainly consist of receivables from various non-trade customers and counterparties for matured hedging transactions.

A reconciliation of the allowance for impairment losses at the beginning and end of 2024 and 2023 is shown below:

	Note	**2024**	2023
Balance at beginning of year		**P1,211**	P1,251
Additions	*23*	**8**	17
Write off	*4*	**(2)**	(7)
Reversal		**(17)**	(31)
Currency translation adjustment		**27**	(19)
Balance at end of year		**1,227**	1,211
Less noncurrent portion for long-term receivables	*34*	**333**	309
		P894	P902

The Group computes impairment loss on trade and other receivables based on past collection experiences, current circumstances and the impact of future economic conditions, if any, available at the reporting period. Loss rates are based on actual credit loss experience over the past three years. Economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of the impact of future economic conditions, if any, over the expected lives of the trade and other receivables are also considered.

The following table provides information about the exposure to credit risk and ECL of trade and other receivables as of December 31, 2024 and 2023:

	Weighted Average Loss Rate	**Gross Carrying Amount**	**ECL**
December 31, 2024			
Retail	**1.03%**	**P9,123**	**P94**
Lubes	**0.05%**	**2,063**	**1**
Gasul	**4.05%**	**1,557**	**63**
Industrial	**0.90%**	**24,437**	**221**
Others	**1.11%**	**46,476**	**515**
		P83,656	**P894**

	Weighted Average Loss Rate	Gross Carrying Amount	ECL
December 31, 2023			
Retail	1.07%	P7,866	P84
Lubes	0.07%	1,499	1
Gasul	3.67%	1,442	53
Industrial	1.10%	23,106	254
Others	0.95%	53,468	510
		P87,381	P902

8. Inventories

This account consists of:

	2024	2023
Crude oil and others	**P46,757**	P30,862
Petroleum	**34,947**	36,997
Materials and supplies	**5,295**	5,061
Lubes, greases and aftermarket specialties	**3,571**	4,398
	P90,570	P77,318

The cost of these inventories amounted to P91,288 and P78,363 as of December 31, 2024 and 2023, respectively.

If the Group had used the moving-average method (instead of the first-in, first-out method, which is the Group's policy), the cost of petroleum, crude oil and other products would have increased by P167 and P1,522 as of December 31, 2024 and 2023, respectively.

Inventories (including distribution or transshipment costs) charged to cost of goods sold amounted to P798,698, P731,648, and P803,977 in 2024, 2023, and 2022, respectively (Note 22).

Research and development costs on these products constituted the expenses incurred for internal projects in 2024, 2023 and 2022 (Note 23).

The movements in allowance for write-down of inventories to NRV and inventory obsolescence at the beginning and end of 2024 and 2023 are as follows:

	Note	**2024**	2023
Balance at beginning of year		**P1,045**	P999
Additions/reductions:			
Inventory obsolescence	*4*	**(76)**	43
Inventory write-down	*4*	**107**	363
Reversals		**(363)**	(356)
Translation adjustment		**5**	(4)
Balance at end of year		**P718**	P1,045

The losses and reversals are included as part of "Cost of goods sold" account in the consolidated statements of income. Reversal of write-down corresponds to inventories sold during the year (Note 22).

9. Property, Plant and Equipment

The movements and balances of property, plant and equipment as of and for the years ended December 31 follow:

	Note	Buildings and Improvements and Related Facilities	Refinery and Plant Equipment	Service Stations and Other Equipment	Computers, Office and Motor Equipment	Land and Leasehold Improvements	CPIP	Total
Cost								
January 1, 2023, as previously reported		P27,116	P212,844	P20,478	P7,199	P4,472	P13,630	P285,739
Effect of prior period adjustment	*40*	-	-	2,165	-	-	-	2,165
January 1, 2023, as restated		27,116	212,844	22,643	7,199	4,472	13,630	287,904
Additions, as restated	*40*	295	1,179	1,325	2,027	167	2,471	7,464
Disposals/reclassifications, as restated	*40*	429	10,145	(682)	13	168	(11,110)	(1,037)
Reclassification to/from investment property	*11*	232	-	-	-	31	104	367
Currency translation adjustment, as restated	*40*	(104)	(1,278)	(527)	(136)	(97)	(38)	(2,180)
December 31, 2023, as restated		27,968	222,890	22,759	9,103	4,741	5,057	292,518
Additions	*39*	264	970	1,783	928	151	6,064	10,160
Disposals/reclassifications		619	3,307	(1,337)	(41)	137	(4,286)	(1,601)
Reclassification to/from investment property	*11*	(220)	-	-	-	(800)	108	(912)
Currency translation adjustment		331	1,963	725	197	150	80	3,446
December 31, 2024		**28,962**	**229,130**	**23,930**	**10,187**	**4,379**	**7,023**	**303,611**
Accumulated Depreciation								
January 1, 2023, as previously reported		15,871	77,063	15,550	5,730	1,372	-	115,586
Effect of prior period adjustment	*40*	-	-	748	-	-	-	748
January 1, 2023, as restated		15,871	77,063	16,298	5,730	1,372	-	116,334
Depreciation, as restated	*40*	996	7,628	1,212	306	105	-	10,247
Disposals/reclassifications, as restated	*40*	(85)	30	(809)	(15)	-	-	(879)
Reclassification to/from investment property	*11*	(170)	-	-	-	61	-	(109)
Currency translation adjustment, as restated	*40*	(63)	(553)	(347)	(99)	-	-	(1,062)
December 31, 2023, as restated		16,549	84,168	16,354	5,922	1,538	-	124,531
Depreciation		970	7,926	1,028	412	120	-	10,456
Disposals/reclassifications		(241)	(34)	(1,395)	(54)	1	-	(1,723)
Reclassification to/from investment property	*11*	137	-	-	-	(774)	-	(637)
Currency translation adjustment		210	920	397	154	1	-	1,682
December 31, 2024		**17,625**	**92,980**	**16,384**	**6,434**	**886**	**-**	134,309
Carrying Amount								
December 31, 2023, as restated	*40*	P11,419	P138,722	P6,405	P3,181	P3,203	P5,057	P167,987
December 31, 2024		**P11,337**	**P136,150**	**P7,546**	**P3,753**	**P3,493**	**P7,023**	**P169,302**

In 2024 and 2023, certain property, plant and equipment were reclassified to/from investment property due to change in usage of the asset from/to used in operations to/from leased to another party under an operating lease agreement (Note 11).

No impairment loss was required to be recognized in 2024, 2023 and 2022 based on management's assessment of impairment indicators.

Certain fully depreciated property, plant and equipment with aggregate costs of P36,040 and of P31,610 as of December 31, 2024 and 2023, respectively, are still being used in the Group's operations.

The Group capitalized interest amounting to P90, P417 and P536 in 2024, 2023, and 2022, respectively (Notes 15, 18, 26 and 29). The capitalization rates used to determine the amount of interest eligible for capitalization ranged from 2.81% to 9.43% in 2024 and from 2.83% to 9.52% in 2023.

Capital Commitments

As of December 31, 2024 and 2023, the Group has outstanding commitments to acquire property, plant and equipment amounting to P6,880 and P7,535, respectively.

10. Right-of-Use Assets

The movements and balances of right-of-use assets as of and for the years ended December 31 follow:

	Note	Land	Buildings and Improvements and Related Facilities	Service Stations and Other Equipment	Total
Cost					
January 1, 2023		P6,434	P1,188	P71	P7,693
Additions		720	40	-	760
Remeasurements/ expiration		(491)	(2)	-	(493)
Currency translation adjustment		(40)	(4)	(2)	(46)
December 31, 2023		6,623	1,222	69	7,914
Additions		351	6	-	357
Cancellation/termination	*39*	(3,796)	-	-	(3,796)
Remeasurements/ expiration		469	(419)	-	50
Currency translation adjustment		66	9	4	79
December 31, 2024		**3,713**	**818**	**73**	**4,604**
Accumulated Depreciation					
January 1, 2023		1,798	482	15	2,295
Remeasurements/ expiration		(292)	-	-	(292)
Depreciation		407	228	4	639
Currency translation adjustment		(13)	(1)	-	(14)
December 31, 2023		1,900	709	19	2,628
Remeasurements/ expiration		(4)	(421)	-	(425)
Cancellation/termination	*39*	(1,184)	-	-	(1,184)
Depreciation		407	218	6	631
Currency translation adjustment		26	3	-	29
December 31, 2024		**1,145**	**509**	**25**	**1,679**
Carrying Amount					
December 31, 2023		P4,723	P513	P50	P5,286
December 31, 2024		**P2,568**	**P309**	**P48**	**P2,925**

The Group recognized right-of-use assets for leases of office space, buildings, machinery and equipment, service stations and parcels of land. The leases typically run for a period of two to 999 years. Some leases contain an option to renew the lease at the end of the lease term and are being subjected to reviews to reflect current market rentals. The renewal option provides operational flexibility in managing the leased asset portfolio and aligns the business needs of the Group. The Group recognized interest expense related to these leases amounting to P1,259 and P1,124 in 2024 and 2023, respectively (Notes 26 and 29).

The Group also has certain leases of property and equipment with lease terms of 12 months or less and leases of equipment with low value. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases. The expenses relating to short-term leases, leases of low-value assets and variable lease payments that do not depend on an index or a rate amounted to P586, P14 and P6, respectively, in 2024, and P491, P30 and P4, respectively, in 2023 (Note 29).

The Group had total cash outflows for leases of P3,386, P2,988 and P2,746 in 2024, 2023 and 2022, respectively (Note 29).

The remeasurements pertain mainly to the change in the estimated dismantling costs of ARO during the year (Note 4).

11. Investment Property

The movements and balances of investment property as of and for the years ended December 31 follow:

	Note	Land	Land and Leasehold Improvements	Buildings and Improvements	Right-of-Use	CPIP	Total
Cost							
January 1, 2023		P9,326	P4,164	P19,037	P15,525	P350	P48,402
Additions		-	-	137	1,473	107	1,717
Disposals/reclassifications/ remeasurements		(17)	-	(14)	(172)	-	(203)
Reclassifications from/to property, plant and equipment	*9*	-	(31)	(232)	-	(104)	(367)
Currency translation adjustment		(173)	-	(525)	(465)	(8)	(1,171)
December 31, 2023		9,136	4,133	18,403	16,361	345	48,378
Additions	*39*	40	-	169	1,743	201	2,153
Disposals/reclassifications/ remeasurements		6	-	(2)	(485)	-	(481)
Reclassifications from/to property, plant and equipment	*9*	-	800	220	-	(108)	912
Currency translation adjustment		299	-	818	806	15	1,938
December 31, 2024		**9,481**	**4,933**	**19,608**	**18,425**	**453**	**52,900**
Accumulated Depreciation							
January 1, 2023		-	874	11,469	7,622	-	19,965
Depreciation		-	30	663	1,249	-	1,942
Disposals/reclassifications/ remeasurements		-	-	208	(487)	-	(279)
Reclassifications from/to property, plant and equipment	*9*	-	(61)	170	-	-	109
Currency translation adjustment		-	-	(533)	(20)	-	(553)
December 31, 2023		-	843	11,977	8,364	-	21,184
Depreciation		-	13	670	1,354	-	2,037
Disposals/reclassifications/ remeasurements	*39*	-	-	218	(351)	-	(133)
Reclassifications from/to property, plant and equipment	*9*	-	774	(137)	-	-	637
Currency translation adjustment		-	-	537	395	-	932
December 31, 2024		**-**	**1,630**	**13,265**	**9,762**	**-**	**24,657**
Carrying Amount							
December 31, 2023		P9,136	P3,290	P6,426	P7,997	P345	P27,194
December 31, 2024		**P9,481**	**P3,303**	**P6,343**	**P8,663**	**P453**	**P28,243**

In 2024 and 2023, certain investment property were reclassified from/to property, plant and equipment due to change in usage of the asset from/to used in operations to/from leased to another party under an operating lease agreement (Note 9).

No impairment loss was required to be recognized in 2024, 2023 and 2022 based on management's assessment of impairment indicators.

There are no other direct selling and administrative expenses other than depreciation and real property taxes arising from investment property that generated income in 2024, 2023 and 2022.

The fair value of investment property amounting to P66,809 and P55,065 as of December 31, 2024 and 2023, respectively, has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques.

For properties with available appraisal reports, the fair value of investment property amounting to P34,272 and P24,902 as of December 31, 2024 and 2023, respectively, were determined by external, independent property appraisers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent appraisers provide the fair value of the Group's investment property on a regular basis. The fair value of investment property amounting to P19,234 and P19,091 as of December 31, 2024 and 2023, respectively, were determined by using the depreciated replacement cost method. The net present value of lease liability recognized in investment property as of December 31, 2024 and 2023 represents the remaining fair value amounting to P13,303 and P11,072, respectively.

Valuation Technique and Significant Unobservable Inputs
The valuation of investment property applied the following approaches below:

Sales Comparison Approach. The market value of land was determined using the Sales Comparison Approach. The comparative approach considers the sale of similar or substitute property, registered within the vicinity, and the related market data. The estimated value is established through such process of comparing available data. The property being valued is then compared with sales transactions involving similar properties in the market. Listings and offerings may also be considered. The observable inputs to determine the market value of the property are the following: location characteristics, size, time element, quality and prospective use, bargaining allowance and marketability.

Depreciated Replacement Cost Method. The fair value of land and leasehold improvements and buildings and related improvements and facilities were arrived at using the depreciated replacement cost method, which estimates the current replacement cost of new assets and adjusted for obsolescence, including physical, functional and economic obsolescence.

Income Approach. The rental value of the subject property was determined using the Income Approach. Under the Income Approach, the remaining lease payments on the property is first determined followed by the application of the proper capitalization rate is applied to arrive at its net present value. The rental value of the property is determined on the basis of what a prudent lessor or a prospective lessee are willing to pay for its use and occupancy considering the prevailing rental rates of similar property and/or rate of return a prudent lessor generally expects on the return on its investment.

12. Business Combination, Investment in Shares of Stock of Subsidiaries, Goodwill and Non-Controlling Interests

Business Combination and Investment in Shares of Stock of Subsidiaries

The following are the major developments relating to the Parent Company's investment in shares of stock of subsidiaries:

Mema

On February 16, 2022, the Parent Company paid P104 for the acquisition of 10,000,000 common shares with par value of P1.00 per share representing 100% of the authorized capital stock of Mema. The Mema group includes the subsidiary engaged in hauling and logistics services (Note 2). On June 30, 2022, control over the investee has been transferred to the Group after the resolution of the substantive pending issues agreed by both the seller and the Parent Company. On December 29, 2022, P300 adjustment in purchase price was agreed by the Parent Company and the seller which was settled in February 2023.

The fair value of net assets acquired amounted to P426 on June 30, 2022. The Group recognized P22 gain on acquisition, presented under "Other income - net" in the consolidated statement of income in 2022, which pertains to the excess of fair value of assets acquired and liabilities assumed over the consideration paid/accrued.

The following summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

	June 30, 2022
Assets	
Cash and cash equivalents	P3,406
Accounts and other receivables	2,034
Prepaid expenses and other current assets	69
Property, plant and equipment - net	219
Other noncurrent assets	15
Liabilities	
Accounts and other payables	(5,303)
Other liabilities	(14)
Total Identifiable Net Assets	**P426**

The fair value of trade and other receivables amounted to P2,034. None of the receivables has been impaired and the full amount is expected to be collected. As of December 31, 2024, P2,034 was already collected and minimal amount is still outstanding.

Accounts and other payables amounting to P5,198 was settled as of December 31, 2024 from the existing cash and the collected receivables.

The fair value of the acquired property, plant and equipment was measured using depreciated replacement cost by considering the current replacement cost of new assets and adjusted for obsolescence, including physical, functional and economic obsolescence.

Mema has contributed to Group's net income of P26 from the acquisition date to December 31, 2022. Had the acquisition occurred on January 1, 2022, the Group's revenue and net income in 2022 would have been P857,638 and P6,921, respectively. Mema has no contribution to consolidated sales since the entity provides hauling and logistics services to the Parent Company.

On October 27, 2022, the Parent Company and Mema executed a Subscription Agreement to subscribe to an additional 1,375,000,000 common shares of Mema for a subscription price of P1,375 or P1.00 per common share, of which P899 was paid in 2022 as deposit for future stock subscription pending SEC's approval of Mema's increase in authorized capital stock which was obtained in March 2023. The remaining P476 was paid in 2023.

On July 19, 2023, the Parent Company and Mema executed another Subscription Agreement to subscribe to an additional 2,770,000,000 common shares of Mema for a subscription price of P2,770 or P1.00 per common share, of which P1,305 was paid in 2023 and P828 was paid in 2024.

LLCDC, PEDC and ARC
On July 30, 2024, the BOD and Stockholders approved the merger among ARC, PEDC and LLCDC, with LLCDC as the surviving entity, effective (to the extent allowed by applicable law or regulation) on the first day of the month following the issuance by the SEC of the Certificate of Merger.

The application for the merger is ongoing as of December 31, 2024.

Goodwill
The movements and balances of goodwill as of and for the years ended December 31 are as follows:

	2024	2023
Cost		
Balance at beginning of year	**P8,093**	P8,509
Translation adjustments	**638**	(416)
Net Carrying Amount at End of Year	**P8,731**	P8,093

Impairment of Goodwill from Petron Malaysia
Goodwill arising from the acquisition of Petron Malaysia, which accounts for 99% of total goodwill in the consolidated statements of financial position as of December 31, 2024 and 2023, is allocated at the POGI Group cash generating unit (CGU) instead of each individual acquiree company's CGU as it is expected that the POGI Group CGU will benefit from the synergies created from the acquiree companies in combination.

The Group tested the goodwill for impairment. Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the CGU and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results, and reasonable and justifiable assumptions for future business performance but excluding net cash inflows from expansion projects like new stations. The cash flows are based on long range plan anchored on budget approved by the Management for the first five (5) years.

- A discount rate of 7.7% and 8.4% in 2024 and 2023, respectively, was applied based on the weighted average cost of capital using the Capital Asset Pricing Model (CAPM).

- The Group used terminal growth rate of 3% in 2024 and 2023 because it is in the process of increasing its network of service stations and upgrading its facilities and hence foresees growth in cash flows generated perpetually.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on internal sources (historical data).

For purposes of terminal growth rate sensitivity, terminal growth rate scenarios of 2%, 3%, and 4% are applied on the discounted cash flows analysis. Based on the sensitivity analysis, any reasonably possible change in the key assumptions would not cause the carrying amount of goodwill to exceed its recoverable amount.

No impairment losses were recognized in 2024, 2023 and 2022 in relation to the goodwill arising from the acquisition of Petron Malaysia.

Non-controlling Interests

The following table summarizes the financial information relating to each of the Group's subsidiaries that has material non-controlling interests:

	December 31, 2024		December 31, 2023	
	NVRC	**PMRMB**	NVRC	PMRMB As restated (Note 40)
Non-controlling Interests Percentage	**14.45%**	**26.60%**	14.45%	26.60%
Carrying amount of non-controlling interest	**P443**	**P8,650**	P481	P8,193
Current assets	**P472**	**P32,022**	P667	P30,567
Noncurrent assets	**6,678**	**28,397**	9,357	25,736
Current liabilities	**(962)**	**(25,347)**	(1,146)	(23,843)
Noncurrent liabilities	**(1,042)**	**(4,337)**	(3,586)	(3,316)
Net assets	**P5,146**	**P30,735**	P5,292	P29,144
Net income (loss) attributable to non-controlling interests	**(P29)**	**P31**	P8	P875
Other comprehensive income (loss) attributable to non-controlling interests	**P -**	**P630**	P -	(P410)
Sales/Revenues	**P77**	**P198,763**	P395	P209,861
Net income (loss)	**(P91)**	**P219**	P133	P3,308
Other comprehensive income	**-**	**1**	-	1
Total comprehensive income (loss)	**(P91)**	**P220**	P133	P3,309
Cash flows provided by operating activities	**P115**	**P330**	P195	2,740
Cash flows provided by (used in) investing activities	**(42)**	**(1,842)**	3	(1,061)
Cash flows provided by (used in) financing activities	**(107)**	**1,896**	(119)	(2,688)
Effects of exchange rate changes on cash and cash equivalents	**-**	**-**	-	(8)
Net increase (decrease) in cash and cash equivalents	**(P34)**	**P384**	P79	(P1,017)

13. Investment in Shares of Stock of an Associate and Joint Ventures

This account consists of:

	2024	2023
Investment in an associate	**P1,155**	P1,153
Investment in joint ventures	**10**	5
	P1,165	P1,158

Investment in Shares of Stock of an Associate
As of December 31, 2024 and 2023, the Parent Company owns 25.06% of Petrogen accounted for as an investment in an associate. Petrogen was incorporated and registered with the Philippine SEC on August 23, 1996 primarily to engage in the business of non-life insurance and re-insurance.

Following are the condensed financial information of Petrogen as of and for the years ended December 31, 2024 and 2023:

	2024	2023
Percentage of ownership	**25.06%**	25.06%
Current assets	**P6,955**	P5,482
Noncurrent assets	**1,990**	1,921
Current liabilities	**(4,337)**	(2,806)
Net assets	**P4,608**	P4,597
Revenue	**P662**	P475
Net income	**P439**	P337
Other comprehensive loss	**P -**	(P24)
Share in net assets	**P1,155**	P1,153
Carrying amount of investment in shares of stock of an associate	**P1,155**	P1,153

The Group recognized P110, P84 and P63 in 2024, 2023 and 2022, respectively, as share in net income of Petrogen and received dividends of P108 in 2024 accounted for using equity method.

Investment in Joint Ventures
Investment in joint ventures pertains to 33.33% and 50.00% equity interest in PDSI and TBSB, respectively. PDSI is a Philippine company engaged in the business of receiving, storing and handling the out-loading of petroleum products of the three major oil companies to serve the fuel requirement of their respective customers. TBSB is a Malaysian company operating as a liquified petroleum gas bottling plant.

On June 22, 2022, the Bureau of Internal Revenue (BIR) has approved the cancellation of PDSI's registration.

The Group recognized P4, P5 and P3 in 2024, 2023 and 2022, respectively, as share in net income of joint ventures accounted for using equity method.

14. Other Assets

This account consists of:

	Note	**2024**	2023
Current			
Prepaid taxes		**P42,212**	P36,360
Input VAT		**6,946**	2,310
Prepaid expenses	*28*	**1,584**	1,384
Special-purpose fund		**351**	170
Others - net	*28*	**15**	305
		P51,108	P40,529
Noncurrent			
Catalyst - net		**P515**	P629
Proprietary membership shares	*6*	**458**	389
Prepaid rent		**233**	165
Noncurrent deposits	*34, 35*	**141**	124
Intangibles - net	*4*	**68**	101
Input VAT		**27**	43
Others - net	*28*	**561**	479
		P2,003	P1,930

Prepaid taxes include unused creditable withholding taxes and excise taxes paid by the Group for products sold to tax exempt entities for subsequent filing with the government as refund claims.

Input VAT includes the taxes paid on purchases of goods and services which can be recovered as tax credit against future output VAT liability of the Group.

The “Others - net” under “Noncurrent” account includes marketing assistance to dealers and other prepayments amounting to P223, P287 and P256 as of December 31, 2024, 2023 and 2022, respectively, net of amortization amounting to P27, P108 and P47 in 2024, 2023 and 2022, respectively.

The amortization of prepaid rent amounted to P36 in 2024, P70 in 2023 and nil in 2022.

Amortization of intangibles, marketing assistance to dealers, other prepayments included as part of “Depreciation and amortization” under “Selling and administrative expenses” account in the consolidated statements of income amounted to P76, P130 and P58 in 2024, 2023 and 2022, respectively (Notes 23 and 25).

Amortization of catalyst, intangibles and other prepayments included as part of “Depreciation and amortization” under “Cost of goods sold” account in the consolidated statements of income amounted to P256, P334 and P236 in 2024, 2023 and 2022, respectively (Notes 22 and 25).

15. Short-term Loans

This account pertains to unsecured Philippine peso and Malaysian ringgit-denominated loans obtained from various banks with maturities ranging from 3 to 178 days and annual interest ranging from 3.96% to 8.00% in 2024, from 4 to 180 days and 3.71% to 7.53% in 2023, and from 5 to 181 days and 1.28% to 6.88% in 2022 (Note 26). These loans are intended to fund the importation of crude oil and petroleum products (Note 8) and working capital requirements.

Interest expense on short-term loans amounted to P8,144 in 2024, P7,835 in 2023, and P4,316 in 2022 (Note 26). Interest expense amounting to P42 was capitalized as part of property, plant and equipment in 2024 while P176 in 2023 and P169 in 2022 (Note 9).

16. Liabilities for Crude Oil and Petroleum Products

This account pertains to liabilities to suppliers of crude oil, petroleum and other products that are non-interest bearing and generally settled on a 30-day term. Details of the supply agreements in relation to importations of crude oil requirements of the Group are disclosed in Note 31.

Liabilities for crude oil and petroleum products are payable to the following:

	Note	**2024**	2023
Third parties		**P51,601**	P44,832
Related parties	*28*	**24**	8
	34, 35	**P51,625**	P44,840

17. Trade and Other Payables

This account consists of:

	Note	**2024**	2023 As restated (Note 40)
Trade		**P8,948**	P6,693
Specific taxes and other taxes payable		**4,468**	7,852
Due to related parties	*28*	**7,788**	5,099
Cylinder deposits	*40*	**3,432**	2,564
Accrued interest		**1,153**	1,375
Dividends payable	*33*	**1,039**	948
Deferred liability on consumer loyalty program		**831**	747
Accrued rent		**223**	499
Accrued payroll		**149**	211
Retirement benefits liability	*30*	**124**	63
Asset retirement obligation - current	*19*	**58**	46
Retention payable		**241**	24
Insurance liabilities		**3**	3
Others	*12, 39*	**555**	330
	34, 35	**P29,012**	P26,454

Trade payables are liabilities to haulers, contractors and suppliers that are non-interest bearing and are generally settled on a 30-day term.

Cylinder deposits pertain to deposits made by the dealers for the LPG cylinders loaned to them. These deposits are non-interest bearing and are refundable to dealers upon surrender of the LPG cylinders subject to certain conditions (Note 40).

Others include provisions (Note 39), accruals of selling and administrative expenses, advances and other payables which are normally settled within a year.

The Group recognized revenue that was included in the deferred liability on consumer loyalty program amounting to P1,475 and P1,468 in 2024 and 2023, respectively (Note 37).

18. Long-term Debt

This account consists of long-term debt of the Parent Company:

	Note	**2024**	2023
Unsecured Peso-Denominated (net of debt issue costs)			
Fixed retail bond of 3.4408% due until 2025 and 4.3368% due until 2027	*(e)*	**P17,917**	P17,869
Term loan of 7.4941% due in 2029	*(m)*	**6,959**	-
Fixed rate retail bonds of 7.8183% due in 2024 and 8.0551% due in 2025	*(b)*	**6,788**	19,948
Floating rate term loan due in 2029	*(n)*	**4,969**	-
Term loan of 7.1663% due until 2027	*(f)*	**4,483**	4,975
Term loan of 7.4206% due until 2027	*(g)*	**3,114**	4,355
Term loan of 7.5496% due until 2027	*(h)*	**3,114**	4,355
Term loan of 6.4920% due in 2025	*(i)*	**2,371**	2,365
Term loan of 4.5900% due until 2025	*(d)*	**624**	1,872
Term loan of 6.8672% due in 2025	*(j)*	**624**	622
Term loan of 5.5276% due until 2024	*(a)*	**-**	1,606
Unsecured Foreign Currency-Denominated (net of debt issue costs)			
Floating rate dollar loan - US$500 million due until 2029	*(o)*	**28,347**	-
Floating rate dollar loan - US$669 million due until 2027	*(k)*	**27,118**	36,245
Floating rate dollar loan - US$225 million due in 2028	*(l)*	**10,227**	12,172
Floating rate yen loan - JP¥15 billion due until 2025	*(c)*	**788**	2,512
	33, 34, 35	**117,443**	108,896
Less current portion		**29,418**	25,642
		P88,025	P83,254

a. On July 25, 2017, the Parent Company drew P15,000 from a P15,000 term loan facility which was signed on July 14, 2017 and executed on July 17, 2017. The facility is amortized over 7 years and is subject to a fixed interest rate of 5.5276% per annum. The proceeds were used to refinance the bridge loan availed on December 23, 2016 for the acquisition of the Refinery Solid Fuel-Fired Power Plant in 2016. The Parent Company has fully settled the facility as of December 31, 2024.

b. On October 19, 2018, the Parent Company offered P20,000 fixed retail bonds (the "Offer Bonds") divided into Series C (P13,200) bearing interest at 7.8183% per annum and Series D (P6,800) bearing interest at 8.0551% per annum. The Series C Offer Bonds matured on April 19, 2024 (5.5-year term) while the Series D Offer Bonds is due on October 19, 2025 (7-year term). Interests on these Offer Bonds are payable quarterly, commencing on January 19, 2019, and thereafter, on April 19, July 19, October 19 and January 19 of each year. The net proceeds from the issuance of the Offer Bonds were used primarily to settle short-term loans availed by the Parent Company to fund crude oil purchases and redeem a portion of the Parent Company's remaining Undated Subordinated Capital Securities (USCS) (Note 21), and the balance for general corporate purposes. The Offer Bonds were listed with the Philippine Dealing & Exchange Corp. on October 19, 2018.

c. On April 22, 2020, the Parent Company drew JP¥15 billion from a JP¥15 billion term loan facility signed and executed on March 27, 2020. The proceeds were used to partially prepay its US$1 billion term loan facility. The JP¥ facility is amortized over 5 years with a 2-year grace period, after which the total principal will be amortized in 7 equal semi-annual installments beginning March 27, 2022. It is subject to a floating interest rate based on JP¥ LIBOR plus a spread, repriced every 1, 3 or 6 months. Due to the global discontinuation of JPY LIBOR by December 31, 2021, an amendment was made to the JPY Facility adopting the Tokyo Overnight Average Rate (TONA) as the new benchmark rate. Beginning December 29, 2021, the floating interest rate on the JPY15 billion facility is based on TONA plus a spread, repriced every 1, 3 or 6 months. The Parent Company has paid the principal amortizations amounting to JP¥4.29 billion each in 2024 and 2023.

d. On April 27, 2020, the Parent Company drew P5,000 from a P5,000 term loan facility which was signed and executed on April 23, 2020. The facility is subject to a fixed interest rate of 4.59% per annum and amortized over 5 years with a 12-month grace period, after which the total principal will be amortized in 16 equal quarterly payments beginning July 27, 2021. The proceeds were used for general corporate purposes. The Parent Company has paid the principal amortizations amounting to P1,250 each in 2024 and 2023.

e. On October 12, 2021, the Parent Company issued P18,000 retail bonds divided into Series E due in 2025 (P9,000) and Series F due in 2027 (P9,000) with interest rates of 3.4408% p.a. and 4.3368% p.a., respectively. The Bonds are listed on the Philippine Dealing & Exchange Corp. The proceeds were used for the redemption of the Company's Series A Bonds, the partial financing of a power plant project and payment of existing indebtedness.

f. On May 19, 2022, the Parent Company drew and availed a P5,000 term loan facility which was signed and executed on May 17, 2022. The facility is subject to a fixed interest rate of 7.1663% per annum and amortized over 5 years with a 2-year grace period, after which the total principal will be amortized in 7 semi-annual payments beginning May 19, 2024. The proceeds were used for partial financing of a power plant project. As of December 31, 2024, the P500 portion of the facility has already been paid.

g. On June 15, 2022, the Parent Company drew and availed a P5,000 term loan facility which was signed and executed on June 10, 2022. The facility is subject to a fixed interest rate of 7.4206% interest per annum and amortized over 5 years with a 15-month grace period, after which the total principal will be amortized in 16 equal quarterly payment beginning September 15, 2023. The proceeds were used to partially pay the US$1,000 million term loan facility. The Parent Company has paid the principal amortizations amounting to P1,250 and P625 in 2024 and 2023, respectively.

h. On June 16, 2022, the Parent Company drew and availed a P5,000 term loan facility which was signed and executed on June 7, 2022. The facility is subject to a fixed interest rate of 7.5496% interest per annum and amortized over 5 years with a 15-month grace period, after which the total principal will be amortized in 16 equal quarterly payments beginning September 16, 2023. The proceeds were used to pay balances of the US$1,000 million and various loan facilities. The Parent Company has paid the principal amortizations amounting to P1,250 and P625 in 2024 and 2023, respectively.

i. On September 8, 2022, the Parent Company drew and availed a P2,375 term loan facility which was signed and executed on September 6, 2022. The facility is subject to a fixed interest rate of 6.4920% per annum and will be fully paid on September 8, 2025. The proceeds were used to pay existing indebtedness.

j. On September 30, 2022, the Parent Company drew and availed a P625 term loan facility which was signed and executed on September 6, 2022. The facility is subject to a fixed interest rate of 6.8672% per annum and will be fully paid on September 8, 2025. The proceeds were used to pay existing indebtedness.

k. On November 8, 2022, the Parent Company signed and executed a US$550 million term loan facility. Initial drawdown of US$117 million was made on November 15, 2022, the proceeds of which were used to partially pay the US$800 million term loan facility. On November 29, 2022, the Company drew an additional US$150 million from the facility to fully prepay its US$150 million term loan facility. Additional US$228 million was drawn on December 15, 2022 to further partially prepay the US$800 million term loan facility. The US$550 million term loan facility is amortized over 5 years with a 2-year grace period, after which the total principal will be amortized in 7 equal semi-annual installments beginning November 8, 2024. The facility is subject to a floating interest rate based on Secured Overnight Financing Rate (SOFR) plus a spread, repriced every 1, 3 or 6 months.

   On January 20, 2023, the Parent Company drew US$30 million to partially prepay its JP¥15 billion term loan facility. Additional US$25 million was drawn on February 3, 2023, to partially prepay the US$800 million long-term loan facility.

   On February 17, 2023, Parent Company has upsized its US$550 million term loan facility to US$669 million and drew US$88 million from the additional US$119 million loan facility on May 15, 2023 to fully pre-terminate the US$800 million long-term loan facility. On August 14, 2023, the remaining US$31 million was drawn. Proceeds were used to redeem the Parent Company's P7,000 Series B Bonds on October 27, 2023. As of December 31, 2024, the US$192 million portion of the facility has already been paid.

l. On July 13, 2023, the Parent Company made a full drawdown of US$225 million term loan which was used to partially fund the redemption of US$500 million SPCS. The facility was signed on March 28, 2023, which subsequently increased from US$150 million to US$225 million on June 8, 2023. The facility is amortized over 5 years with a 2-year grace period, after which the total principal will be amortized in 7 equal semi-annual installments beginning on March 28, 2025. The facility is subject to a floating interest rate based on SOFR plus a spread, repriced every 1, 3 or 6 months. In 2024, the Parent Company has prepaid portion of the facility amounting to US$45 million.

m. On March 6, 2024, the Parent Company made a full drawdown of P7,000 unsecured term loan facility signed and executed on January 16, 2024. The facility is amortized over 5 years with 2 years grace period, after which the total principal will be amortized in 7 equal semi-annual installments beginning March 6, 2026. The facility is subject to interest payable in semi-annual amortizations with fixed interest rate of 7.4941% per annum for the first 2 years and will thereafter be repriced to a new fixed rate until maturity on March 6, 2029. The proceeds were used to partially redeem Series C Offer Bonds on April 19, 2024.

n. On April 18, 2024, the Parent Company made a full drawdown of P5,000 unsecured term loan facility signed and executed on April 15, 2024. The facility is amortized over 5 years with 2.5 years grace period, after which the total principal will be amortized in 6 equal semi-annual installments beginning October 18, 2026. The facility is subject to a floating interest rate payable in semi-annual amortizations. The proceeds were used to partially redeem Series C Offer Bonds on April 19, 2024.

o. The Parent Company drew US$133 million, US$96 million, US$130 million and US$141 million on July 23, July 30, September 12 and October 28, 2024, respectively, from a US$500 million term loan facility signed and executed on July 11, 2024. The facility is amortized over 5 years with 2-year grace period, after which the total principal will be amortized in 7 equal semi-annual installments beginning July 11, 2026. The facility is subject to a floating interest rate payable monthly based on SOFR plus a spread, repriced every 1, 3 or 6 months. The proceeds were partially used to repay outstanding indebtedness and settle liabilities for crude oil importations.

The above-mentioned debt agreements contain, among others, covenants relating to merger and consolidation, maintenance of certain financial ratios, restrictions on loans and guarantees, disposal of a substantial portion of assets, significant changes in the ownership or control of subsidiaries, payments of dividends and redemption of capital stock.

The Group has two financial covenants, namely, net leverage ratio not to exceed 6.5x and ratio of consolidated gross debt to consolidated net worth not to exceed 2.75x. In November 2020, the Group secured consent to amend the testing of its net leverage ratio from semi-annual to incurrence-based, while the ratio of consolidated gross debt to consolidated net worth remained to be tested quarterly.

As of December 31, 2024 and 2023, the Group has complied with the financial covenants of its debt agreements.

Total interest incurred on the above-mentioned long-term loans (including amortization of debt issue costs) amounted to P9,005, P8,331 and P6,165 in 2024, 2023 and 2022, respectively (Note 26). Interest amounting to P38 was capitalized in 2024, P187 in 2023 and P269 in 2022 (Note 9).

Movements in debt issue costs follow:

	Note	2024	2023
Balance at beginning of year		**P1,366**	P1,335
Additions		**721**	616
Amortization for the year	*26*	**(638)**	(585)
Balance at end of year		**P1,449**	P1,366

Repayment Schedule
As of December 31, 2024 and 2023, the annual maturities of long-term debt are as follows (Note 34):

2024

Year	**Gross Amount**	**Debt Issue Costs**	**Net**
2025	**P29,810**	**P392**	**P29,418**
2026	**24,740**	**646**	**24,094**
2027	**40,456**	**305**	**40,151**
2028	**13,790**	**88**	**13,702**
2029 and beyond	**10,096**	**18**	**10,078**
	P118,892	**P1,449**	**P117,443**

2023

Year	Gross Amount	Debt Issue Costs	Net
2024	P26,035	P393	P25,642
2025	37,411	557	36,854
2026	18,923	237	18,686
2027	26,113	175	25,938
2028 and beyond	1,780	4	1,776
	P110,262	P1,366	P108,896

19. Asset Retirement Obligation

Movements in the ARO are as follows:

	Note	2024	2023
Balance at beginning of year		**P3,658**	P3,559
Accretion for the year	*26*	**207**	226
Additions		**75**	6
Effect of change in estimates	*4*	**58**	(264)
Translation adjustment		**21**	(13)
Settlement		**(1)**	-
Effect of change in discount rate		**(39)**	144
Derecognition	*39*	**(2,600)**	-
Balance at end of year including current portion		**P1,379**	P3,658

20. Other Noncurrent Liabilities

This account consists of:

	Note	2024	2023 As restated (Note 40)
Cash bonds		**P426**	P439
Others		**61**	56
	34, 35	**P487**	P495

Cash bonds represent deposits from customers as a form of collateral.

Others account includes liability to a contractor and supplier.

21. Equity

a. Capital Stock

<u>Common Shares</u>
Pursuant to the registration statement rendered effective by the SEC on May 18, 1995 and the permit to sell issued by the SEC dated May 30, 1995, 10,000,000,000 common shares of the Parent Company with par value of P1.00 per share were offered for sale at an offer price of P1.00 per share. As of December 31, 2024 and 2023, the Parent Company had 97,572 and 97,977 stockholders with at least one board lot at the PSE, respectively, for a total of 9,375,104,497 (P1.00 per share par value) issued and outstanding common shares.

<u>Preferred Shares</u>
On January 21, 2010, the SEC approved the Parent Company's amendment to its AOI to reclassify 624,895,503 unissued common shares into preferred shares with a par value of P1.00 per share, as part of its authorized capital stock. On February 12, 2010, the SEC issued an order permitting the Parent Company's offer and sale of 50,000,000 peso-denominated, cumulative, non-participating and non-voting preferred shares, with an oversubscription option of 50,000,000 preferred shares (collectively, the "2010 Preferred Shares") to the public at an issue price of P100.00 per share. Proceeds from issuance in excess of par value less related transaction costs amounting to P9,764 was recognized as additional paid-in capital. Dividend rate of 9.5281% per annum computed in reference to the issue price was payable every March 5, June 5, September 5 and December 5 of each year, when declared by the Parent Company's BOD. The 2010 Preferred Shares were listed with PSE on March 5, 2010.

On October 17, 2014, the SEC issued an order permitting the Parent Company's public offering and sale of 7,000,000 cumulative, non-voting, non-participating, non-convertible, peso-denominated perpetual preferred shares with an oversubscription option of 3,000,000 preferred shares (collectively, the "Series 2 Preferred Shares") at an issue price of P1,000.00 per share.

On November 3, 2014, the Parent Company issued and listed in the PSE 10,000,000 Series 2 Preferred Shares at an offer price of P1,000.00 per share. The Series 2 Preferred Shares were issued in two (2) sub-series, (i) 7,122,320 Series 2A preferred shares (the "Series 2A Preferred Shares") and (ii) 2,877,680 Series 2B preferred shares (the "Series 2B Preferred Shares"). Proceeds from issuance in excess of par value less related transaction costs amounting to P9,889 was recognized as additional paid-in capital.

The Series 2A Preferred Shares may be redeemed by the Parent Company starting on the fifth anniversary from the listing date while the Series 2B Preferred Shares may be redeemed starting on the seventh anniversary from the listing date. Series 2A and Series 2B Preferred Shares have dividend rates of 6.3000% and 6.8583%, respectively. Cash dividends are payable quarterly every February 3, May 3, August 3 and November 3 of each year, as and if declared by the Parent Company's BOD.

All shares rank equally as regards to the Parent Company's residual assets, except that holders of preferred shares participate only to the extent of the issue price of the shares plus any accumulated and unpaid cash dividends.

On March 5, 2015, the Parent Company redeemed the 2010 Preferred Shares at P100.00 per share, which were delisted by the PSE on March 6, 2015 in line with the latter's rule on the delisting of redeemed shares which are not re-issuable at the time of redemption under the issuing Parent Company's AOI. On July 6, 2015, the SEC approved the amendment of the AOI of the Parent Company to provide a re-issuability feature of its preferred shares.

On May 31, 2019, the SEC issued a permit for the Parent Company's public offering and sale of 15,000,000 cumulative, non-voting, non-participating, non-convertible, peso-denominated perpetual preferred shares with an oversubscription option of 5,000,000 preferred shares (collectively, the "Series 3 Preferred Shares") at an issue price of P1,000.00 per share.

On June 25, 2019, the Parent Company issued and listed on the PSE 20,000,000 Series 3 Preferred Shares. The net proceeds from the issuance were used for the repayment of the Parent Company's outstanding short-term loans and for general corporate purposes while the remaining balance was allocated for the redemption of the Series 2A Preferred Shares in November 2019.

The Series 3 Preferred Shares were issued in two (2) sub-series: (i) 13,403,000 Series 3A Preferred Shares with dividend rate of 6.8713% per annum and first optional redemption date on its 5.5th anniversary from the issuance date; and (ii) 6,597,000 Series 3B Preferred Shares with dividend rate of 7.1383% per annum and first optional redemption date on its 7th anniversary from the issuance date. Cash dividends are payable quarterly on March 25, June 25, September 25 and December 25 of each year, as and if declared by the Parent Company's BOD. Proceeds from reissuance of treasury stocks in excess of cost less related transaction costs amounting to P17,847 was recognized as additional paid-in capital.

On November 4, 2019, the Parent Company redeemed its 7,122,320 Series 2A Preferred Shares issued on November 3, 2014 at a redemption price of P1,000.00 per share, with a record date of October 10, 2019. The redemption was approved by the Parent Company's BOD on March 12, 2019.

On November 3, 2021, the Parent Company redeemed its 2,877,680 Series 2B Preferred Shares issued on November 3, 2014 at a redemption price of P1,000.00 per share, with a record date of October 7, 2021. The redemption was approved by the Parent Company's BOD on March 9, 2021.

On July 7, 2023, the Parent Company issued and listed on the PSE 5,000,000 Series 4A, 2,995,000 Series 4B, and 6,005,000 Series 4C preferred shares (inclusive of the oversubscription of 1,500,000 shares) under the 50,000,000 Series 4 Shelf Registered Preferred Shares at an issue price of P1,000.00 or for a total amount of P14,000. The Series 4 Shelf Registered Preferred Shares, which were approved for issue by the SEC on June 14, 2023, are cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable, and reissuable Peso-denominated perpetual preferred shares. Proceeds from reissuance of treasury stocks in excess of cost less related transaction costs amounting to P3,485 was recognized as additional paid-in capital. The net proceeds were used to partly fund the full redemption on July 19, 2023 of the remaining US$477.53 million SPCS issued in 2018.

The Parent Company has the redemption option starting on the second and half, third and fifth year or on any dividend payment date thereafter for Series 4A, Series 4B and Series 4C preferred shares, respectively. Dividend rates are 6.7079%, 6.7972%, 7.0861% per annum for Series 4A, Series 4B and Series 4C preferred shares, respectively.

On September 23, 2024, the Parent Company issued and listed in the PSE additional 16,830,000 Series 4 Preferred Shares at an offer price of P1,000.00 per share for a total amount of P16,830. The additional Series 4 Preferred Shares were issued in two (2) sub-series, (i) 8,500,000 Series 4D preferred shares (the "Series 4D Preferred Shares") and (ii) 8,330,000 Series 4E preferred shares (the "Series 4E Preferred Shares"). Proceeds from issuance in excess of par value, less related transaction costs of P100, were recognized as additional paid-in capital amounting to P16,713. The Series 4D and 4E Preferred Shares are cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable, and reissuable Philippine Peso-denominated perpetual preferred shares with par value of P1.00 per share.

The Parent Company has the redemption option starting on the third and fifth year from the listing date or on any dividend payment date thereafter for Series 4D and Series 4E preferred shares, respectively. Series 4D and Series 4E preferred shares have dividend rates of 6.8364% and 7.1032%, respectively. Cash dividends are payable quarterly every March 23, June 23, September 23 and December 23 of each year, as and if declared by the Parent Company's BOD. The net proceeds were used to fully redeem the Series 3A Preferred Shares on December 26, 2024, refinance maturing obligations, and fund general corporate purposes, including the purchase of crude oil inventory.

On December 26, 2024, the Parent Company redeemed its 13,403,000 Series 3A Preferred Shares issued on June 25, 2019 at a redemption price of P1,000.00 per share, with a record date of November 21, 2024. The redemption was approved by the Parent Company's BOD on June 26, 2024.

As of December 31, 2024 and 2023, the Parent Company had 37,427,000 and 34,000,000 (P1 par value) issued and outstanding preferred shares, respectively. The total number of preferred shareholders with at least one board lot at the PSE as of December 31, 2024 and 2023 are as follows:

	2024	2023
Series 3A Preferred Shares	**-**	14
Series 3B Preferred Shares	**25**	25
Series 4A Preferred Shares	**4**	3
Series 4B Preferred Shares	**13**	13
Series 4C Preferred Shares	**27**	27
Series 4D Preferred Shares	**22**	-
Series 4E Preferred Shares	**26**	-
	117	82

b. Retained Earnings

Declaration of Cash Dividends
On various dates in 2024, 2023 and 2022, the Parent Company's BOD approved the declaration of cash dividends for common and preferred shareholders with the following details:

Type	Per Share	Date of Declaration	Date of Record	Date of Payment
2024				
Common	**P0.10000**	**March 5, 2024**	**March 19, 2024**	**April 4, 2024**
Series 3A	**17.17825**	**May 7, 2024**	**June 3, 2024**	**June 25, 2024**
Series 3B	**17.84575**	**May 7, 2024**	**June 3, 2024**	**June 25, 2024**
Series 4A	**16.76975**	**May 7, 2024**	**June 13, 2024**	**July 8, 2024**
Series 4B	**16.99300**	**May 7, 2024**	**June 13, 2024**	**July 8, 2024**
Series 4C	**17.71525**	**May 7, 2024**	**June 13, 2024**	**July 8, 2024**
Series 3A	**17.17825**	**August 6, 2024**	**September 3, 2024**	**September 25, 2024**
Series 3B	**17.84575**	**August 6, 2024**	**September 3, 2024**	**September 25, 2024**
Series 4A	**16.76975**	**August 6, 2024**	**September 13, 2024**	**October 7, 2024**
Series 4B	**16.99300**	**August 6, 2024**	**September 13, 2024**	**October 7, 2024**
Series 4C	**17.71525**	**August 6, 2024**	**September 13, 2024**	**October 7, 2024**
Series 3A	**17.17825**	**November 5, 2024**	**November 29, 2024**	**December 26, 2024**
Series 3B	**17.84575**	**November 5, 2024**	**November 29, 2024**	**December 26, 2024**
Series 3B	**17.84575**	**November 5, 2024**	**March 3, 2025**	**March 25, 2025**
Series 4A	**16.76975**	**November 5, 2024**	**December 9, 2024**	**January 7, 2025**
Series 4B	**16.99300**	**November 5, 2024**	**December 9, 2024**	**January 7, 2025**
Series 4C	**17.71525**	**November 5, 2024**	**December 9, 2024**	**January 7, 2025**
Series 4A	**16.76975**	**November 5, 2024**	**March 13, 2025**	**April 7, 2025**
Series 4B	**16.99300**	**November 5, 2024**	**March 13, 2025**	**April 7, 2025**
Series 4C	**17.71525**	**November 5, 2024**	**March 13, 2025**	**April 7, 2025**
Series 4D	**17.09100**	**November 5, 2024**	**November 28, 2024**	**December 23, 2024**
Series 4E	**17.75800**	**November 5, 2024**	**November 28, 2024**	**December 23, 2024**
Series 4D	**17.09100**	**November 5, 2024**	**February 28, 2025**	**March 24, 2025**
Series 4E	**17.75800**	**November 5, 2024**	**February 28, 2025**	**March 24, 2025**
2023				
Common	P0.10000	March 6, 2023	March 20, 2023	April 4, 2023
Series 3A	17.17825	May 10, 2023	May 31, 2023	June 26, 2023
Series 3B	17.84575	May 10, 2023	May 31, 2023	June 26, 2023
Series 3A	17.17825	August 1, 2023	August 31, 2023	September 25, 2023
Series 3B	17.84575	August 1, 2023	August 31, 2023	September 25, 2023
Series 4A	16.76975	August 1, 2023	September 14, 2023	October 9, 2023
Series 4B	16.99300	August 1, 2023	September 14, 2023	October 9, 2023
Series 4C	17.71525	August 1, 2023	September 14, 2023	October 9, 2023
Series 3A	17.17825	November 7, 2023	November 29, 2023	December 26, 2023
Series 3B	17.84575	November 7, 2023	November 29, 2023	December 26, 2023
Series 3A	17.17825	November 7, 2023	March 1, 2024	March 25, 2024
Series 3B	17.84575	November 7, 2023	March 1, 2024	March 25, 2024
Series 4A	16.76975	November 7, 2023	December 13, 2023	January 8, 2024
Series 4B	16.99300	November 7, 2023	December 13, 2023	January 8, 2024
Series 4C	17.71525	November 7, 2023	December 13, 2023	January 8, 2024
Series 4A	16.76975	November 7, 2023	March 13, 2024	April 8, 2024
Series 4B	16.99300	November 7, 2023	March 13, 2024	April 8, 2024
Series 4C	17.71525	November 7, 2023	March 13, 2024	April 8, 2024

Forward

Type	Per Share	Date of Declaration	Date of Record	Date of Payment
2022				
Series 3A	P17.17825	August 1, 2022	August 31, 2022	September 26, 2022
Series 3B	17.84575	August 1, 2022	August 31, 2022	September 26, 2022
Series 3A	17.17825	November 8, 2022	November 29, 2022	December 26, 2022
Series 3B	17.84575	November 8, 2022	November 29, 2022	December 26, 2022
Series 3A	17.17825	November 8, 2022	March 2, 2023	March 27, 2023
Series 3B	17.84575	November 8, 2022	March 2, 2023	March 27, 2023

Total cash dividends declared by the Parent Company amounted to P3,650 in 2024, P3,053 in 2023 and P1,044 in 2022.

Appropriation for Capital Projects
On May 5, 2016, the Parent Company's BOD approved the re-appropriation of retained earnings amounting to P15,000 for capital projects in 2016 and 2017 which are expected to be completed within five years from the date of the approval.

On March 9, 2021, the BOD of the Parent Company approved the reversal of P8,000 of the P15,000 appropriated retained earnings of the Parent Company since majority of the 2016 and 2017 capital projects were already completed while others were deferred. The remaining P7,000 was maintained for the Power Plant project.

On May 10, 2023, the BOD of the Parent Company approved the reversal of P7,000 of the remaining appropriated retained earnings for the Parent Company since the Power Plant project no longer needs the subject appropriation to fund its completion.

On October 7, 2021, the BOD of PEDC approved the appropriation of its retained earnings amounting to P3 for acquisition of three lots located in Bulacan. As of December 31, 2024, these lots are expected to be acquired by the second half of 2025.

The appropriated retained earnings attributable to the equity holders of the Parent Company amounted to P3 as of December 31, 2024 and 2023.

c. The Group's unappropriated retained earnings include its accumulated equity in net earnings of subsidiaries, joint ventures and an associate amounting to P49,533, P48,107 and P43,690 as of December 31, 2024, 2023 and 2022, respectively. Such amounts are not available for declaration as dividends until declared by the respective investees.

d. Equity reserves comprise of the following:

   Reserve for retirement plan pertains to the cumulative remeasurements of the Group's defined benefit retirement plan.

Other reserves comprise the net income (loss) on cash flows hedges, unrealized fair value losses on investments in debt instruments, exchange differences on translation of foreign operations, effect of redemption of capital securities and others with details as follows:

	2024	2023 As restated (Note 40)	2022 As restated (Note 40)
Balance at beginning of year, as previously reported	**(P14,786)**	(P10,450)	(P12,379)
Effect of prior period adjustments	**(8)**	(4)	-
Balance at beginning of year, as restated	**(14,794)**	(10,454)	(12,379)
Net income (loss) on cash flow hedges, net of tax	**-**	(50)	54
Cumulative translation adjustment	**3,499**	(2,008)	1,871
Share in other comprehensive income of an associate and joint venture	**1**	4	-
Repurchase of capital securities	**(386)**	(2,286)	-
Balance at end of year	**(P11,680)**	(P14,794)	(P10,454)

e. SPCS

On January 19, 2018, the Parent Company issued US$500 million SPCS with an issue price of 100% for the partial repurchase and redemption of the Parent Company's existing US$750 million USCS, the repayment of indebtedness and general corporate purposes including capital expenditures. The SPCS were listed with the Singapore Exchange Securities Trading Ltd. on January 22, 2018.

Holders of the SPCS are conferred a right to receive distribution on a semi-annual basis from their issue date at the rate of 4.6% per annum, subject to a step-up rate. The Parent Company has a right to defer the distribution under certain conditions.

The SPCS have no fixed redemption date and are redeemable in whole, but not in part, at their principal amounts together with any accrued, unpaid, or deferred distributions, at the Parent Company's option on or after July 19, 2023 or on any distribution payment date thereafter or upon the occurrence of certain other events.

On January 19, 2023, the Parent Company redeemed US$22.47 million (P1,118) from US$500 million SPCS issued in 2018 at a purchase price of US$927 per US$1,000 in principal amount.

On July 19, 2023, the remaining outstanding SPCS with an aggregate amount of US$477.53 million (P23,763) was fully redeemed at a purchase price of US$1,000 per US$1,000 in principal amount. Following such redemption, distributions ceased to accrue and the redeemed securities were cancelled and delisted from the Singapore Exchange Securities Trading Limited.

Payments of distributions pertaining to US$500 million SPCS were made on the following dates: July 19, 2023 (P797), January 19, 2023 (P841), July 18, 2022 (P864), January 18, 2022 (P787), July 16, 2021 (P770), and January 15, 2021 (P737).

On April 19, 2021, the Parent Company issued US$550 million SPCS at an issue price of 100%, with an initial distribution rate of 5.95% per annum. The securities were listed in the Singapore Exchange Securities Trading Limited on April 20, 2021. The net proceeds were used for the repayment of indebtedness and for general corporate purposes.

Payments of distributions pertaining to US$550 million SPCS was made on October 18, 2024 (P1,258), April 18, 2024 (P1,246), October 19, 2023 (P1,238), April 19, 2023 (P1,224), October 18, 2022 (P1,286) and April 18, 2022 (P1,140).

These SPCS were offered for sale and sold to qualified buyers and not more than 19 institutional lenders. Hence, the sale of SPCS was considered an exempt transaction for which no confirmation of exemption from the registration requirements of the SRC was required to be filed with the SEC.

f. RPS

On November 27, 2019, the Parent Company issued US$6 million RPS to be used for capital expenditures requirements.

Holders of the RPS are conferred a right to receive distributions on a quarterly basis, every February 27, May 27, August 27 and November 27. The Parent Company has a right to defer the distribution under certain conditions.

On May 26, 2023, the Parent Company fully redeemed its US$6 million (P302) RPS.

Distributions to holders of the RPS were made on May 26, 2023 (P3), February 27, 2023 (P3), November 25, 2022 (P3), August 30, 2022 (P3), May 27, 2022 (P3), March 1, 2022 (P3), November 27, 2021 (P3), August 27, 2021 (P3), May 27, 2021 (P3), and February 27, 2021 (P3).

On June 22, 2020, the Parent Company issued US$130 million RPS used for general corporate purposes. Holders of the RPS are conferred a right to receive distributions on a quarterly basis every March 22, June 22, September 22 and December 22.

On September 25, 2024 and October 2, 2024, the Parent Company partially repurchased US$40 million (P1,983) and US$20 million (P991) RPS.

Payment of distributions pertaining to RPS were made on December 23, 2024 (P37), October 2, 2024 (P1), September 23 and 25, 2024 (P66), June 21, 2024 (P69), and March 22, 2024 (P66), December 22, 2023 (P65), September 22, 2023 (P67), June 22, 2023 (P65), March 22, 2023 (P64), December 22, 2022 (P65), September 22, 2022 (P69), June 22, 2022 (P64) and March 22, 2022 (P62).

On August 10, 2020, the Parent Company issued additional US$100 million RPS used for general corporate purposes. Holders of the RPS are conferred a right to receive distributions on a quarterly basis every February 10, May 10, August 10 and November 10.

Holders of the RPS were paid on November 11, 2024 (P53), August 12, 2024 (P52), May 10, 2024 (P52), and February 10, 2024 (P51), November 10, 2023 (P51), August 10, 2023 (P51), May 10, 2023 (P51), February 10, 2023 (P49), November 10, 2022 (P53), August 10, 2022 (P50), May 10, 2022 (P47) and February 10, 2022 (P46).

The RPS have no fixed redemption date and are redeemable in whole, or in part, at their principal amounts together with any accrued, unpaid, or deferred distributions, at the Parent Company's option on any distribution payment date after 90 days from issuance date.

22. Cost of Goods Sold

This account consists of:

	Note	**2024**	2023	2022
Inventories	*8*	**P798,698**	P731,648	P803,977
Depreciation and amortization	*25*	**8,824**	8,420	7,078
Materials and supplies		**5,317**	6,209	5,397
Personnel expenses	*24*	**2,275**	1,839	1,564
Purchased services and utilities		**2,204**	2,589	2,683
Others	*29, 31*	**4,435**	3,724	3,089
		P821,753	P754,429	P823,788

Distribution or transshipment costs included as part of inventories amounted to P18,974, P17,113 and P13,329 in 2024, 2023 and 2022, respectively.

Others include manufacturing and overhead costs such as maintenance and repairs, taxes and licenses, insurance and rent.

23. Selling and Administrative Expenses

This account consists of:

	Note	**2024**	2023 As restated (Note 40)	2022 As restated (Note 40)
Depreciation and amortization	*25*	**P4,632**	P4,872	P4,927
Purchased services and utilities		**5,155**	4,309	3,857
Personnel expenses	*24*	**4,378**	3,892	3,858
Maintenance and repairs		**1,879**	1,960	1,624
Advertising		**837**	530	464
Materials and office supplies		**625**	791	359
Rent	*29*	**525**	497	381
Taxes and licenses		**509**	608	350
Net reversal of impairment on trade and other receivables	*4, 7*	**(9)**	(14)	(8)
Others	*8*	**226**	123	41
		P18,757	P17,568	P15,853

Selling and administrative expenses include research and development costs amounting to P87, P87 and P61 in 2024, 2023 and 2022, respectively (Note 8).

24. Personnel Expenses

This account consists of:

	Note	**2024**	2023	2022
Salaries, wages and other employee costs	*28*	**P6,290**	P5,386	P4,972
Retirement benefits costs - defined benefit plan	*28, 30*	**270**	257	367
Retirement benefits costs - defined contribution plan	*28*	**93**	88	83
		P6,653	P5,731	P5,422

The above amounts are distributed as follows:

	Note	**2024**	2023	2022
Costs of goods sold	*22*	**P2,275**	P1,839	P1,564
Selling and administrative expenses	*23*	**4,378**	3,892	3,858
		P6,653	P5,731	P5,422

25. Depreciation and Amortization

This account consists of:

	Note	**2024**	2023 As restated (Note 40)	2022 As restated (Note 40)
Cost of goods sold:				
Property, plant and equipment	*9*	**P8,342**	P7,957	P6,702
Right-of-use assets	*10*	**226**	129	140
Other assets	*14*	**256**	334	236
	22	**8,824**	8,420	7,078
Selling and administrative expenses:				
Property, plant and equipment	*9*	**2,114**	2,290	2,376
Right-of-use assets	*10*	**405**	510	507
Investment property	*11*	**2,037**	1,942	1,986
Intangible assets and others	*14*	**76**	130	58
	23	**4,632**	4,872	4,927
	37	**P13,456**	P13,292	P12,005

26. Interest Expense and Other Financing Charges, Interest Income and Other Expenses

This account consists of:

	Note	2024	2023	2022
Interest expense and other financing charges:				
Long-term debt	*18*	**P8,331**	P7,574	P5,320
Short-term loans	*15*	**8,102**	7,659	4,147
Bank charges		**1,535**	1,470	1,453
Accretion on lease liability	*29*	**1,259**	1,124	1,065
Amortization of debt issue costs	*18*	**636**	570	576
Advances from a related party	*28*	**321**	167	35
Defined benefit obligation	*30*	**303**	303	225
Accretion on ARO	*19*	**207**	226	216
Others	*39*	**267**	2	57
	37	**P20,961**	P19,095	P13,094
Interest income:				
Short-term placements	*5*	**P933**	P990	P720
Plan assets	*30*	**156**	106	73
Advances to related parties	*28*	**53**	45	58
Trade receivables	*7*	**44**	40	20
Cash in banks	*5*	**10**	9	10
Hedging		**5**	94	17
	37	**P1,201**	P1,284	P898
Other income - net:				
Gain on lease termination	*39*	**P3,509**	P -	P -
Marked-to-market gains (losses) - net	*35*	**986**	(133)	4,673
Changes in fair value of financial assets at FVPL	*6*	**70**	37	54
Hedging gains (losses) - net		**3**	(104)	(739)
Foreign currency losses - net	*34*	**(1,771)**	(509)	(3,678)
Others - net		**620**	828	690
		P3,417	P119	P1,000

Bank charges amounting to P5 was capitalized as part of property, plant and equipment in 2024 while P28 in 2023 and P46 in 2022 (Note 9).

Also included in “Others - net” were the following: (i) rental income amounting to P69 in 2024 while P63 each in 2023 and 2022 (Note 29); (ii) gain (loss) on sale of fixed asset amounting to (P53) in 2024 and P33 in 2023; and (iii) gain on acquisition of Mema amounting to P22 in 2022 (Note 12).

27. Income Taxes

Deferred tax assets and liabilities are from the following:

2024

	January 1 2024 As restated (Note 40)	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	December 31 2024
Net retirement benefits liability	**P1,747**	**(P140)**	**P409**	**P -**	**P2,016**
Rental	**1,651**	**(704)**	**-**	**-**	**947**
NOLCO	**6,214**	**(3,250)**	**-**	**-**	**2,964**
Various allowances, accruals and others	**(2,880)**	**3,174**	**-**	**13**	**307**
Inventory differential	**253**	**(273)**	**-**	**-**	**(20)**
MCIT	**1,021**	**357**	**-**	**-**	**1,378**
ARO	**622**	**(398)**	**-**	**-**	**224**
Unutilized tax losses	**626**	**(50)**	**-**	**-**	**576**
Unrealized foreign exchange gains - net	**(183)**	**477**	**-**	**-**	**294**
Capitalized taxes and duties on inventories deducted in advance	**(958)**	**(62)**	**-**	**-**	**(1,020)**
Capitalized interest, losses, duties and taxes on property, plant and equipment deducted in advance and others	**(3,359)**	**327**	**-**	**-**	**(3,032)**
Excess of double-declining over UPM and straight-line method of depreciation and amortization	**(8,096)**	**(2,697)**	**-**	**-**	**(10,793)**
	(P3,342)	**(P3,239)**	**P409**	**P13**	**(P6,159)**

2023

	January 1 2023 As restated (Note 40)	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	December 31 2023 As restated (Note 40)
Net retirement benefits liability	P1,910	(P172)	P9	P -	P1,747
Rental	1,545	106	-	-	1,651
NOLCO	6,654	(440)	-	-	6,214
Various allowances, accruals and others	535	(3,428)	-	13	(2,880)
Inventory differential	651	(398)	-	-	253
MCIT	508	513	-	-	1,021
ARO	519	103	-	-	622
Unutilized tax losses	453	173	-	-	626
Fair market value adjustments on business combination	(27)	27	-	-	-
Unrealized foreign exchange gains - net	22	(223)	18	-	(183)
Capitalized taxes and duties on inventories deducted in advance	(848)	(110)	-	-	(958)
Capitalized interest, losses, duties and taxes on property, plant and equipment deducted in advance and others	(3,524)	165	-	-	(3,359)
Excess of double-declining over UPM and straight-line method of depreciation and amortization	(10,295)	2,199	-	-	(8,096)
	(P1,897)	(P1,485)	P27	P13	(P3,342)

2022

	January 1 2022	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	December 31 2022 As restated (Note 40)
Net retirement benefits liability	P1,883	(P135)	P156	P6	P1,910
Rental	1,262	283	-	-	1,545
NOLCO	7,793	(1,139)	-	-	6,654
Various allowances, accruals and others	509	187	-	(161)	535
Inventory differential	(172)	823	-	-	651
MCIT	689	(181)	-	-	508
ARO	444	75	-	-	519
Unutilized tax losses	402	51	-	-	453
Fair market value adjustments on business combination	(27)	-	-	-	(27)
Unrealized foreign exchange gains - net	(240)	281	(19)	-	22
Capitalized taxes and duties on inventories deducted in advance	(764)	(84)	-	-	(848)
Capitalized interest, losses, duties and taxes on property, plant and equipment deducted in advance and others	(3,605)	81	-	-	(3,524)
Excess of double-declining over UPM and straight-line method of depreciation and amortization	(9,786)	(509)	-	-	(10,295)
	(P1,612)	(P267)	P137	(P155)	(P1,897)

The above amounts are reported in the consolidated statements of financial position as follows:

	2024	2023 As restated (Note 40)
Deferred tax assets - net	**P560**	P1,114
Deferred tax liabilities - net	**(6,719)**	(4,456)
	(P6,159)	(P3,342)

Net deferred taxes of individual companies are not allowed to be offset against net deferred tax liabilities of other companies, or vice versa, for purposes of consolidation.

The components of income tax expense are shown below:

	2024	2023 As restated (Note 40)	2022 As restated (Note 40)
Current	**P1,284**	P1,513	P1,213
Deferred	**3,239**	1,485	267
	P4,523	P2,998	P1,480

In 2024, the Parent Company made provision for impairment of deferred tax asset for a portion of its NOLCO and MCIT incurred in 2020 and 2022, respectively, which is due to expire in the succeeding year. Details of unrecognized deferred tax assets as of December 31, 2024 are as follows:

	Tax Base		
Year Incurred	**NOLCO**	**MCIT**	**Tax Effect**
2020	**P5,206**	**P -**	**P1,302**
2022	**-**	**310**	**310**
	P5,206	**P310**	**P1,612**

As of December 31, 2024, the NOLCO and MCIT of the Parent Company that can be claimed as deduction from future taxable income and deduction from corporate income tax due, respectively, are as follows:

Year Incurred/Paid	**Carryforward Benefits Up To**	**NOLCO**	**MCIT**
2020	December 31, 2025	**P15,384**	**P -**
2021	December 31, 2026	**1,678**	**-**
2022	December 31, 2025	**-**	**310**
2023	December 31, 2026	**-**	**513**
2024	December 31, 2027	**-**	**865**
		P17,062	**P1,688**

As of December 31, 2023, the NOLCO and MCIT of the Parent Company that can be claimed as deduction from future taxable income and deduction from corporate income tax due, respectively, are as follows:

Year Incurred/Paid	Carryforward Benefits Up To	NOLCO	MCIT
2020	December 31, 2025	P23,163	P -
2021	December 31, 2026	1,678	-
2021	December 31, 2024	-	198
2022	December 31, 2025	-	310
2023	December 31, 2026	-	513
		P24,841	P1,021

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 (bbbb) of Republic Act (RA) No. 11494, otherwise known as the Bayanihan to Recover as One Act, relative to NOLCO which provides that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five consecutive taxable years following the year such loss was incurred.

A reconciliation of tax on the pretax income computed at the applicable statutory rates to tax expense reported in the consolidated statements of income is as follows:

	2024	2023 As restated (Note 40)	2022 As restated (Note 40)
Statutory income tax rate	**25.00%**	25.00%	25.00%
Increase (decrease) in income tax rate resulting from:			
Interest income subjected to lower final tax	**(0.09%)**	(0.16%)	(0.11%)
Nontaxable income	**(6.91%)**	(4.47%)	(6.94%)
Nondeductible expense	**3.09%**	4.33%	(8.13%)
Nondeductible interest expense	**0.08%**	0.10%	0.09%
Write-off of NOLCO and MCIT	**-**	-	7.28%
Unrecognized deferred tax assets on NOLCO and MCIT	**14.08%**	-	-
Income subject to income tax holiday (ITH)	**(0.30%)**	-	-
Others, mainly income subject to different tax rates	**(0.14%)**	(1.93%)	0.42%
Effective income tax rate	**34.81%**	22.87%	17.61%

<u>OSD</u>
Effective July 2008, Republic Act (RA) No. 9504 was approved giving corporate taxpayers an option to claim itemized deduction or OSD equivalent to 40% of gross sales. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made (Note 4).

<u>Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.</u>
The CREATE Act, which seeks to reduce the corporate income tax rates and rationalize the current fiscal incentives by making it time-bound, targeted and performance-based, was passed into law on March 26, 2021 and took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or on April 11, 2021.

Key provisions of the CREATE Act which have an impact on the Group are: (i) reduction of Regular Corporate Income Tax (RCIT) rate from 30% to 25% for domestic and resident foreign corporations effective July 1, 2020; (ii) reduction of MCIT rate from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; and (iii) repeal of the imposition of improperly accumulated earnings tax.

Effective July 1, 2023, MCIT rate was reverted from 1% to 2% of gross income as prescribed by BIR Revenue Memorandum Circular (RMC) No. 69-2023 issued on June 20, 2023.

28. Related Party Disclosures

The Parent Company, certain subsidiaries, associate, joint ventures and SMC and its subsidiaries in the normal course of business, purchase products and services from one another. Transactions with related parties are made at normal market prices and terms. The Group requires approval of the BOD for certain limits on the amount and extent of transactions with related parties.

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

The balances and transactions with related parties as of and for the years ended December 31 follow:

	Note	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Retirement Plan	*7, 30, a*	**2024**	**P45**	**P -**	**P894**	**P -**	On demand; interest bearing	Unsecured; no impairment
		2023	45	-	894	-		
		2022	58	-	894	-		
	a	**2024**	**-**	**-**	**88**	**-**	On demand; non-interest bearing	Unsecured; no impairment
		2023	-	-	43	-		
		2022	-	-	-	-		
Intermediate Parent	*b, e, f, h, i*	**2024**	**18**	**235**	**15**	**418**	On demand; non-interest bearing	Unsecured; no impairment
		2023	29	221	18	461		
		2022	20	207	16	453		
Under Common Control	*14, b, c, d, h, i, j, k*	**2024**	**9,513**	**6,664**	**3,992**	**2,767**	On demand; non-interest bearing	Unsecured; no impairment
		2023	15,949	5,808	3,801	2,638		
		2022	16,473	4,625	6,278	2,178		
	k	**2024**	**-**	**321**	**-**	**5,785**	On demand; interest bearing	Unsecured; no impairment
		2023	-	167	-	3,322		
		2022	-	35	-	3,345		
Associate	*b, h*	**2024**	**280**	**296**	**81**	**203**	On demand; non-interest bearing	Unsecured; no impairment
		2023	240	210	54	73		
		2022	200	100	90	56		
Joint Ventures	*c, g, h*	**2024**	**-**	**74**	**-**	**4**	On demand; non-interest bearing	Unsecured; no impairment
		2023	-	65	1	-		
		2022	-	-	2	-		
Associates and Joint Ventures under Common Control	*b, h, l*	**2024**	**331**	**-**	**54**	**1**	On demand; non-interest bearing	Unsecured; no impairment
		2023	326	-	87	1		
		2022	365	-	71	19		
	l	**2024**	**-**	**41**	**-**	**1,100**	Short-term; interest bearing	Unsecured; no impairment
		2023	-	112	-	1,100		
		2022	-	101	-	2,865		
		2024	**P10,187**	**P7,631**	**P5,124**	**P10,278**		
		2023	P16,589	P6,583	P4,898	P7,595		
		2022	P17,116	P5,068	P7,351	P8,916		

a. As of December 31, 2024 and 2023, the Parent Company has interest bearing advances to PCERP, included as part of "Trade and other receivables - net" in the consolidated statements of financial position, for some investment opportunities (Notes 7 and 30).

b. Sales relate to the Parent Company's supply agreements with the Intermediate Parent, various SMC subsidiaries, and an associate. Under these agreements, the Parent Company supplies diesel fuel, gasoline and lube requirements of selected SMC plants and subsidiaries.

c. Purchases relate to purchase of goods and services such as power, construction, information technology, shipping and terminalling from a joint venture and various SMC subsidiaries.

d. The Parent Company entered into various lease agreements with San Miguel Properties, Inc. for office space and certain parcels of land where service stations are located.

e. The Parent Company has existing lease agreements with SMC covering certain parcels of land where service stations are located.

f. The Parent Company also pays SMC for its share in common expenses such as utilities and management fees.

g. TBSB provides bottling services to PFISB and another venturer.

h. Amounts owed by related parties consist of trade, non-trade receivables, advances and prepaid expenses.

i. Amounts owed to related parties consist of trade and non-trade payables.

j. NVRC leased out certain parcels of its land to SMC Consolidated Power Corporation for a period of 25 years.

k. Amounts owed to entities under common control include interest-bearing advances from San Miguel Insurance Company Ltd.

l. Amounts owed to associate of entities under common control include interest-bearing short-term loans payable to Bank of Commerce.

m. The compensation and benefits of key management personnel of the Group, by benefit type, included in the "Personnel expenses" account as follows (Note 24):

	2024	2023	2022
Salaries and other short-term employee benefits	**P1,010**	P906	P906
Retirement benefits costs - defined benefit plan	**105**	116	139
Retirement benefits costs - defined contribution plan	**42**	37	35
	P1,157	P1,059	P1,080

29. Lease Commitments

Group as Lessee

The Group entered into commercial leases on office space, buildings, machinery and equipment, service stations and certain parcels of land for its refinery and service stations (Notes 10 and 31). These leases' life ranges from one to 999 years with renewal options included in the contracts. There are no restrictions placed upon the Group by entering into these leases. The lease agreements include upward escalation adjustments of the annual rental rates.

Amounts recognized in profit or loss:

	Note	**2024**	2023	2022
Interest on lease liabilities	*10*	**P1,259**	P1,124	P1,065
Income from sub-leasing		**(1,696)**	(1,608)	(1,275)
Expenses relating to the variable portion of lease payments		**6**	4	4
Expenses relating to short-term leases		**586**	491	385
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets		**14**	30	10
		P169	P41	P189

Rent expense amounting to P81 is included in "Cost of goods sold – others" account in 2024, P28 in 2023 and P18 in 2022 (Note 22). Interest expense amounting to P5 was capitalized as part of property, plant and equipment in 2024, P26 in 2023 while P52 in 2022 (Note 9).

Amounts recognized in consolidated statements of cashflows:

	Note	**2024**	2023	2022
Interest paid under operating activities	*33*	**P1,264**	P1,150	P1,083
Cash outflows for short term, low value leases and variable portion of lease payments		**606**	525	399
Principal lease payments under financing activities	*33*	**1,516**	1,313	1,264
	10	**P3,386**	P2,988	P2,746

Group as Lessor - Operating Lease
The Group has entered into lease agreements on its service stations and other related structures. The non-cancellable leases have remaining terms of between three to ten years. All leases include a clause to enable upward escalation adjustment of the annual rental rates.

The following table sets out a maturity analysis of lease payments, showing undiscounted lease payments to be received after the reporting period.

	2024	2023
Less than one year	**P1,421**	P1,238
One to two years	**628**	585
Two to three years	**378**	329
Three to four years	**474**	289
Four to five years	**330**	287
More than five years	**2,415**	2,316
	P5,646	P5,044

Rent income recognized in profit or loss amounted to:

	Note	**2024**	2023	2022
Other operating income		**P1,767**	P1,683	P1,538
Others - net	*26*	**69**	63	63
		P1,836	P1,746	P1,601

30. Retirement Plan

The succeeding tables summarize the components of net retirement benefits costs (income) under defined benefit retirement plans recognized in consolidated statements of income and the funding status and amounts of retirement plans recognized in the consolidated statements of financial position. The Parent Company has a funded, noncontributory, defined benefit retirement plan while several subsidiaries have unfunded, noncontributory, defined benefit retirement plans. Contributions and costs are determined in accordance with the actuarial studies made for the plans. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is as of December 31, 2024. Valuations are obtained on a periodic basis.

The Parent Company's Retirement Plan is registered with the BIR as a tax-qualified plan under Republic Act (RA) No. 4917, as amended. The control and administration of the retirement plan is vested in the Board of Trustees (BOT), as appointed by the BOD of the Parent Company. The BOT of the retirement plan, who exercise voting rights over the shares and approve material transactions, are also officers of the Parent Company, while one of the BOT is also a BOD. The retirement plan's accounting and administrative functions are undertaken by SMC's Retirement Funds Office.

The following table shows a reconciliation of the net defined benefit retirement asset (liability) and its components:

	Present Value of Defined Benefit Obligation			Fair Value of Plan Assets			Net Defined Benefit Retirement Asset (Liability)		
	2024	2023	2022	**2024**	2023	2022	**2024**	2023	2022
Balance at beginning of year	**(P4,815)**	(P4,500)	(P4,486)	**P2,131**	P1,173	P1,027	**(P2,684)**	(P3,327)	(P3,459)
Recognized in Profit or Loss									
Current service cost	**(270)**	(257)	(263)	**-**	-	-	**(270)**	(257)	(263)
Past service cost - plan amendment*	**-**	-	(104)	**-**	-	-	**-**	-	(104)
Interest expense	**(303)**	(303)	(225)	**-**	-	-	**(303)**	(303)	(225)
Interest income	**-**	-	-	**156**	106	73	**156**	106	73
	(573)	(560)	(592)	**156**	106	73	**(417)**	(454)	(519)
Recognized in Other Comprehensive Income									
Remeasurements:									
Actuarial gains (losses) arising from:									
Experience adjustments	**(729)**	(233)	(127)	**-**	-	-	**(729)**	(233)	(127)
Changes in financial assumptions	**(209)**	(162)	267	**-**	-	-	**(209)**	(162)	267
Changes in demographic assumptions	**(88)**	22	2	**-**	-	-	**(88)**	22	2
Return on plan asset excluding interest	**-**	-	-	**(629)**	335	(768)	**(629)**	335	(768)
	(1,026)	(373)	142	**(629)**	335	(768)	**(1,655)**	(38)	(626)
Others									
Benefits paid	**563**	565	476	**(526)**	(498)	(359)	**37**	67	117
Contributions	**-**	-	-	**1,023**	1,015	1,200	**1,023**	1,015	1,200
Translation adjustment	**(89)**	53	(40)	**-**	-	-	**(89)**	53	(40)
	474	618	436	**497**	517	841	**971**	1,135	1,277
Balance at end of year	**(P5,940)**	(P4,815)	(P4,500)	**P2,155**	P2,131	P1,173	**(P3,785)**	(P2,684)	(P3,327)

**In 2022, the Parent Company added disability benefit for employees hired before January 1, 2022 resulting in the recognition of past service cost.*

The above net defined benefit retirement liability was recognized in the consolidated statements of financial position as follows:

	Note	2024	2023
Trade and other payables	*17*	**P124**	P63
Retirement benefits liability (noncurrent portion)		**3,661**	2,621
		P3,785	P2,684

Retirement benefits costs (income) recognized in the consolidated statements of income by the Parent Company amounted to P194, P181, P294 in 2024, 2023 and 2022, respectively, including past service cost on plan amendment amounting to P104 in 2022.

Retirement benefits costs recognized in the consolidated statements of income by the subsidiaries amounted to P76, P76, P73 in 2024, 2023 and 2022, respectively.

The carrying amounts of the Parent Company's retirement fund approximate fair values as of December 31, 2024 and 2023.

Plan assets consist of the following:

	2024	2023
Shares of stock:		
Quoted	**60%**	67%
Unquoted	**15%**	13%
Government securities	**19%**	14%
Cash and cash equivalents	**5%**	4%
Others	**1%**	2%
	100%	100%

Investment in Shares of Stock. As of December 31, 2024 and 2023, the Group's plan assets include 459,156,097 common shares of Petron with fair market value per share of P2.43 and P3.55 as of December 31, 2024 and 2023, respectively, and 14,250,900 common shares of SMC with fair market value per share of P86.00 and P102.10 as of December 31, 2024 and 2023, respectively.

The Parent Company's plan recognized a gain (loss) on the investment in marketable securities of Petron and SMC amounting to (P744), P658 and (P666) in 2024, 2023 and 2022, respectively, mainly as a result of marked-to-market remeasurements.

Dividend income from the investment in shares of stock of Petron and SMC amounted to P66 in 2024, P66 in 2023, and P15 in 2022.

Government Securities represents debt instruments issued by sovereign government mainly held by two trustee banks of the plan.

Others include receivables, unit investment trust funds, and debt instruments which earn interest.

The BOT reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Parent Company's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Parent Company monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation. The Parent Company expects to contribute P536 to its defined benefit retirement plan in 2025.

The BOT approves the percentage of asset to be allocated for fixed income instruments and equities. The retirement plan has set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The BOT may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

The retirement plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

Investment and Interest Risk. The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments and if the return on plan asset falls below this rate, it will create a deficit in the plan. Due to the long-term nature of plan obligation, a level of continuing equity investments is an appropriate element of the Group's long-term strategy to manage the plans efficiently.

Longevity and Salary Risks. The present value of the defined obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

The overall expected rate of return is determined based on historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	2024	2023	2022
Discount rate	**4.34% to 6.15%**	5.00% to 6.58%	5.00% to 7.41%
Future salary increases	**5.00% to 7.00%**	5.00% to 8.00%	5.00% to 6.50%

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of defined benefit obligation is from 6.60 to 12.30 years as of December 31, 2024 and 5.50 to 14.90 years as of December 31, 2023.

The reasonably possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefit assets/liabilities by the amounts below:

	Defined Benefit Liabilities	
2024	**1 Percent Increase**	**1 Percent Decrease**
Discount rate	**(P95)**	**P155**
Salary increase rate	**461**	**(408)**

	Defined Benefit Liabilities	
2023	1 Percent Increase	1 Percent Decrease
Discount rate	(P91)	P130
Salary increase rate	354	(315)

The Parent Company has advances to PCERP amounting to P982 and P937 as of December 31, 2024 and 2023, respectively, included as part of “Trade and other receivables - net” account in the consolidated statements of financial position (Notes 7 and 28). The advances are subject to interest of 5% in 2024 and 2023 (Note 28).

In 2022, portion of the Parent Company’s interest-bearing advances to PCERP were converted into contribution to the retirement plan (Note 28).

Transactions with the retirement plan are made at normal market prices and terms. Outstanding balances as of December 31, 2024 and 2023 are unsecured and settlements are made in cash. There have been no guarantees provided for any retirement plan receivables. The Parent Company has not recognized any impairment losses relating to the receivables from retirement plan for the years ended December 31, 2024, 2023 and 2022.

31. Significant Agreements

Supply Agreements. The Parent Company has assigned all its rights and obligations to PSTPL (as Assignee) to have a term contract to purchase the Company’s crude oil requirements from Saudi Arabian Oil Company (Saudi Aramco), Kuwait Petroleum Corporation (KPC), Abu Dhabi National Oil Company (ADNOC), Chevron USA Inc. Singapore Branch (Chevron) and Shell International Eastern Trading Company (SIETCO). The contract with Saudi Aramco is from January 1, 2024 to December 31, 2024 with an automatic annual extension thereafter, unless terminated at the option of either party, upon at least 60 days written notice. The contract with Saudi Aramco has been extended for another year. The contract with KPC from July 1, 2023 to December 31, 2024 was renewed from January 1, 2025 to December 31, 2025 while the contract from ADNOC from January 1, 2024 to December 31, 2024 has been terminated. Lastly, the contract with Chevron is from December 1, 2024 to November 30, 2025 and the contract with SIETCO is for three (3) years from November 6, 2023.

PMRMB acquires crude oil and condensate for the Port Dickson Refinery from various sources through a combination of term purchase contracts and spot market purchases. PMRMB has a term supply contract for Tapis crude oil and Terengganu condensate with Exxon Mobile Exploration and Production Malaysia Inc. (“EMEPMI”) for a period of 2 years until March 2026 supplemented by other short-term supply contracts and spot crude purchases. As of December 31, 2024, about 45% of the crude and condensate volume is sourced from EMEPMI, while the balance from other term and spot purchases. Pricing is determined through a formula that is linked to international industry benchmarks. PMRMB also utilizes Port Dickson Refinery spare capacity for crude processing arrangement of third parties to optimize utilization and benefits.

Outstanding liabilities of the Group for such purchases are shown as part of “Liabilities for crude oil and petroleum products” account in the consolidated statements of financial position as of December 31, 2024 and 2023 (Note 16).

Toll Service Agreement with Innospec Limited (Innospec). PFC entered into an agreement with Innospec, a leading global fuel additives supplier, in December 2006. Under the agreement, PFC shall be the exclusive toll blender of Innospec’s fuel additives sold in the Asia-Pacific region consisting of the following territories: South Korea, China, Taiwan, Singapore, Cambodia, Japan and Malaysia.

PFC will provide the tolling services which include storage, blending, filing and logistics management. In consideration of these services, Innospec will pay PFC a service fee based on the total volume of products blended at PFC Fuel Additives Blending facility.

Tolling services started in 2008 on which PFC recognized revenue amounting to P49, P76 and P110 in 2024, 2023 and 2022, respectively.

Lease Agreements with Philippine National Oil Company (PNOC). On September 30, 2009, Petron through NVRC entered into a 30-year lease with PNOC without rent-free period, covering a property which it shall use as site for its refinery, commencing on January 1, 2010 and ending on December 31, 2039. Based on the latest valuation of the property conducted by a third-party appraiser acceptable to both parties, the annual rental shall be P238 retroactive to year 2022, payable on the 15th day of January each year without the necessity of demand. This lease is subject to renewal options and annual escalation clauses of 3% per annum to be applied starting 2018 until the next re-appraisal is conducted. The leased premises shall be reappraised every fifth year in which the new rental rate shall be determined equivalent to 5% of the reappraised value, and still subject to annual escalation clause of 3% for the four years following the re-appraisal. As of December 31, 2024, said lease contract along with the lease contracts for its bulk plants and service stations which are the subject landholdings of the rescinded deeds of conveyance were considered deemed canceled with the Supreme Court’s ruling in favor of Petron (Note 39). As of December 31, 2024 and 2023, Petron leases other parcels of land from PNOC for its pipeline right-of-way and service stations.

32. Basic and Diluted Earnings Per Share

Basic and diluted earnings per share amounts are computed as follows:

	2024	2023 As restated (Note 40)	2022 As restated (Note 40)
Net income attributable to equity holders of the Parent Company	**P8,469**	P9,229	P5,952
Dividends on preferred shares for the year	**(2,713)**	(2,115)	(1,044)
Distributions to the holders of capital securities	**(2,951)**	(4,569)	(4,545)
Net income attributable to common shareholders of the Parent Company (a)	**P2,805**	P2,545	P363
Weighted average number of common shares outstanding (in millions) (b)	**9,375**	9,375	9,375
Basic/diluted earnings per common share attributable to equity holders of the Parent Company (a/b)	**P0.30**	P0.27	P0.04

As of December 31, 2024, 2023 and 2022, the Parent Company has no potential dilutive debt or equity instruments.

33. Supplemental Cash Flow Information

Supplemental information with respect to the consolidated statements of cash flows is presented below:

a. Changes in noncash current assets, certain current liabilities and others are as follows (amounts reflect actual cash flows rather than increases or decreases of the accounts in the consolidated statements of financial position):

	Note	2024	2023	2022
Decrease (increase) in assets:				
Trade and other receivables		**P5,108**	(P5,075)	(P25,889)
Inventories		**(12,391)**	7,946	(16,479)
Other assets		**(9,482)**	(2,516)	(4,915)
Increase (decrease) in liabilities:				
Liabilities for crude oil and petroleum products		**5,117**	(5,696)	(458)
Trade and other payables and others		**(110)**	355	9,159
	40	**(P11,758)**	(P4,986)	(P38,582)

b. Changes in liabilities arising from financing activities:

	Dividends Payable	Lease Liabilities	Advances from a Related Party	Short-term Loans	Long-term Debt	Total
Balance as of January 1, 2024	**P948**	**P15,944**	**P3,362**	**P137,910**	**P108,896**	**P267,060**
Changes from financing cash flows:						
Payment of principal	**-**	**(1,516)**	**-**	**-**	**-**	**(1,516)**
Proceeds from availment of loans/advances	**-**	**-**	**2,243**	**343,474**	**40,193**	**385,910**
Payments of loans	**-**	**-**		**(343,142)**	**(34,517)**	**(377,659)**
Dividends and distributions declared	**6,814**	**-**	**-**	**-**	**-**	**6,814**
Dividends and distributions paid	**(6,723)**	**-**	**-**	**-**	**-**	**(6,723)**
Total changes from financing cash flows	**91**	**(1,516)**	**2,243**	**332**	**5,676**	**6,826**
New leases	**-**	**2,492**	**-**	**-**	**-**	**2,492**
Interest expense	**-**	**1,264**	**-**	**-**	**-**	**1,264**
Interest paid	**-**	**(1,264)**	**-**	**-**	**-**	**(1,264)**
Effects of changes in foreign exchange rates	**-**	**124**	**-**	**664**	**2,233**	**3,021**
Lease termination	**-**	**(3,629)**	**-**	**-**	**-**	**(3,629)**
Amortization of debt issue costs	**-**	**-**	**-**	**-**	**638**	**638**
Balance as of December 31, 2024	**P1,039**	**P13,415**	**P5,605**	**P138,906**	**P117,443**	**P276,408**

	Dividends Payable	Lease Liabilities	Advances from a Related Party	Short-term Loans	Long-term Debt	Total
Balance as of January 1, 2023	P470	P15,094	P3,362	P137,886	P107,061	P263,873
Changes from financing cash flows:						
Payment of principal	-	(1,313)	-	-	-	(1,313)
Proceeds from availment of loans/advances	-	-	-	268,329	21,331	289,660
Payments of loans	-	-	-	(268,078)	(19,790)	(287,868)
Dividends and distributions declared	7,834	-	-	-	-	7,834
Dividends and distributions paid	(7,356)	-	-	-	-	(7,356)
Total changes from financing cash flows	478	(1,313)	-	251	1,541	957
New leases	-	2,234	-	-	-	2,234
Interest expense	-	1,150	-	-	-	1,150
Interest paid	-	(1,150)	-	-	-	(1,150)
Effects of changes in foreign exchange rates	-	(71)	-	(227)	(291)	(589)
Amortization of debt issue costs	-	-	-	-	585	585
Balance as of December 31, 2023	P948	P15,944	P3,362	P137,910	P108,896	P267,060

34. Financial Risk Management Objectives and Policies

The Group’s principal financial instruments include cash and cash equivalents, equity securities, bank loans and derivative instruments. The main purpose of bank loans is to finance working capital relating to importation of crude and petroleum products, as well as to partly fund capital expenditures. The Group has other financial assets and liabilities such as trade and other receivables and trade and other payables, which are generated directly from its operations.

It is the Group’s policy not to enter into derivative transactions for speculative purposes. The Group uses hedging instruments to protect its margin on its products from potential price volatility of crude oil and products. It also enters into forward currency and option contracts to hedge its currency exposure on crude oil importations and long-term dollar loan, respectively.

The main risks arising from the Group’s financial instruments are foreign currency risk, interest rate risk, credit risk, liquidity risk and commodity price risk. The BOD regularly reviews and approves the policies for managing these financial risks. Details of each of these risks are discussed below, together with the related risk management structure.

Risk Management Structure

The Group follows an enterprise-wide risk management framework for identifying, assessing and addressing the risk factors that affect or may affect its businesses.

The Group’s risk management process is a bottom-up approach, with each risk owner mandated to conduct regular assessment of its risk profile and formulate action plans for managing identified risks. As the Group’s operation is an integrated value chain, risks emanate from every process, while some could cut across groups. The results of these activities flow up to the Management Committee and, eventually, the BOD through the Group’s annual business planning process.

Oversight and technical assistance is likewise provided by corporate units and committees with special duties. These groups and their functions are:

a. The Risk and Insurance Management Group, which is mandated with the overall coordination and development of the enterprise-wide risk management process.

b. The Treasurers Department, which is in charge of foreign currency hedging transactions.

c. The Transaction Management Unit of Controllers Department, which provides backroom support for all hedging transactions.

d. The Corporate Technical and Engineering Services Group, which oversees strict adherence to safety and environmental mandates across all facilities.

e. The Internal Audit Department, which has been tasked with the implementation of a risk-based auditing.

f. The Commodity Risk Management Department (CRMD), which sets new and updates existing hedging policies by the BOD, provides the strategic targets and recommends corporate hedging strategy to the Commodity Risk Management Committee and Steering Committee.

g. PSTPL executes the hedging transactions involving crude and product imports on behalf of the Group.

The BOD also created separate positions and board-level entities with explicit authority and responsibility in managing and monitoring risks, as follows:

a. The Audit Committee is responsible for overseeing the Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

   The Internal Audit Department and the External Auditor directly report to the Audit Committee regarding the direction, scope and coordination of audit and any related activities.

b. The Risk Oversight Committee is responsible for the oversight of the enterprise risk management system of the Group to ensure its functionality and effectiveness.

c. The Compliance Officer, who is a senior officer of the Parent Company reports to the BOD chairperson. Among other functions, he monitors compliance with the provisions and requirements of the Corporate Governance Manual and relevant laws and regulations and determines any possible violations and recommends corresponding penalties, subject to review and approval of the BOD. The Compliance Officer identifies and monitors compliance risk. Lastly, the Compliance Officer represents the Group before the SEC regarding matters involving compliance with the Corporate Governance Manual and other relevant rules and regulations of the SEC.

<u>Foreign Currency Risk</u>
The Parent Company's functional currency is the Philippine peso, which is the denomination of the bulk of the Group's revenues. The Group's exposures to foreign currency risk arise mainly from US dollar-denominated sales as well as purchases principally of crude oil and petroleum products. As a result of this, the Group maintains a level of US dollar-denominated assets and liabilities during the year. Foreign currency risk occurs due to differences in the levels of US dollar-denominated assets and liabilities.

In addition, starting March 31, 2012, the Group's exposure to foreign currency risks also arise from US dollar-denominated sales and purchases, principally of crude oil and petroleum products, of Petron Malaysia whose transactions are in Malaysian ringgit, which are subsequently converted into US dollar before ultimately translated to equivalent Philippine peso amount using applicable rates for the purpose of consolidation.

The Group pursues a policy of mitigating foreign currency risk by entering into hedging transactions or by substituting US dollar-denominated liabilities with peso-based debt. The natural hedge provided by US dollar-denominated assets is also factored in hedging decisions. As a matter of policy, currency hedging is limited to the extent of 100% of the underlying exposure.

The Group is allowed to engage in active risk management strategies for a portion of its foreign currency risk exposure. Loss limits are in place, monitored daily and regularly reviewed by management.

The Group assesses the existence of an economic relationship between the hedged item and the hedging instrument based on the currency, amount, and timing of their respective cash flows. For derivatives designated in a hedging relationship, the Group determines whether the derivatives are expected to be highly effective in offsetting the changes in the cash flows of the hedged item using the cumulative dollar-offset method. The dollar-offset method approximates the changes in the fair value of the hedged item using a hypothetical derivative which mirrors the terms of the derivative used as hedging instrument.

For currency hedges, the Group maintains a 1:1 hedge ratio since a similar amount of hedging instrument is expected to offset the changes in the cash flows of the hedged item. The main sources of ineffectiveness are:

a. the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in the exchange rates; and

b. changes in the timing of the hedged transactions.

The Group is exposed to foreign currency risk of its short-term loans and US dollar-denominated sales and purchases. On the other hand, both foreign currency and interest rate risks arise in the Group's long-term debts. The Group determined that foreign currency risk is a separately identifiable and measurable risk component eligible for designation since it is caused by fluctuations in US dollar to Philippine peso exchange rates and benchmark closing prices used to measure the fluctuations are available in the market.

Information on the Group's US dollar-denominated financial assets and liabilities and their Philippine peso equivalents are as follows:

	2024		2023	
	US Dollar (in millions)	**Phil. Peso Equivalent**	US Dollar (in millions)	Phil. Peso Equivalent
Assets				
Cash and cash equivalents	**403**	**23,324**	376	20,804
Trade and other receivables	**646**	**37,341**	752	41,644
Other assets	**20**	**1,184**	23	1,285
	1,069	**61,849**	1,151	63,733
Liabilities				
Short-term loans	**277**	**16,006**	223	12,366
Liabilities for crude oil and petroleum products	**814**	**47,135**	767	42,490
Long-term debts (including current maturities)	**1,171**	**67,717**	940	52,030
Other liabilities	**179**	**10,340**	116	6,425
	2,441	**141,198**	2,046	113,311
Net Foreign Currency-Denominated Monetary Liabilities	**(1,372)**	**(79,349)**	(895)	(49,578)

The Group incurred net foreign currency losses amounting to P1,771, P509, and P3,678 in 2024, 2023 and 2022, respectively (Note 26), which were mainly countered by marked-to-market and realized hedging gains (losses) (Note 26). The foreign currency rates from Philippine peso (PhP) to US dollar (US$) as of December 31 are shown in the following table:

	PHP to US$
December 31, 2024	**57.845**
December 31, 2023	55.370
December 31, 2022	55.755

Managing of foreign currency risk is also supplemented by monitoring the sensitivity of financial instruments to various foreign currency exchange rate scenarios. Foreign currency movements affect reported equity through the retained earnings and equity reserves arising from increases or decreases in unrealized and realized foreign currency gains or losses.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, to profit before tax and equity as of December 31, 2024 and 2023:

	P1 Decrease in the US Dollar Exchange Rate		**P1 Increase in the US Dollar Exchange Rate**	
2024	**Effect on Income before Income Tax**	**Effect on Equity**	**Effect on Income before Income Tax**	**Effect on Equity**
Cash and cash equivalents	**(P264)**	**(P337)**	**P264**	**P337**
Trade and other receivables	**(178)**	**(639)**	**178**	**639**
Other assets	**(10)**	**(18)**	**10**	**18**
	(452)	**(994)**	**452**	**994**
Short-term loans	**-**	**277**	**-**	**(277)**
Liabilities for crude oil and petroleum products	**461**	**1,161**	**(461)**	**(1,161)**
Long-term debts (including current maturities)	**1,171**	**878**	**(1,171)**	**(878)**
Other liabilities	**22**	**173**	**(22)**	**(173)**
	1,654	**2,489**	**(1,654)**	**(2,489)**
	P1,202	**P1,495**	**(P1,202)**	**(P1,495)**

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
2023	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P263)	(P310)	P263	P310
Trade and other receivables	(193)	(774)	193	774
Other assets	(10)	(21)	10	21
	(466)	(1,105)	466	1,105
Short-term loans	-	223	-	(223)
Liabilities for crude oil and petroleum products	289	984	(289)	(984)
Long-term debts (including current maturities)	940	705	(940)	(705)
Other liabilities	10	143	(10)	(143)
	1,239	2,055	(1,239)	(2,055)
	P773	P950	(P773)	(P950)

Exposures to foreign currency rates vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates mainly to long-term borrowings and investment securities. Investments or borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, investments or borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest costs by using a combination of fixed and variable rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rates and ensures that the marked-up rates levied on its borrowings are most favorable and benchmarked against the interest rates charged by other creditor banks.

On the other hand, the Group's investment policy is to maintain an adequate yield to match or reduce the net interest cost from its borrowings prior to deployment of funds to their intended use in operations and working capital management. However, the Group invests only in high-quality securities while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term volatility on earnings. Over the longer term, however, permanent changes in interest rates would have an impact on consolidated statements of income.

Managing interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios. Interest rate movements affect reported equity through the retained earnings arising from increases or decreases in interest income or interest expense as well as fair value changes reported consolidated statements of income, if any.

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax (through the impact on floating rate borrowings) and equity by P727 and P520 in 2024 and 2023, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect.

Interest Rate Risk Table. As of December 31, 2024 and 2023, the terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

2024	**<1 Year**	**1 - <2 Years**	**2 - <3 Years**	**3 - <4 Years**	**4 - <5 Years**	**>5 Years**	**Total**
Fixed Rate							
Philippine peso denominated	**P22,425**	**P5,000**	**P15,750**	**P2,000**	**P1,000**	**P -**	**P46,175**
Interest rate	**3.4% - 8.1%**	**7.2% - 7.5%**	**4.3% - 7.5%**	**7.5%**	**7.5%**	**-**	**-**
Floating Rate							
Philippine peso denominated	**-**	**833**	**1,667**	**1,667**	**833**	**-**	**5,000**
Interest rate		**6 mos. BVAL + margin**	**6 mos. BVAL + margin**	**6 mos. BVAL + margin**	**6 mos. BVAL + margin**		
US$ denominated (expressed in Php)	**6,595**	**18,907**	**23,039**	**10,123**	**8,263**	**-**	**66,927**
Interest rate*	**1, 3, 6 mos. SOFR + margin**	**1, 3, 6 mos. SOFR + margin**	**1, 3, 6 mos. SOFR + margin**	**1, 3, 6 mos. SOFR + margin**	**1, 3, 6 mos. SOFR + margin**		
JP¥ denominated (expressed in Php)	**790**	**-**	**-**	**-**	**-**	**-**	**790**
Interest rate*	**1, 3, 6 mos. TONA + margin**						
	P29,810	**P24,740**	**P40,456**	**P13,790**	**P10,096**	**P -**	**P118,892**

**The Parent Company reprices every month but has been given an option to reprice every 3 or 6 months.*

2023	<1 Year	1 - <2 Years	2 - <3 Years	3 - <4 Years	4 - <5 Years	>5 Years	Total
Fixed Rate							
Philippine peso denominated	P19,057	P22,425	P3,000	P13,750	P -	P -	P58,232
Interest rate	4.6% - 7.8%	3.4% - 8.1%	7.2% - 7.5%	4.3% - 7.5%	-	-	-
Floating Rate							
US$ denominated (expressed in Php)	5,292	14,143	15,923	12,363	1,780	-	49,501
Interest rate*	1, 3, 6 mos. SOFR + margin	1, 3, 6 mos. SOFR + margin	1, 3, 6 mos. SOFR + margin	1, 3, 6 mos. SOFR + margin	1, 3, 6 mos. SOFR + margin		
JP¥ denominated (expressed in Php)	1,686	843	-	-	-	-	2,529
Interest rate*	1, 3, 6 mos. TONA + margin	1, 3, 6 mos. TONA + margin	1, 3, 6 mos. TONA + margin				
	P26,035	P37,411	P18,923	P26,113	P1,780	P -	P110,262

**The Parent Company reprices every month but has been given an option to reprice every 3 or 6 months.*

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In effectively managing credit risk, the Group regulates and extends credit only to qualified and credit-worthy customers and counterparties, consistent with established Group credit policies, guidelines and credit verification procedures. Requests for credit facilities from trade customers undergo stages of review by Trade Sales and Finance Divisions. Approvals, which are based on amounts of credit lines requested, are vested among line managers and top management that include the President and the Chairman.

Generally, the maximum credit risk exposure of financial assets is the total carrying amount of the financial assets as shown on the face of the consolidated statements of financial position or in the notes to the consolidated financial statements, as summarized below:

	Note	**2024**	2023
Cash in banks and cash equivalents	*5*	**P28,177**	P24,373
Derivative assets	*6*	**1,044**	1,162
Trade and other receivables - net	*7*	**82,762**	86,479
Noncurrent deposits	*14*	**141**	124
		P112,124	P112,138

Cash and Cash Equivalents, Derivative Assets and Noncurrent Deposits
Cash and cash equivalents, derivative assets and noncurrent deposits are held with counterparties with high external credit ratings. The credit quality of these financial assets is considered to be high grade. Impairment on cash and cash equivalents, derivative assets and noncurrent deposits has been measured on a 12-month ECL basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents, derivative assets and noncurrent deposits have low credit risk based on the external credit ratings of its counterparties.

Trade and Other Receivables and Long-term Receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in Note 37.

Credit Quality. In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprised of the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer’s nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

Class A “*High Grade*” are accounts with strong financial capacity and business performance and with the lowest default risk.

Class B “*Moderate Grade*” refers to accounts of satisfactory financial capability and credit standing but with some elements of risks where certain measure of control is necessary in order to mitigate risk of default.

Class C “*Low Grade*” are accounts with high probability of delinquency and default.

Below is the credit quality profile of the Group’s trade accounts receivable as of December 31, 2024 and 2023:

	Trade Accounts Receivables Per Class			
	Class A	**Class B**	**Class C**	**Total**
December 31, 2024				
Retail	**P3,437**	**P4,155**	**P1,530**	**P9,122**
Lubes	**736**	**323**	**1,005**	**2,064**
Gasul	**892**	**494**	**170**	**1,556**
Industrial	**15,375**	**3,593**	**5,469**	**24,437**
Others	**15,574**	**7,732**	**949**	**24,255**
	P36,014	**P16,297**	**P9,123**	**P61,434**

	Trade Accounts Receivables Per Class			
	Class A	Class B	Class C	Total
December 31, 2023				
Retail	P2,568	P2,635	P2,663	P7,866
Lubes	405	288	806	1,499
Gasul	947	339	156	1,442
Industrial	17,483	32	5,591	23,106
Others	11,783	7,524	6,085	25,392
	P33,186	P10,818	P15,301	P59,305

Collaterals. To the extent practicable, the Group also requires collateral as security for a credit facility to mitigate credit risk in trade receivables (Note 7). Among the collaterals held are letters of credit, bank guarantees, real estate mortgages, cash bonds, cash deposits and corporate guarantees valued at P6,021 and P5,669 as of December 31, 2024 and 2023, respectively. These securities may only be called on or applied upon default of customers.

Risk Concentration. The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of trade and other receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous trade customers. The Group does not execute any credit guarantee in favor of any counterparty.

The table below presents the summary of the Group's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	2024				
	Financial Assets at Amortized Cost				
	12-month ECL	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**	**Financial Assets at FVPL**	**Total**
Cash in banks and cash equivalents	**P28,177**	**P -**	**P -**	**P -**	**P28,177**
Trade and other receivables	**-**	**82,762**	**894**	**-**	**83,656**
Derivative assets not designated as cash flow hedge	**-**	**-**	**-**	**1,044**	**1,044**
Long-term receivables	**-**	**-**	**333**	**-**	**333**
Noncurrent deposits	**141**	**-**	**-**	**-**	**141**
	P28,318	**P82,762**	**P1,227**	**P1,044**	**P113,351**

	2023				
	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Financial Assets at FVPL	Total
Cash in banks and cash equivalents	P24,373	P -	P -	P -	P24,373
Trade and other receivables	-	86,479	902	-	87,381
Derivative assets not designated as cash flow hedge	-	-	-	1,162	1,162
Long-term receivables	-	-	309	-	309
Noncurrent deposits	124	-	-	-	124
	P24,497	P86,479	P1,211	P1,162	P113,349

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group's objectives in managing its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps or surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The Group also uses derivative instruments such as forwards and swaps to manage liquidity.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted payments used for liquidity management as of December 31, 2024 and 2023.

2024	**Carrying Amount**	**Contractual Cash Flow**	**1 Year or Less**	**>1 Year - 2 Years**	**>2 Years - 5 Years**	**Over 5 Years**
Financial Assets						
Cash and cash equivalents	**P30,389**	**P30,389**	**P30,389**	**P -**	**P -**	**P -**
Trade and other receivables	**82,762**	**82,762**	**82,762**	**-**	**-**	**-**
Derivative assets (including non-current portion)	**1,044**	**1,044**	**1,044**	**-**	**-**	**-**
Proprietary membership shares	**458**	**458**	**-**	**-**	**-**	**458**
Noncurrent deposits	**141**	**141**	**-**	**-**	**4**	**137**
Financial Liabilities						
Short-term loans	**138,906**	**140,027**	**140,027**	**-**	**-**	**-**
Liabilities for crude oil and petroleum products	**51,625**	**51,625**	**51,625**	**-**	**-**	**-**
Trade and other payables*	**17,060**	**17,060**	**17,060**	**-**	**-**	**-**
Derivative liabilities	**1,699**	**1,699**	**1,699**	**-**	**-**	**-**
Long-term debts (including current maturities)	**117,443**	**135,521**	**37,024**	**29,823**	**68,674**	**-**
Lease liability (including current portion)	**13,415**	**21,215**	**2,055**	**2,042**	**5,529**	**11,589**
Cash bonds	**426**	**426**	**-**	**411**	**15**	
Cylinder deposits	**3,432**	**3,432**	**3,432**	**-**	**-**	**-**
"Others" under other noncurrent liabilities	**61**	**61**	**-**	**25**	**25**	**11**

**excluding specific taxes and other taxes payable, retirement benefits liability, deferred income, advances from customers, cylinder deposits and others*

2023 (As restated)	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P27,519	P27,519	P27,519	P -	P -	P -
Trade and other receivables	86,479	86,479	86,479	-	-	-
Derivative assets (including non-current portion)	1,162	1,162	1,162	-	-	-
Proprietary membership shares	389	389	-	-	-	389
Noncurrent deposits	124	124	-	4	-	120
Financial Liabilities						
Short-term loans	137,910	139,785	139,785	-	-	-
Liabilities for crude oil and petroleum products	44,840	44,840	44,840	-	-	-
Trade and other payables*	12,008	12,008	11,904	-	104	-
Derivative liabilities	749	749	749	-	-	-
Long-term debts (including current maturities)	108,896	126,412	32,516	42,316	51,580	-
Lease liability (including current portion)	15,944	25,098	2,256	2,113	6,048	14,681
Cash bonds	439	439	-	424	15	-
Cylinder deposits	2,564	2,564	2,564	-	-	-
"Others" under other noncurrent liabilities	56	56	-	18	27	11

**excluding specific taxes and other taxes payable, retirement benefits liability, deferred income, advances from customers, cylinder deposits and others*

Commodity Price Risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in market prices. The Group enters into various commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins. For consumer (buy) hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost. While for producer (sell) hedges, if prices go down, hedge positions may show marked-to-market gains; however, any gain in the marked-to-market position is offset by the resulting lower selling price.

To minimize the Group's risk of potential losses due to volatility of international crude and product prices, the Group implemented commodity hedging for crude and petroleum products. The hedges are intended to protect crude inventories from risks of downward price and squeezed margins. Hedging policy (including the use of commodity price swaps, time-spreads, put options, collars and 3-way options) developed by the CRMD is in place. Decisions are guided by the conditions set and approved by the Group's management.

Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (FVPL and FVOCI). The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management

The Group's capital management policies and programs aim to provide an optimal capital structure that would ensure the Group's ability to continue as a going concern while at the same time provide adequate returns to the shareholders. As such, it considers the best trade-off between risks associated with debt financing and relatively higher cost of equity funds.

An enterprise resource planning system is used to monitor and forecast the Group's overall financial position. The Group regularly updates its near-term and long-term financial projections to consider the latest available market data in order to preserve the desired capital structure. The Group may adjust the amount of dividends paid to shareholders, issue new shares as well as increase or decrease assets and/or liabilities, depending on the prevailing internal and external business conditions.

The Group monitors capital via carrying amount of equity as shown in the consolidated statements of financial position. The Group's capital for the covered reporting period is summarized below:

	2024	2023 As Restated
Total assets	**P468,802**	P445,769
Total liabilities	**364,592**	346,109
Total equity	**104,210**	99,660
Debt to equity ratio	**3.5:1**	3.5:1
Assets to equity ratio	**4.5:1**	4.5:1

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally-imposed capital requirements.

35. Financial Assets and Financial Liabilities

The table below presents a comparison by category of carrying amounts and fair values of the Group's financial instruments as of December 31:

		2024		2023	
	Note	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial assets (FA):					
Cash and cash equivalents	*5*	**P30,389**	**P30,389**	P27,519	P27,519
Trade and other receivables	*7*	**82,762**	**82,762**	86,479	86,479
Noncurrent deposits	*14*	**141**	**141**	124	124
FA at amortized cost		**113,292**	**113,292**	114,122	114,122
Proprietary membership shares	*6*	**458**	**458**	389	389
Derivative assets not designated as cash flow hedge	*6, 14*	**1,044**	**1,044**	1,162	1,162
FA at FVPL		**1,502**	**1,502**	1,551	1,551
Total financial assets		**P114,794**	**P114,794**	P115,673	P115,673

		2024		2023	
	Note	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial liabilities (FL):					
Short-term loans	*15*	**P138,906**	**P138,906**	P137,910	P137,910
Liabilities for crude oil and petroleum products	*16*	**51,625**	**51,625**	44,840	44,840
Trade and other payables*	*17*	**17,060**	**17,060**	12,008	12,008
Long-term debt including current portion	*18*	**117,443**	**117,443**	108,896	108,896
Cash bonds	*20*	**426**	**426**	439	439
Cylinder deposits	*17*	**3,432**	**3,432**	2,564	2,564
"Others" under other noncurrent liabilities	*20*	**61**	**61**	56	56
Other FL		**328,953**	**328,953**	306,713	306,713
Derivative liabilities not designated as cash flow hedge		**1,699**	**1,699**	749	749
Total financial liabilities		**P330,652**	**P330,652**	P307,462	P307,462

**excluding specific taxes and other taxes payable, retirement benefits liability, deferred income, advances from customers, cylinder deposits and others*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents and Trade and Other Receivables. The carrying amount of cash and cash equivalents and trade and other receivables approximates fair value primarily due to the relatively short-term maturities of these financial instruments.

Derivatives. The fair values of freestanding and bifurcated forward currency transactions are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Marked-to-market valuation of commodity hedges are based on forecasted crude and product prices by third parties. The fair values of derivative instruments designated as cash flow hedges are computed by discounting the future cash flows and using the valuation model based on applicable market rates of similar instruments.

Financial Assets at FVPL. The fair values of publicly traded instruments and similar investments are based on published market prices.

Long-term Debt - Floating Rate. The carrying amount of floating rate loans with quarterly interest rate repricing approximate their fair value.

Cash Bonds and Other Noncurrent Liabilities. Fair value is estimated as the present value of all future cash flows discounted using the applicable market rates for similar types of instruments as of reporting date. Effective rate of 9.39% is used in 2024 and 2023.

Short-term Loans, Liabilities for Crude Oil and Petroleum Products and Trade and Other Payables and Cylinder Deposits. The carrying amount of short-term loans, liabilities for crude oil and petroleum products, trade and other payables and cylinder deposits approximates fair value due to the relatively short-term maturities of these financial instruments.

<u>Derivative Financial Instruments</u>
The Group's derivative financial instruments according to the type of financial risk being managed and the details of freestanding and embedded derivative financial instruments that are categorized into those accounted for as cash flow hedges and those that are not designated as accounting hedges are discussed below.

The Group enters into various foreign currency, interest rate and commodity derivative contracts to manage its exposure on foreign currency, interest rate and commodity price risks. The portfolio is a mixture of instruments including forwards, swaps and options.

<u>Derivative Instruments Accounted for as Cash Flow Hedges</u>
The Group has no outstanding derivative instruments accounted for as cash flow hedges as of December 31, 2024 and 2023.

The table below summarizes the amounts pertaining to the designated hedging instrument as of December 31, 2023.

December 31, 2023	Notional Amount	Carrying Amount		Line Item in the Consolidated Statement of Financial Position where the Hedging Instrument is Included	Changes in the Fair Value of the Hedging Instrument Recognized in OCI	Cost of Hedging Recognized in OCI	Amount Reclassified from Hedging Reserve to Profit or Loss	Amount Reclassified from Cost of Hedging Reserve to Profit or Loss	Line Item in the Consolidated Statement of Income Affected by the Reclassification
		Assets	Liabilities						
Foreign Currency and Interest Rate Risks									
Cross currency swap	US$ -	P -	P -	Other noncurrent assets, Derivative liabilities, Other noncurrent liabilities	P -	P31	P -	(P9)	Interest expense and other financing charges, Other income - net
Interest Rate Risk									
Interest rate collar	-	-	-	Derivative liabilities, Other noncurrent assets	-	21	-	(21)	Interest expense and other financing charges

No hedging ineffectiveness was recognized in the 2023 consolidated statements of income.

The table below provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	December 31, 2023	
	Hedging Reserve	Cost of Hedging Reserve
Balance at beginning of year	P67	(P17)
Changes in fair value:		
Foreign currency risk and interest rate risk	(28)	31
Interest rate risk	(62)	21
Amount reclassified to profit or loss:		
Foreign currency risk and interest rate risk	-	(9)
Interest rate risk	-	(21)
Income tax effect	23	(5)
Balance at end of year	P -	P -

Derivative Instruments not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding and embedded derivatives found in host contracts, which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Cross Currency Swaps. As of December 31, 2023, the Group has an outstanding cross currency swap with notional amount of $10 million and net fair value of P34.

Interest Rate Collar. As of December 31, 2023, the Group has an outstanding interest rate collar with notional amount of $15 million and net fair value of P12.

Freestanding Derivatives

Freestanding derivatives consist of interest rate, foreign currency and commodity derivatives entered into by the Group.

Currency Forwards. As of December 31, 2024 and 2023, the Group has outstanding foreign currency forward contracts with aggregate notional amount of US$2,138 million and US$913 million, respectively, and with various maturities in 2025 and 2024. As of December 31, 2024 and 2023, the net fair value of these currency forwards amounted to (P977) and (P371), respectively.

Commodity Swaps. The Group has outstanding swap agreements covering its oil requirements, with various maturities in 2025 and 2024. Under the agreements, payment is made either by the Group or its counterparty for the difference between the hedged fixed price and the relevant monthly average index price. Total outstanding equivalent notional quantity covered by the commodity swaps were 100.6 million barrels and 51.1 million barrels for 2024 and 2023, respectively. The estimated net receipts for these transactions amounted to P322 and P738 as of December 31, 2024 and 2023, respectively.

Commodity Options. As of December 31, 2024 and 2023, the Group has no outstanding 3-way options entered as hedge of forecasted purchases of crude oil.

The call and put options can be exercised at various calculation dates with specified quantities on each calculation date.

Embedded Derivatives
Embedded foreign currency derivatives exist in certain US dollar-denominated sales and purchases contracts for various fuel products of the Parent Company. Under the sales and purchase contracts, the peso equivalent is determined using the average Philippine Dealing System rate on the month preceding the month of delivery.

As of December 31, 2024 and 2023, the total outstanding notional amount of currency forwards embedded in non-financial contracts is minimal. These non-financial contracts consist mainly of foreign currency-denominated service contracts, purchase orders and sales agreements. The embedded forwards are not clearly and closely related to their respective host contracts. As of December 31, 2024 and 2023, the net fair value of these embedded currency forwards is minimal.

For the years ended December 31, 2024, 2023 and 2022, the Group recognized marked-to-market gains (losses) from freestanding and embedded derivatives amounting to P986, (P133) and P4,673, respectively (Note 26).

Fair Value Changes on Derivatives not Designated as Cash Flow Hedge
The net movements in the fair value of derivative transactions in 2024 and 2023 are as follows:

	Note	**2024**	2023
Fair value at beginning of year		**P413**	P534
Net changes in fair value during the year	*26*	**986**	(133)
Fair value of settled instruments		**(2,054)**	12
Fair value at end of year		**(P655)**	P413

Fair Value Hierarchy
Financial assets and liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The table below analyzes financial instruments carried at fair value, by valuation method as of December 31, 2024 and 2023. The different levels have been defined as follows:

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

	2024	2023
	Level 2	Level 2
Financial Assets		
FVPL	**P458**	P389
Derivative assets	**1,044**	1,162
Financial Liabilities		
Derivative liabilities	**(1,699)**	(749)

The Group has no financial instruments valued based on Level 1 and Level 3 as of December 31, 2024 and 2023. During the years, there were no transfer out of the Level 2 measurement.

36. Registration with the Authority of the Freeport Area of Bataan (AFAB) and Board of Investments (BOI)

Petron Bataan Refinery

In December 2021, the Petron Bataan Refinery (PBR) renewed its registration with the AFAB as a registered enterprise. The registration shall be valid and in effect as long as the registered enterprise remains in good standing or until revoked or cancelled. As a registered domestic market enterprise engaged in the oil refinery facility as its registered business activity, PBR, under Sec. 311 of Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, is granted duty-free importation of merchandise, including capital equipment, raw materials, spare parts, and accessories, subject to compliance with conditions specified under the CREATE Act. Meanwhile, pursuant to Section 295(G) of the Tax Code, as amended by the CREATE Act, PBR's crude oil importations are exempt from duties and taxes, while applicable taxes are paid upon withdrawal of finished products sourced from the crude oil importation.

Petron Solid Fuel-Fired Power Plant

On October 11, 2019, the BOI approved the Parent Company's application under Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987 as a New Operator of its 44.4 MegaWatt Solid Fuel-Fired Power Plant. The BOI is extending the following major incentives:

a. Income Tax Holiday (ITH) for four years from January 2024 or actual start of commercial operations, whichever is earlier, but availment shall in no case earlier than the date of registration. Income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from the net capacity of the registered project; with optional bonus year on specific cases provided that the aggregate ITH availment (regular and bonus year) shall not exceed eight years.
b. Importation of capital equipment, spare parts and accessories at zero duty under Executive No. 85 and its Implementing Rules and Regulations; provided that such capital equipment shall be for the direct and exclusive use of the registered activity.
c. Importation of consigned equipment for a period of ten years from date of registration subject to posting of the appropriate re-export bond.

The project commenced its commercial operation in January 2023 and the Parent Company availed of the ITH in 2024.

Certificate of entitlement has been timely obtained by the Parent Company to support its ITH incentive.

37. Segment Information

Management identifies segments based on business and geographic locations. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. The CEO (the chief operating decision maker) reviews management reports on a regular basis.

The Group's major sources of revenues are as follows:

a. Sales of petroleum and other related products which include gasoline, diesel and kerosene offered to motorists and public transport operators through its service station network around the country.

b. Insurance premiums from the business and operation of all kinds of insurance and reinsurance, on sea as well as on land, of properties, goods and merchandise, of transportation or conveyance, against fire, earthquake, marine perils, accidents and all others forms and lines of insurance authorized by law, except life insurance.

c. Lease of acquired real estate properties and equipment for petroleum, refining, storage and distribution facilities, gasoline service stations and other related structures.

d. Sales on wholesale or retail and operation of service stations, retail outlets, restaurants, convenience stores and the like.

e. Export sales of various petroleum and non-fuel products to other countries such as China, Taiwan, Malaysia, South Korea, Singapore, Japan, Indonesia, and India.

Revenues are mainly derived from the sale of petroleum products to retail and commercial customers in various geographical locations.

The Group has no significant remaining performance obligations as it mainly recognized revenues in amounts that correspond directly to the value of completed performance obligations.

<u>Segment Assets and Liabilities</u>
Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment, net of allowances and impairment. Segment liabilities include all operating liabilities and consist principally of accounts payable, wages, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred taxes.

<u>Inter-segment Transactions</u>
Segment revenues, expenses and performance include sales and purchases between operating segments. Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Such transfers are eliminated in consolidation.

<u>Major Customer</u>
The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenue of the Group.

The following tables present revenue and income information and certain asset and liability information regarding the business segments as of and for the years ended December 31, 2024, 2023 and 2022.

	Petroleum	Leasing**	Marketing	Elimination/ Others**	Total
2024					
Revenue:					
External sales	**P864,765**	**P1,229**	**P1,163**	**P809**	**P867,966**
Inter-segment sales	**373,179**	**77**	**-**	**(373,256)**	**-**
Operating income	**29,052**	**(90)**	**16**	**245**	**29,223**
Net income	**11,630**	**(91)**	**37**	**(3,105)**	**8,471**
Assets and liabilities:					
Segment assets*	**526,717**	**7,150**	**678**	**(66,303)**	**468,242**
Segment liabilities*	**391,070**	**1,919**	**105**	**(35,221)**	**357,873**
Other segment information:					
Property, plant and equipment	**165,803**	**-**	**72**	**3,427**	**169,302**
Depreciation	**13,286**	**121**	**12**	**37**	**13,456**
Interest expense	**21,116**	**320**	**1**	**(476)**	**20,961**
Interest income	**1,207**	**281**	**16**	**(303)**	**1,201**
Income tax expense	**4,449**	**(33)**	**8**	**99**	**4,523**

**excluding deferred tax assets and liabilities*
***revenues from the use of loaned equipment are presented as part of "Leasing" while revenues from provisions of technical support are presented as part of "Others".*

	Note	Petroleum	Leasing**	Marketing	Elimination/ Others**	Total
2023, as restated						
Revenue:						
External sales		P798,032	P1,158	P1,143	P694	P801,027
Inter-segment sales		326,025	395	-	(326,420)	-
Operating income		30,486	227	11	(11)	30,713
Net income		11,906	133	20	(1,947)	10,112
Assets and liabilities:						
Segment assets*		495,603	10,025	673	(61,646)	444,655
Segment liabilities*		367,064	4,573	138	(30,122)	341,653
Other segment information:						
Property, plant and equipment	*40*	164,951	-	83	2,953	167,987
Depreciation	*40*	13,239	85	13	(45)	13,292
Interest expense		19,228	282	2	(417)	19,095
Interest income		1,290	231	15	(252)	1,284
Income tax expense	*40*	2,961	42	8	(13)	2,998

**excluding deferred tax assets and liabilities*
***revenues from the use of loaned equipment are presented as part of "Leasing" while revenues from provisions of technical support are presented as part of "Others".*

	Note	Petroleum	Leasing**	Marketing	Elimination/ Others**	Total
2022, as restated						
Revenue:						
External sales		P854,712	P1,173	P1,221	P532	P857,638
Inter-segment sales		378,045	397	-	(378,442)	-
Operating income		19,220	242	42	31	19,535
Net income		8,741	137	42	(1,995)	6,925
Assets and liabilities:						
Segment assets*		519,370	9,959	644	(70,297)	459,676
Segment liabilities*		377,986	4,646	131	(38,585)	344,178
Other segment information:						
Property, plant and equipment	*40*	170,416	-	90	1,064	171,570
Depreciation	*40*	12,071	85	14	(165)	12,005
Interest expense		13,240	292	2	(440)	13,094
Interest income		965	229	5	(301)	898
Income tax expense	*40*	1,440	41	8	(9)	1,480

**excluding deferred tax assets and liabilities*
***revenues from the use of loaned equipment are presented as part of "Leasing" while revenues from provisions of technical support are presented as part of "Others".*

Inter-segment sales transactions amounted to P373,256, P326,420, and P378,442 for the years ended December 31, 2024, 2023 and 2022, respectively.

The following table presents additional information on the petroleum business segment of the Group as of and for the years ended December 31, 2024, 2023 and 2022:

	Note	Retail	Lube	Gasul	Industrial	Others*	Total
2024							
Revenue		**P379,864**	**P7,452**	**P38,568**	**P161,268**	**P277,613**	**P864,765**
Property, plant and equipment		**8,176**	**223**	**2,685**	**79**	**154,640**	**165,803**
Capital expenditures		**1,086**	**185**	**16**	**56**	**5,578**	**6,921**
2023, as restated							
Revenue		367,013	6,462	33,267	146,980	244,310	798,032
Property, plant and equipment	*40*	7,880	62	2,079	62	154,868	164,951
Capital expenditures		1,237	34	10	40	3,645	4,966
2022, as restated							
Revenue		395,183	6,403	33,126	156,307	263,693	854,712
Property, plant and equipment	*40*	7,920	27	1,566	23	160,880	170,416
Capital expenditures		1,170	4	-	1	12,360	13,535

**revenues from consumer loyalty program are presented as part of "Others"*

Geographical Segments

The following table presents segment assets of the Group as of December 31, 2024 and 2023.

	2024	2023 As Restated
Local	**P360,469**	P340,109
International	**107,773**	104,546
	P468,242	P444,655

Disaggregation of Revenue

The following table shows the disaggregation of revenue by geographical segments and the reconciliation of the disaggregated revenue with the Group's business segments for the years ended December 31, 2024, 2023 and 2022.

	Petroleum	Leasing*	Marketing	Elimination/ Others*	Total
2024					
Local	**P437,246**	**P1,306**	**P1,163**	**(P815)**	**P438,900**
Export/international	**800,698**	**-**	**-**	**(371,632)**	**429,066**
2023					
Local	411,588	1,553	1,143	(1,109)	413,175
Export/international	712,469	-	-	(324,617)	387,852
2022					
Local	412,845	1,570	1,221	(2,893)	412,743
Export/international	819,912	-	-	(375,017)	444,895

**revenues from the use of loaned equipment are presented as part of "Leasing" while revenues from provisions of technical support are presented as part of "Others".*

38. Events After the Reporting Date

a. On February 10, 2025, the Parent Company paid distributions amounting to US$906 thousand (P53) to the holders of the US$100 million RPS.

b. On February 28, 2025, the Parent Company made a full drawdown from the P5,000 unsecured term loan facility signed and executed on February 26, 2025. The facility is amortized over 5 years in 10 equal semi-annual installments beginning August 28, 2025, and is subject to a floating interest rate, payable quarterly. The proceeds were used to refinance the bridge loan availed on September 3, 2024, which had been used to fund working capital requirements and the payment of existing indebtedness. This facility is subject to a financial covenant ratio of consolidated gross debt to consolidated net worth, which must not exceed 2.75x.

c. On March 4, 2025, the BOD of the Parent Company approved the following:

    i. Declaration of P0.10/share cash dividends to common stockholders to be paid on April 2, 2025.

    ii. Public offer and issuance of up to P25,000 peso retail bonds with an oversubscription option of up to P7,000, to be taken from the bond shelf registration rendered effective by the SEC and valid until September 2025.

    iii. Common share buyback program of up to 620 million shares as follows, with terms and conditions to be determined by Management: (a) up to 167 million shares (the “Maximum Volume” or about P400 (the “Maximum Amount”) and during a period of up to six months or until the Maximum Volume or the Maximum Amount is exhausted or unless earlier terminated by Management; and (b) repurchase of all of the 459.16 million common shares held by PCERP via a block sale based on the simple average of the three-day close prior to the execution date.

39. Litigations, Contingencies and Other Matters

a. Lease Agreements with PNOC

On October 20, 2017, Petron filed with the Regional Trial Court (RTC) of Mandaluyong City a complaint against the PNOC for the reconveyance of the various landholdings it conveyed to PNOC in 1993 as a result of the government-mandated privatization of the Parent Company.

The subject landholdings consisted of the refinery lots in Limay, Bataan, 23 bulk plant sites and 66 service station lots located in different parts of the country. The Deeds of Conveyance covering the landholdings provide that the transfer of these lots to PNOC was without prejudice to the continued long-term use by Petron of the conveyed lots for its business operation. Thus, PNOC and the Parent Company executed three lease agreements covering the refinery lots, the bulk plants, and the service station sites, all with an initial lease term of 25 years which expired in August 2018, with a provision for automatic renewal for another 25 years. In 2009, the Parent Company, through its realty subsidiary, NVRC, had an early renewal of the lease agreement for the refinery lots with an initial lease term of 30 years, renewable for another 25 years.

The complaint alleged that PNOC committed a fundamental breach of the lease agreements when it refused to honor both the automatic renewal clause in the lease agreements for the bulk plants and the service station sites and the renewed lease agreement for the refinery lots on the alleged ground that all such lease agreements were grossly disadvantageous to PNOC, a government-owned-and-controlled corporation.

On December 11, 2017, the trial court granted Parent Company's prayer for a writ of preliminary injunction, enjoining PNOC from committing any act aimed at ousting the Parent Company from possession of the subject properties until the case is decided.

The court-mandated mediation in 2018 and the judicial dispute resolution proceedings before the court in 2019 were likewise terminated, after the parties failed to agree to a settlement. The Parent Company filed a motion for summary judgment on May 17, 2019. In a resolution dated November 13, 2019, the trial court granted the Parent Company's motion for summary judgment and ordered: (i) the rescission of the Deeds of Conveyance dated 1993 relating to the Parent Company's conveyance of such leased premises to PNOC pursuant to a property dividend declaration in 1993, (ii) the reconveyance by PNOC to the Parent Company of all such properties, and (iii) the payment by the Parent Company to PNOC of the amount of P143, with legal interest from 1993, representing the book value of the litigated properties at the time of the property dividend declaration. PNOC filed a motion for reconsideration. The Parent Company also filed a motion for partial reconsideration seeking a modification of the judgment to include an order directing PNOC to return to the Parent Company all lease payments the latter had paid to PNOC since 1993.

Following the trial court's denial of their separate motions for reconsideration, both PNOC and the Parent Company filed their respective notices of appeal with the trial court. In a decision dated December 13, 2021, the Court of Appeals dismissed both appeals of the Parent Company and PNOC and affirmed the resolution of the trial court as described above. In a resolution promulgated on October 6, 2022, the Court of Appeals denied the respective motions for reconsideration of the Parent Company and PNOC. The PNOC filed a petition for review on certiorari with the Supreme Court in December 2022 which the Supreme Court denied on July 25, 2023 on the ground that PNOC failed to sufficiently show that the Court of Appeals committed any reversible error in the challenged decision and resolution as to warrant the Supreme Court's exercise of its discretionary appellate jurisdiction.

In a resolution dated November 25, 2024, the Supreme Court denied with finality the motion for reconsideration and the motion to refer to the Supreme Court *En Banc* that the PNOC filed in December 2023. The November 2024 resolution also ordered the immediate issuance of the entry of judgment and declared that no further pleadings or motions shall be entertained.

On January 21, 2025, PNOC filed a second motion for reconsideration. A second motion for reconsideration is generally prohibited under the Internal Rules of the Supreme Court.

Given the finality of the Supreme Courts's ruling, the Group recognized in its books the reversal of the conveyance of the land declared as property dividends in 1993 at P143 equivalent to the net book value of the land at the time of dividend declaration and instead recognized a liability for cash dividends to PNOC of the same amount plus legal interest of P267 computed from 1993 to 2024. The landholdings were recognized as part of "Property, plant and equipment" and "Investment property" at P110 and P33, respectively (Notes 9 and 11). Correspondingly, all accruals related to the lease contracts with PNOC on the subject landholdings of the rescinded deeds of conveyance, namely, lease liabilities of P3,629 (Notes 29 and 33), asset retirement obligation (ARO) of P2,600 (Note 19) for the cost of land restoration and remediation at the end of lease term, and the corresponding right of use (ROU) assets of P2,720 (Notes 10 and 11) recognized previously were reversed which resulted in the recognition of gain on lease termination of P3,509 (Note 26).

b. Oil Spill Incident in Guimaras

On August 11, 2006, MT Solar I, a third party vessel contracted by the Parent Company to transport approximately two million liters of industrial fuel oil, sank 13 nautical miles southwest of Guimaras, an island province in the Western Visayas region of the Philippines. In separate investigations by the Philippine Department of Justice (DOJ) and the Special Board of Marine Inquiry (SBMI), both agencies found the owners of MT Solar I liable. The DOJ found the Parent company not criminally liable, but the SBMI found the Parent company to have overloaded the vessel. Parent Company has appealed the findings of the SBMI to the Department of Transportation (DOTr) and is awaiting its resolution. Parent Company believes that SBMI can impose administrative penalties on vessel owners and crew, but has no authority to penalize other parties, such as the Parent Company, which are charterers.

Complaints for damages for non-payment of compensation for the clean-up operations during the oil spill were filed with the RTC of Guimaras by a total of 1,063 plaintiffs who allegedly did not receive any payment of their claims for damages arising from the oil spill. The total claims amounted to P292. The cases were pending as at December 31, 2024. In the course of plaintiffs' presentation of evidence, they moved for trial by commissioner, which was denied by the trial court. The plaintiffs elevated the matter by way of a petition for certiorari to the Court of Appeals in Cebu City. On January 9, 2020, the CA issued a Resolution granting plaintiffs' motion for reconsideration of the earlier resolution denying their petition and ordering the Parent Company to file its comment on plaintiffs' petition within 10 days. On February 6, 2020, the Parent Company filed a motion for reconsideration of said Resolution which remains pending as of December 31, 2024. On September 25, 2024, the CA denied the motion for reconsideration of another respondent International Oil Pollution Compensation ("IOPC") Funds and directed IOPC to file its comment. The CA held in abeyance any further action on the petition pending compliance with the directives of the said resolution. In the meantime, proceedings before the trial court continue. In one of the cases, the plaintiffs have already rested its case and trial dates have been set for the presentation of defendants' evidence. In the other case, plaintiffs are already expected to complete the presentation of their evidence testified so far. As of December 31, 2024 and 2023, the Group has not set up any provision related to this case because while the case is still pending, Petron believes the resolution will be in its favor.

c. Other Proceedings

The Group is also a party to certain other proceedings arising out of the ordinary course of its business, including legal proceedings with respect to tax, regulatory and other matters. While the results of litigation cannot be predicted with certainty, management believes that the final outcome of these other proceedings will not have a material adverse effect on the Group's business financial condition or results of operations.

d. The Group has unused letters of credit totaling approximately P41,164 and P35,445 as of December 31, 2024 and 2023, respectively.

40. Prior Period Adjustments

In 2024, the Group performed a reassessment of its accounting policy for LPG cylinders which was being recognized as an outright expense. The Group took into consideration the legal ownership of LPG cylinders, compliance with regulatory requirements under the LPG Industry Regulation Act and alignment with the recent interpretation of the Securities and Exchange Commission on the matter. As a result thereof, the Group changed its accounting policy on LPG cylinders to recognize these as assets under PAS 16, *Property, Plant, and Equipment.*

The LPG cylinders are recognized under the "Service stations and other equipment" asset class in the "Property, plant and equipment - net" account (Note 9). The related cylinder deposits liability was also recognized (Note 17).

The following table summarizes the impact of the change on the Group's consolidated statements of financial position as of December 31, 2023 and January 1, 2023:

	December 31 2023 As Previously Reported	Adjustments	December 31 2023 As Restated
Noncurrent Assets			
Property, plant and equipment - net	P166,046	P1,941	P167,987
Deferred tax assets - net	1,190	(76)	1,114
Current Liabilities			
Trade and other payables	23,890	2,564	26,454
Noncurrent Liabilities			
Deferred tax liabilities - net	4,432	24	4,456
Other noncurrent liabilities	1,243	(748)	495
Equity			
Retained earnings	31,834	13	31,847
Equity reserves	(21,252)	(8)	(21,260)
Non-controlling interests	8,654	20	8,674

	January 1 2023 As Previously Reported	Adjustments	January 1 2023 As Restated
Noncurrent Assets			
Property, plant and equipment - net	P170,153	P1,417	P171,570
Deferred tax assets - net	1,812	(71)	1,741
Current Liabilities			
Trade and other payables	22,896	1,994	24,890
Noncurrent Liabilities			
Deferred tax liabilities - net	3,601	37	3,638
Other noncurrent liabilities	1,201	(736)	465
Equity			
Retained earnings	30,357	25	30,382
Equity reserves	(16,887)	(4)	(16,891)
Non-controlling interests	8,383	30	8,413

The following table summarizes the impact of the change on the movements of the Group's property, plant and equipment - net for the year ended December 31, 2023:

	As Previously Reported	Adjustments	As Restated
Cost			
Additions	P6,652	P812	P7,464
Disposals/reclassifications	(1,012)	(25)	(1,037)
Currency translation adjustment	(2,147)	(33)	(2,180)
Accumulated Depreciation			
Depreciation	9,985	262	10,247
Disposals/reclassifications	(874)	(5)	(879)
Currency translation adjustment	(1,035)	(27)	(1,062)

The following table summarizes the impact of the change on the Group's consolidated statements of income for the years ended December 31, 2023 and 2022:

	2023 As Previously Reported	Adjustments	2023 As Restated
Selling and administrative expenses	(P17,560)	(P8)	(P17,568)
Other income (expense) - net	139	(20)	119
Income tax expense	3,004	(6)	2,998
Net Income Attributable to:			
Equity holders of the Parent Company	9,241	(12)	9,229
Non-controlling interests	893	(10)	883
	10,134	(22)	10,112
Basic/Diluted Earnings per Common Share Attributable to Equity Holders of the Parent Company	P0.27	P0.00	P0.27

	2022 As Previously Reported	Adjustments	2022 As Restated
Selling and administrative expenses	(P16,175)	P322	(P15,853)
Other income (expense) - net	1,018	(18)	1,000
Income tax expense	1,404	76	1,480
Net Income Attributable to:			
Equity holders of the Parent Company	5,727	225	5,952
Non-controlling interests	970	3	973
	6,697	228	6,925
Basic/Diluted Earnings per Common Share Attributable to Equity Holders of the Parent Company	P0.01	P0.03	P0.04

The following table summarizes the impact of the change on the Group's consolidated statements of other comprehensive income for the years ended December 31, 2023 and 2022:

	2023 As Previously Reported	Adjustments	2023 As Restated
Net income	P10,134	(P22)	P10,112
Other Comprehensive Loss			
Items that will not be reclassified to profit or loss	(29)	-	(29)
Items that may be reclassified to profit or loss	(2,460)	(4)	(2,464)
	(2,489)	(4)	(2,493)
Total comprehensive income for the year - net of tax	7,645	(26)	7,619
Attributable to:			
Equity holders of the Parent Company	7,162	(16)	7,146
Non-controlling interests	483	(10)	473
	P7,645	(P26)	P7,619

	2022 As Previously Reported	Adjustments	2022 As Restated
Net income	P6,697	P228	P6,925
Other Comprehensive Income (Loss)			
Items that will not be reclassified to profit or loss	(470)	-	(470)
Items that may be reclassified to profit or loss	2,191	(5)	2,186
	1,721	(5)	1,716
Total comprehensive income for the year - net of tax	8,418	223	8,641
Attributable to:			
Equity holders of the Parent Company	7,181	221	7,402
Non-controlling interests	1,237	2	1,239
	P8,418	P223	P8,641

The changes in the Group's consolidated statements of cash flows for the years ended December 31, 2023 and 2022 include the following:

a. Impact of the change in the accounting policy for LPG cylinders.
b. Reclassification of payment for acquisition of a subsidiary from operating to investing activities reflecting the nature of the cash flow (Note 12).
c. Presentation of allowance for impairment (net reversal) of receivables and inventory as adjustment to income before income tax from "Changes in noncash assets, certain current liabilities and others" under operating activities.

	2023 As Previously Reported	Adjustments	2023 As Restated
Net Cash Flows Provided by Operating Activities			
Income before income tax	P13,138	(P28)	P13,110
Depreciation and amortization	13,030	262	13,292
Allowance for impairment (net reversal) of receivables and inventory	-	29	29
Other losses (gains) - net	(424)	578	154
Changes in noncash assets, certain current liabilities and others	(5,257)	(271)	(4,986)
Net Cash Flows Used in Investing Activities			
Additions to property, plant and equipment	(6,235)	(812)	(7,047)
Payment for acquisition of a subsidiary	-	(300)	(300)

	2022 As Previously Reported	Adjustments	2022 As Restated
Net cash Flows Used in Operating Activities			
Income before income tax	P8,101	P304	P8,405
Depreciation and amortization	11,876	129	12,005
Allowance for impairment (net reversal) of receivables and inventory	-	287	287
Other losses (gains) - net	(1,198)	423	(775)
Changes in noncash assets, certain current liabilities and others	(38,295)	(287)	(38,582)
Net Cash Flows Used in Investing Activities			
Additions to property, plant and equipment	(5,397)	(856)	(6,253)

The following table summarizes the impact of the change on the Group's consolidated statements of changes in equity for the years ended December 31, 2023 and 2022:

	2023 As Previously Reported	Adjustments	2023 As Restated
Unappropriated Retained Earnings			
As of December 31, 2022	P23,354	P25	P23,379
Net income attributable to equity holders of the Parent Company	9,241	(12)	9,229
Transactions with owners	(764)	-	(764)
As of December 31, 2023	31,831	13	31,844
Other Reserves			
As of December 31, 2022	(10,450)	(4)	(10,454)
Other comprehensive loss attributable to equity holders of the Parent Company	(2,050)	(4)	(2,054)
Transactions with owners	(2,286)	-	(2,286)
As of December 31, 2023	(14,786)	(8)	(14,794)
Non-controlling Interests			
As of December 31, 2022	8,383	30	8,413
Total comprehensive income attributable to non-controlling interests	483	(10)	473
Transactions with owners	(212)	-	(212)
As of December 31, 2023	P8,654	P20	P8,674

	2022 As Previously Reported	Adjustments	2022 As Restated
Unappropriated Retained Earnings			
As of December 31, 2021	P23,229	(P200)	P23,029
Net income attributable to equity holders of the Parent Company	5,727	225	5,952
Transactions with owners	(5,602)	-	(5,602)
As of December 31, 2022	23,354	25	23,379
Other Reserves			
As of December 31, 2021	(12,379)	-	(12,379)
Other comprehensive income attributable to equity holders of the Parent Company	1,929	(4)	1,925
As of December 31, 2022	(10,450)	(4)	(10,454)
Non-controlling Interests			
As of December 31, 2021	7,325	28	7,353
Total comprehensive income attributable to non-controlling interests	1,237	2	1,239
Transactions with owners	(179)	-	(179)
As of December 31, 2022	P8,383	P30	P8,413

The Group is still compliant with the financial covenants of its debt agreements after considering the impact of the above restatements as of December 31, 2023 and January 1, 2023.

PETRON CORPORATION AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2024

[(a)] *Balance of Financial Assets at Fair Value Through Profit or Loss is less than 5% of total current assets.*
[(b)] *Balance of account is less than 1% of the total assets of the Group and no individually significant advances over P1,000,000.*

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
Petron Corporation
SMC Head Office Complex
40 San Miguel Avenue
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Petron Corporation and Subsidiaries (the "Group") as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 19, 2025.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following schedules are the responsibility of the Group's management:

- Supplementary Schedules of Annex 68-J
- Map of the Conglomerate

These supplementary information are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not required parts of the consolidated financial statements. Such supplementary information have been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

Rohanie C. Galicia

ROHANIE C. GALICIA
Partner
CPA License No. 0118706
Tax Identification No. 249-773-914
BIR Accreditation No. 08-001987-044-2024
Issued July 17, 2024; valid until July 16, 2027
PTR No. MKT 10467177
Issued January 2, 2025 at Makati City

March 19, 2025
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Petron Corporation
SMC Head Office Complex
40 San Miguel Avenue
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Petron Corporation and Subsidiaries (the "Group") as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 19, 2025. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas and calculations, is the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

R.G. MANABAT & CO.

Rohanie C. Galicia

ROHANIE C. GALICIA
Partner
CPA License No. 0118706
Tax Identification No. 249-773-914
BIR Accreditation No. 08-001987-044-2024
Issued July 17, 2024; valid until July 16, 2027
PTR No. MKT 10467177
Issued January 2, 2025 at Makati City

March 19, 2025
Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

PETRON CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2024
(Amounts in Millions)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS/ CTA/RECLASS/ OTHERS	AMOUNTS COLLECTED/ CREDIT MEMO	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NONCURRENT	ENDING BALANCE
Petron Corporation	P 5,749	P 30,739	P (32,426)	P -	P 4,062	P 2,277	P 1,785	P 4,062
Overseas Ventures Insurance Corporation Ltd.	555	1,457	(556)	-	1,456	1,456	-	1,456
Petrogen Insurance Corporation	-	-	-	-	-	-	-	-
Petron Freeport Corporation	99	276	(343)	-	32	32	-	32
Petron Singapore Trading Pte., Ltd.	18,209	328,344	(318,556)	-	27,997	27,997	-	27,997
Petron Marketing Corporation	20	1	-	-	21	21	-	21
New Ventures Realty Corporation and Subsidiaries	253	324	(250)	-	327	141	186	327
Mema Holdings Inc.	1,635	1,593	(2,321)	-	907	907	-	907
Petron Global Limited	-	-	-	-	-	-	-	-
Petron Finance (Labuan) Limited	-	-	-	-	-	-	-	-
Petron Oil And Gas Mauritius Ltd. and Subsidiaries	-	-	-	-	-	-	-	-
Petrochemical Asia (Hk) Limited and Subsidiaries	75	1	-	-	76	76	-	76
TOTAL	**P 26,595**	**P 362,735**	**P (354,452)**	**P -**	**P 34,878**	**P 32,907**	**P 1,971**	**P 34,878**

PETRON CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2024
(Amounts in Millions)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS/ CTA/RECLASS/ OTHERS	AMTS PAID/ DEBIT MEMO	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NONCURRENT	ENDING BALANCE
Petron Corporation	P 19,499	P 294,542	P (284,633)	P -	P 29,408	P 29,222	P 186	P 29,408
Overseas Ventures Insurance Corporation Ltd.	-	-	-	-	-	-	-	-
Petron Freeport Corporation	96	1	(38)	-	59	59	-	59
Petron Singapore Trading Pte., Ltd.	2,800	22,739	(23,373)	-	2,166	2,166	-	2,166
Petron Marketing Corporation	-	-	-	-	-	-	-	-
New Ventures Realty Corporation and Subsidiaries	1,837	77	(53)	-	1,861	76	1,785	1,861
Mema Holdings Inc.	20	16	-	-	36	36	-	36
Petron Global Limited	-	-	-	-	-	-	-	-
Petron Finance (Labuan) Limited	2	1	(3)	-	-	-	-	-
Petron Oil And Gas Mauritius Ltd. and Subsidiaries	2,341	45,359	(46,352)	-	1,348	1,348	-	1,348
Petrochemical Asia (Hk) Limited and Subsidiaries	-	-	-	-	-	-	-	-
TOTAL	**P 26,595**	**P 362,735**	**P (354,452)**	**P -**	**P 34,878**	**P 32,907**	**P 1,971**	**P 34,878**

PETRON CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2024
(Amounts in Millions)

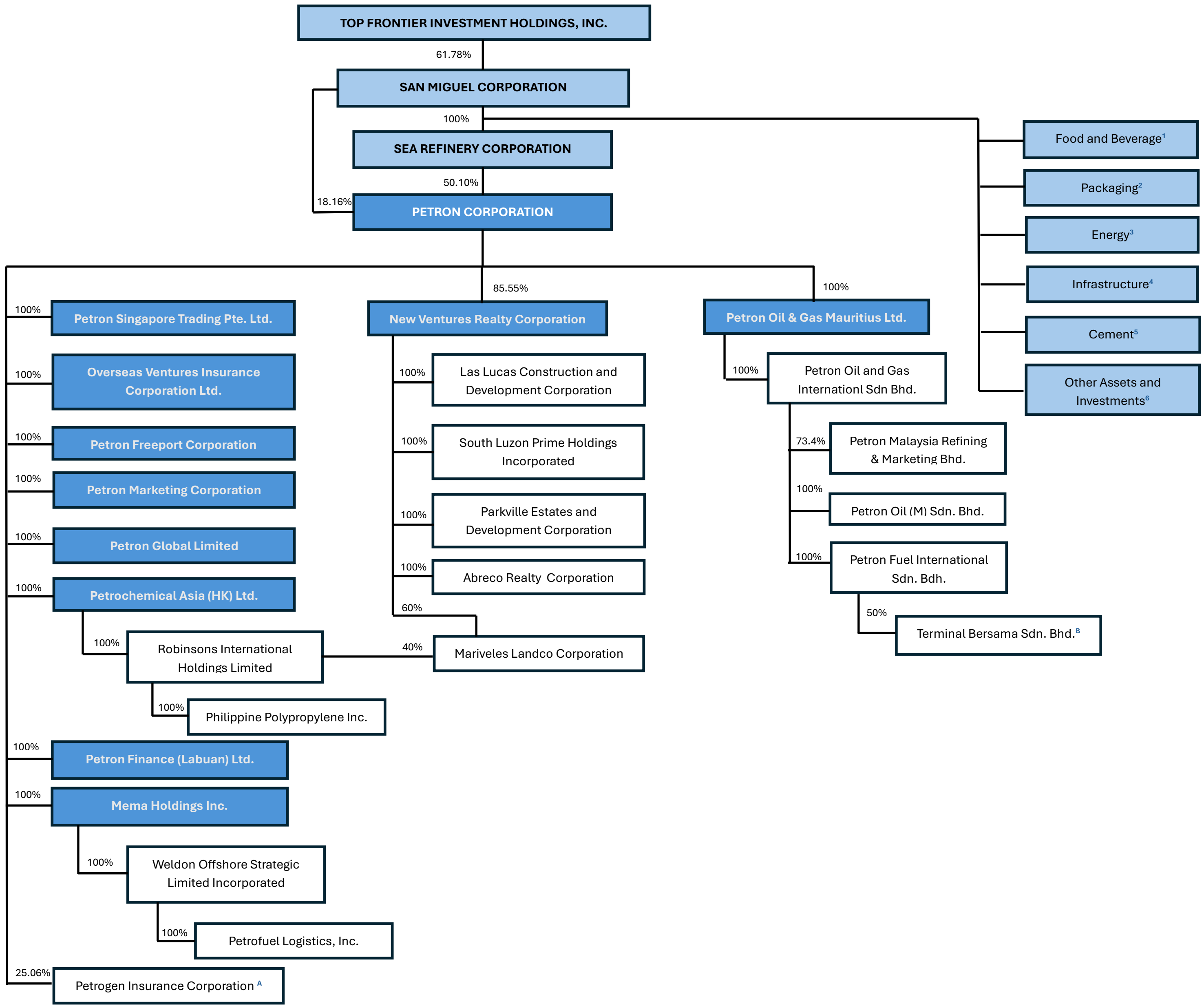
TITLE OF ISSUE	AGENT / LENDER	Outstanding Balance	Amount Shown as Current	Current and Long-term	INTEREST RATES	Number of Periodic Installments	Final Maturity
Unsecured term notes and bonds:							
Peso denominated:							
Fixed	China Banking Corporatior	7,000	-	6,959	7.4941%	2-year grace period; amortized in 7 semi-annual payment:	Mar 2029
Floating	BDO Unibank, Inc.	5,000	-	4,969	BVAL	2.5-year grace period; amortized in 6 semi-annual payment:	Apr 2029
Fixed	Bank of the Philippine Islands	624	624	624	4.5900%	12-month grace period; amortized in 16 quarterly payment:	Apr 2025
Fixed	China Banking Corporatior	4,500	492	4,483	7.1663%	2-year grace period; amortized in 7 semi-annual payment:	May 2027
Fixed	BDO Unibank, Inc.	3,125	1,243	3,114	7.4206%	Amortized quarterly for 5 years	Jun 2027
Fixed	Landbank of the Philippines	3,125	1,243	3,114	7.5496%	15-month grace period; amortized in 16 quarterly payment:	Jun 2027
Fixed	China Banking Corporatior	2,375	2,371	2,371	6.4920%	One-time payment upon maturity	Sep 2025
Fixed	China Banking Corporatior	624	624	624	6.8672%	One-time payment upon maturity	Sep 2025
Fixed	Philippine Depository and Trust Corporatior	9,000	8,975	8,975	3.4408%	One-time payment upon maturity	Oct 2025
Fixed	Philippine Depository and Trust Corporatior	9,000	-	8,942	4.3368%	One-time payment upon maturity	Oct 2027
Fixed	Philippine Depository and Trust Corporatior	6,800	6,788	6,788	8.0551%	One-time payment upon maturity	Oct 2025
		51,173	22,360	50,963			
Foreign currency - denominated							
Floating	Standard Chartered Bank (Hongkong) Limited	27,594	5,237	27,118	SOFR	2-year grace period; amortized in 7 semi-annual payment:	Nov 2027
Floating	MUFG Bank, Ltd., Hong Kong	10,413	1,033	10,227	SOFR	2-year grace period; amortized in 7 semi-annual payment:	Mar 2028
Floating	Sumitomo Mitsui Banking Corp.	790	788	788	TONA	2-year grace period; amortized in 7 semi-annual payment:	Mar 2025
Floating	MUFG Bank, Ltd., Hong Kong	28,922	-	28,347	SOFR	2-year grace period; amortized in 7 semi-annual payment:	Jul 2029
		67,719	7,058	66,480			
Total Long-term Debt		**P 118,892**	**P 29,418**	**P 117,443**			

PETRON CORPORATION AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2024

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors and executive officers	Others
Common stock	9,375,104,497	9,375,104,497	Not applicable	6,858,912,221	1,475,382	2,514,716,894
Preferred stock	624,895,503					
Series 3B Preferred		6,597,000	Not applicable	-	8,300	6,588,700
Series 4A Preferred		5,000,000	Not applicable	-	1,000	4,999,000
Series 4B Preferred		2,995,000	Not applicable	-	3,500	2,991,500
Series 4C Preferred		6,005,000	Not applicable	-	7,500	5,997,500
Series 4D Preferred		8,500,000	Not applicable	-	22,700	8,477,300
Series 4E Preferred		8,330,000	Not applicable	-	14,750	8,315,250

PETRON CORPORATION
MAP OF THE CONGLOMERATE

As at December 31, 2024



The group structure includes the Ultimate Parent Company, Top Frontier Investment Holdings, Inc., Intermediate Parent Company, San Miguel Corporation and its major subsidiaries, associates and joint ventures, Direct Parent Company, SEA Refinery Corporation, Petron Corporation's subsidiaries, associate, and joint venture.

Note:

[A] Associate
[B] Joint Venture

1. **Food and Beverage** business includes San Miguel Food and Beverage, Inc. and subsidiaries including: (a) San Miguel Super Coffeemix Co., Inc., PT San Miguel Foods Indonesia and San Miguel Foods International, Limited and subsidiary, San Miguel Foods Investment (BVI) Limited and subsidiary, San Miguel Pure Foods (VN) Co., Ltd.; (b) Ginebra San Miguel Inc. subsidiaries including Distileria Bago, Inc., and East Pacific Star Bottlers Phils Inc. and (c) San Miguel Brewery Inc. subsidiaries including Iconic Beverages, Inc., Brewery Properties Inc. and subsidiary and San Miguel Brewing International Limited and subsidiaries including, San Miguel Brewery Hong Kong Limited and subsidiaries, PT. Delta Djakarta Tbk. and subsidiary, San Miguel (Baoding) Brewery Co., Ltd., San Miguel Brewery Vietnam Company Limited, San Miguel Beer (Thailand) Limited and San Miguel Marketing (Thailand) Limited. San Miguel (Baoding) Brewery Co., Ltd. and PT San Miguel Foods Indonesia are in the process of liquidation as at December 31, 2024.
2. **Packaging** business includes San Miguel Yamamura Packaging International Limited and subsidiaries including San Miguel Yamamura Phu Tho Packaging Company Limited, San Miguel Yamamura Glass (Vietnam) Limited, San Miguel Yamamura Haiphong Glass Company Limited, Zhaoqing San Miguel Yamamura Glass Company Limited, Foshan San Miguel Yamamura Packaging Company Limited and subsidiary, San Miguel Yamamura Packaging and Printing Sdn. Bhd., San Miguel Yamamura Woven Products Sdn. Bhd. and subsidiary, Packaging Research Centre Sdn. Bhd., San Miguel Yamamura Plastic Films Sdn. Bhd., San Miguel Yamamura Australasia Pty Ltd and subsidiaries including SMYC Pty Ltd. and subsidiary, Foshan Cospak Packaging Co Ltd., SMYV Pty Ltd, SMYP Pty Ltd and subsidiary, SMYBB Pty Ltd, SMYJ Pty Ltd and Vinocor Ltd.
3. **Energy** business includes San Miguel Global Power Holdings Corp. and subsidiaries including San Miguel Electric Corp., SMC PowerGen Inc., SMC Power Generation Corp., Albay Power and Energy Corp., Lumiere Energy Technologies, Inc., Central Luzon Premiere Power Corp., Oceantech Power Generation Corporation and subsidiary, SMGP Kabankalan Power Co. Ltd. and Prime Electric Generation Corporation and subsidiary.
4. **Infrastructure** business includes San Miguel Holdings Corp. and subsidiaries including Alloy Manila Toll Expressways, Inc., SMC Infraventures Inc. and subsidiary, SMC Skyway Stage 4 Corporation, Pasig River Expressway Corporation, Intelligent E-Processes Technologies Corp., SMC Northern Access Link Expressway Corp., SMC Southern Access Link Expressway Corp., South Luzon Toll Road-5 Expressway Inc., TPLEX Operations and Maintenance Corporation, SMC NBEX Inc., SMC CBEX Inc., SMC PLEX Inc., and SMC TPLEX Extension Infrastructure Corp., Atlantic Aurum Investments B.V. and subsidiaries including SMC Tollways Corporation and subsidiaries including Stage 3 Connector Tollways Holdings Corporation and subsidiary, SMC Skyway Stage 3 Corporation, and SMC Skyway Corporation and subsidiary, Skyway O&M Corporation, SMC SLEX Holdings Company Inc. and subsidiaries, Manila Toll Expressway Systems Inc. and SMC SLEX Inc., Cypress Tree Capital Investments, Inc. and subsidiaries including Star Infrastructure Development Corporation and Star Tollway Corporation (collectively the Star Tollways Group), SMC Bulacan Water Services Corporation and subsidiaries including Obando Water Company, Inc. and Bulakan Water Company, Inc.
5. **Cement** business includes San Miguel Equity Investments Inc. and subsidiaries including Northern Cement Corporation, Eagle Cement Corporation and subsidiaries, and Southern Concrete Industries, Inc.
6. **Other Assets and Investments** include Anchor Insurance Brokerage Corporation, Davana Heights Development Corporation and subsidiaries, Silvertides Holdings Corporation and subsidiary, Deity Holdings Corporation, Fonterra Verde Holdings Inc., One Verdana Holdings Inc. and Worldsummit Holdings Corporation, San Miguel Properties, Inc. subsidiaries including SMPI Makati Flagship Realty Corp., Bright Ventures Realty, Inc. and Tierra Verdosa Services Corp. (formerly Tierra Verdosa Real Estate Services, Inc. effective October 21, 2024), San Miguel Holdings Limited subsidiaries including San Miguel Insurance Company, Ltd. and San Miguel Yamamura Packaging International Limited, and SMC Shipping and Lighterage Corporation and subsidiaries including SL Harbor Bulk Terminal Corporation.

PETRON CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

Financial Ratios	Formula	December 31, 2024	December 31, 2023 As Restated
Liquidity			
a) Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	**1.01**	0.98
b) Quick Ratio	$\frac{\text{Current Assets less Inventories and Other Current Assets}}{\text{Current Liabilities}}$	**0.45**	0.49
Solvency			
c) Debt to Equity Ratio	$\frac{\text{Total Interest-bearing Liabilities}^{b}}{\text{Total Equity}}$	**2.46**	2.48
d) Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	**4.50**	4.47
e) Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$	**1.62**	1.69
Profitability			
f) Return on Average Equity	$\frac{\text{Net Income}}{\text{Average Total Equity}}$	**8.31%**	9.48%
g) Return on Average Assets	$\frac{\text{Net Income}}{\text{Average Total Assets}}$	**1.85%**	2.23%
Operating Efficiency			
h) Volume Growth	$\left(\frac{\text{Current Period Volume}}{\text{Prior Period Volume}} -1\right)$	**10.20%**	12.50%
i) Sales Growth	$\left(\frac{\text{Current Period Sales}}{\text{Prior Period Sales}} -1\right)$	**8.36%**	-6.60%
j) Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Sales}}$	**3.37%**	3.83%

[b] *excludes lease liabilities and advances from a related party*

PETRON CORPORATION

Proceeds from Issuance of Series 4D and Series 4E Preferred Shares
December 31, 2024

i. Gross and Net Proceeds as disclosed in the final prospectus

In P Millions	
Gross proceeds	**P17,000.00**
Less: Estimated fees, commissions and expenses relating to the issue:	
Underwriting and selling fees	76.50
Taxes	4.72
Philippine SEC filing and legal research fee	0.25
PSE filing fee	1.00
Legal and other professional fees	9.00
Other expenses	1.00
Total Expenses	**P92.47**
Net Proceeds	**P16,907.53**

The Gross and Net Proceeds as Disclosed in the Final Offer Supplement is based on (i) 13,000,000 Series 4 Preferred Shares with an (ii) oversubscription option of 4,000,000 Series 4 Preferred Shares at P1,000.00 per share amounting to P17.00 billion.

ii. Actual Gross and Net Proceeds

In P Millions	
Actual Gross proceeds	**P16,830.00**
Less: Fees, commissions and expenses relating to the issue	102.00
Actual Net Proceeds	**P16,728.00**

The Actual Gross and Net Proceeds is based on (i) 13,000,000 Series 4 Preferred Shares with an (ii) oversubscription option of 3,830,000 Series 4 Preferred Shares at P1,000.00 per share amounting to P16.83 billion.

iii. Each Expenditure Item Where the Proceeds were Used

In P Millions	
Actual Net proceeds	**P16,728.00**
Less: Redemption of Series A Preferred Shares	13,403.00
Refinancing of existing indebtedness	875.00
Purchase of crude oil	2,450.00
	P16,728.00
Balance	**P0.00**

iv. Balance of the Proceeds as of the End of the Reporting Period

As of December 31, 2024, proceeds were fully utilized.

PETRON CORPORATION

Proceeds from Issuance of Series E and Series F Fixed Rate Bonds
December 31, 2024

i. Gross and Net Proceeds as disclosed in the final prospectus

In P Millions	
Gross Proceeds	**P18,000.00**
Less: Underwriting fees for the Preferred Shares being sold by the Company	63.00
Taxes to be paid by the Company	135.00
Philippine SEC filing and legal research fee	5.11
Listing application fee	0.20
Listing maintenance fee	0.45
Rating fee	4.05
Trustee fees	0.13
Registry and paying	0.50
Estimated legal and other professional fees	7.80
Estimated other expenses	0.55
Total Expenses	**P216.79**
Net Proceeds	**P17,783.21**

The net proceeds of the Offer shall be used for (i) the redemption of the Company's Series A Bonds, (ii) the partial financing of the Power Plant Project, and (iii) payment of existing indebtedness

ii. Actual Gross and Net Proceeds

In P Millions	
Actual Gross Proceeds	**P18,000.00**
Less: Underwriting Fees, Filing and Processing Fees, Documentary Stamp Tax, Legal and Professional Fees and Other Expenses	227.95
Actual Net Proceeds	**P17,772.05**

iii. Each Expenditure Item where the Proceeds was Used

In P Millions	
Actual Net Proceeds	**P17,772.05**
Less: Redemption of the Series A Bonds	13,000.00
Payment for power plant project	3,103.04
Payment of long term loan amortization to:	
Bank of the Philippine Islands	697.49
BDO Unibank, Inc.	535.71
UnionBank	250.00
Total Payments	**P17,586.24**
Balance	**P185.81**

iv. Balance of the Proceeds as of the End of the Reporting Period

As of December 31, 2024, balance of proceeds amounted to P185.81 million.

PETRON CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

DECEMBER 31, 2024 AND 2023

	2024	2023
Total Audit Fees[1]	**P9,720,863**	P9,349,781
Non-audit services fees:		
Other assurance services	**4,270,500**	3,000,000
Tax services	**492,999**	476,246
All other services	**-**	-
Total Non-audit Fees[2]	**4,763,499**	3,476,246
Total Audit and Non-audit Fees	**P14,484,362**	P12,826,027

Notes:

[1] *Agreed fees (excluding out of pocket expenses and VAT) with the external auditor and its network firm for the audit of Petron Corporation and Subsidiaries' financial statements.*

[2] *Charged or billed fees (excluding out of pocket expenses and VAT) by the external auditor and its network firm for the non-audit services to Petron Corporation and its subsidiaries. These include other assurance services such as special purpose audit or review of financials statements.*

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
Petron Corporation
SMC Head Office Complex
40 San Miguel Avenue
Mandaluyong City

We have audited, in accordance with Philippine Standards on Auditing, the separate financial statements of Petron Corporation (the "Company") as at and for the years ended December 31, 2024 and 2023, and have issued our report thereon dated March 19, 2025.

Our audits were made for the purpose of forming an opinion on the separate financial statements taken as a whole. The supplementary information included in the *Reconciliation of Retained Earnings Available for Dividend Declaration* is the responsibility of the Company's management.

This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the separate financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the separate financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the separate financial statements taken as a whole.

R.G. MANABAT & CO.

Rohanie C. Galicia

ROHANIE C. GALICIA
Partner
CPA License No. 0118706
Tax Identification No. 249-773-914
BIR Accreditation No. 08-001987-044-2024
  Issued July 17, 2024; valid until July 16, 2027
PTR No. MKT 10467177
  Issued January 2, 2025 at Makati City

March 19, 2025
Makati City, Metro Manila

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024
(Amounts in Thousand Pesos)

PETRON CORPORATION
SMC Head Office Complex 40 San Miguel Avenue, Mandaluyong City

Unappropriated Retained Earnings, ***beginning of the period***		**P8,390,330**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Effect of restatements or prior-period adjustments	(P50,953)	**(50,953)**
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(3,650,031)	
Distributions paid	(2,951,356)	**(6,601,387)**
Unappropriated Retained Earnings, ***as adjusted***		**1,737,990**
Add/Less: Net Income for the current year		**7,712,784**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized foreign exchange gain, except those attributable cash and cash equivalents	-	
Unrealized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	(79,951)	
Sub-total		**(79,951)**
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting period but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	248,635	
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	499,647	
Sub-total		**748,282**
Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting period but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	304,513	
Sub-total		**304,513**

Forward

Adjusted Net Income		**P8,685,628**
Add/Less: <u>Category F:</u> Other items that should be excluded from the determination of the amount available for dividends distribution		
Net movement of deferred tax asset and deferred tax liabilities related to same transaction		
Set up of right of use asset and lease liability	P403,717	
Set up of asset and asset retirement obligation	361,525	
Net movement of deferred tax assets	2,896,560	
Gain on lease termination	(3,689,318)	
Sub-total		**(27,516)**
TOTAL RETAINED EARNINGS, END OF THE REPORTING PERIOD AVAILABLE FOR DIVIDEND DECLARATION		**P10,396,102**

ANNEX E

Subject to stockholders' approval
at the next Annual Stockholders' Meeting

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF PETRON CORPORATION (May 21, 2024)

Time and Place

The Annual Stockholders' Meeting of **PETRON CORPORATION** (the "Company" or "Petron") was held on May 21, 2024 via livestreaming at https://www.petron.com/2024asm.

The Chairman of the meeting presided over the meeting at the San Miguel Head Office Complex, 40 San Miguel Avenue, Mandaluyong City.

The meeting commenced at about 2:00 p.m.

Quorum and Attendance Reports

The Corporate Secretary of the Company, Atty. Jhoanna Jasmine M. Javier-Elacio, reported that the notice of the meeting was duly distributed to the stockholders as of the March 19, 2024 record date in compliance with the by-laws of the Company and the requirements of the Securities and Exchange Commission.

Based on the stock transfer agent's certification on the attendance of the meeting – covering attendance in person, by attendance advice emailed to the Company and by proxy - there was about 73.46% of the total outstanding capital stock of the Company represented, comprised of common and preferred shares. Thus, a quorum was announced.

The attendance report is attached to these minutes as Annex A.

Atty. Elacio noted that the Chairman held proxies for 73.46% of the outstanding common and preferred shares of the Company and was voting in accordance with the instructions in the proxies.

Present in the Executive Dining Room at the SMC Head Office Complex at 40 San Miguel Avenue, Mandaluyong City (the "SMC Executive Dining Room") and via Zoom were all the directors of the Company, namely:

1. **Mr. Ramon S. Ang (Chairman of the Meeting)**
2. **Atty. Estelito P. Mendoza**
3. **Mr. Lubin B. Nepomuceno**
4. **Mr. Jose P. de Jesus**
5. **Mr. Ron W. Haddock**
6. **Mr. Mirzan Mahathir**
7. **Ms. Aurora T. Calderon**
8. **Ret. Justice Francis H. Jardeleza**
9. **Atty. Virgilio S. Jacinto**
10. **Atty. Nelly Favis-Villafuerte**
11. **Mr. Horacio C. Ramos**
12. **Mr. John Paul L. Ang**
13. **Ret. Chief Justice Artemio V. Panganiban (Independent Director)**
14. **Mr. Margarito B. Teves (Independent Director)**
15. **Ret. Gen. Ricardo C. Marquez (Independent Director)**

Also present in the SMC Executive Dining Room and via livestreaming were the following executive officers, department heads, and the Assistant Corporate Secretary:

1. Mr. Ramon S. Ang, also as the President
2. Mr. Lubin B. Nepomuceno, also as the General Manager
3. Mr. Emmanuel E. Eraña, Senior Vice President and Chief Finance Officer
4. Ms. Maria Rowena O. Cortez, Vice President ("VP") – Supply
5. Mr. Albert S. Sarte, Deputy Chief Finance Officer and Treasurer
6. Mr. Jaime O. Lu, VP and Executive Assistant to the President on Petron Malaysia Operations, Refinery Special Projects and REND
7. Ms. Maria Rosario D. Vergel de Dios, VP - Human Resources Management

8. Ms. Magnolia Cecilia D. Uy, VP - Retail Sales
9. Ms. Myrna C. Geronimo, VP - Controllers and Controller
10. Mr. Allister J. Go, VP - Refinery Division
11. Mr. Virgilio V. Centeno, VP - Industrial Sales
12. Mr. Jonathan F. Del Rosario, VP - Operations & CTSG
13. Mr. Mark Tristan D. Caparas, VP and Chief Finance Officer - Petron Malaysia
14. Atty. Jhoanna Jasmine M. Javier-Elacio Elacio, VP - General Counsel & Corporate Secretary/ Compliance Officer
15. Ms. Mia Delos Reyes, Assistant Vice President ("AVP") – Corporate Affairs
16. Mr. Brian R. Ocampo, AVP – Management Information Systems
17. Atty. Maria Crisselda T. Torcuator, Assistant Corporate Secretary

Likewise present were the Investor Relation Manager of the Company and the partner from R.G. Manabat & Co./KPMG:

1. Mr. Erich Y. Pe Lim, Investor Relations Manager
2. Ms. Rohanie C. Galicia, Partner, R.G. Manabat & Co./KPMG

Mr. Ferdinand K. Constantino, Chief Finance Officer of San Miguel Corporation also joined the meeting at the SMC Executive Dining Room.

Atty. Elacio proceeded to explain that, after the Management's Report, questions and comments emailed in advance to the Company's dedicated email address for the meeting at 2024asmpetron@petron.com would be given priority.

Call to Order

There being a quorum, the Chairman of the meeting, Mr. Ramon S. Ang, called the annual meeting of the stockholders to order and presided over the same. Atty. Elacio recorded the minutes of the proceedings.

**Reading of the Agenda
and Explanation of Voting Procedure**

For ease of reference of the stockholders, the rest of the agenda of the meeting was presented on the screen as follows:

(1) Review and Approval of the Minutes of the Previous Annual Stockholders' Meeting
(2) Management Report and Submission to the Stockholders of the 2023 Financial Statements
(3) Ratification of All Acts of the Board of Directors and Management Since the 2023 Annual Stockholders' Meeting
(4) Appointment of an External Auditor and Ratification of External Auditor Fees
(5) Election of the Board of Directors for the Ensuing Term
(6) Ratification of Directors' Fees for 2024
(7) Ratification of the Amendments of the By-Laws of the Company
   a. Completion of the Address of the Principal Office of the Company (Section 1 of Article I)
   b. Change in the Annual Stockholders' Meeting Date (Section 2 of Article II)
   c. Change in the Manner of Delivery of Notices for Stockholders' Meetings (Section 4 of Article I)
(8) Other Matters
(9) Adjournment

Atty. Elacio reminded the stockholders that the rationale and brief explanation of each agenda item were provided in the Notice and Agenda and the Definitive Information Statement for the meeting.

She explained the voting procedure shall be in accordance with the procedure set forth in the Definitive Information Statement that has been made distributed for the meeting and available in the Company's website and in the Edge of the Philippine Stock Exchange.

A summary of the voting procedure was flashed on the screen as follows:

Voting Procedure:

- One common share is entitled to one vote in respect of all agenda items;
- One preferred share is entitled to one vote in respect of the ratification of the proposed amendment of the Company's by-laws;
- Simple majority vote of the common shareholders for the following:
    (1) the approval of the minutes of the 2023 annual stockholders' meeting;
    (2) the ratification of all acts of the Board of Directors and Management since the 2023 annual stockholders' meeting;
    (3) the appointment of the external auditor of the Company for 2024 and the ratification of external auditor's fees; and
    (4) the ratification of directors' fees for 2024.
- Fifteen (15) nominees who get the highest votes from the common stockholders to be deemed elected as directors; cumulative voting is allowed, where a stockholder may:
    (1) distribute his/her votes per share to all the nominees, or
    (2) cumulate all his/her shares and give one candidate all his/her votes, or
    (3) he/she may distribute his/her votes among his chosen nominees
- A vote of at least two-thirds (2/3) of the stockholders holding common and preferred shares would be needed for the ratification of the amendment of the Company's by-laws.

Review and Approval of Minutes of the Previous Annual Stockholders' Meeting

The Chairman announced that the first item in the rest of the agenda was the approval of the minutes of the May 16, 2023 annual stockholders' meeting, a copy of which had been posted in the company website on May 23, 2023, within five (5) business days after the meeting.

On motion duly made and seconded, and there being no objection, the minutes of the annual stockholders' meeting held on May 16, 2023 were approved.

Based on the vote canvassing results provided by the SMC Stock Transfer Corporation, the stock transfer agent of the Company, (the "Voting Canvassing Results") this agenda item had the following voting results:

For	6,912,213,101 - 73.729%
Against	0 - 0.000%
Abstain	0 - 0.000%

Annual Report and Other Reports of Management

The Senior Vice President and Chief Finance Officer of the Company, Mr. Emmanuel E. Eraña, delivered the Management Report covering operations for 2023, with highlights as follows:

1. The year 2023 had a challenging business landscape, given the following events:
    - Geopolitical tensions threatening the stability of supply put pressure on prices and contributed to increased volatility;

- The full-year average of Dubai crude price settled at $82 per barrel, 15% lower than 2022's $96 per barrel, as prices corrected from the record-high 2022 level;
- Prices of finished products also declined during the year; and
- Higher inflation and interest rates worldwide further contributed to these global uncertainties.

2. Despite the above scenario, the Company reported that 2023 marked Petron's third consecutive year of growth.

- The Company's consolidated volumes were up 13% at 127 million barrels, propelled by the substantial growth in jet fuel and LPG sales. Locally, Petron increased its overall market share to 24.5% by the first half of the year.
- However, given the price volatility, Petron's revenues decreased 7% to P801 billion from last year's P858 billion.
- The Company ended the year with a consolidated net income of a little over 10 billion, a 51% increase from 2022's P6.7 billion on the strength of its volume growth, prudent risk management, and more optimized operations.

3. The Company reported that it expected to continue growing in 2024. The Company's consolidated sales volumes as of March 31, 2024 reached 35 million barrels, 23% higher than last year's 29 million barrels. Petron's consolidated revenues in the first quarter of 2024 reached P228 billion, up 21% from the first quarter of 2023's P189 billion. The resulting net income for the first quarter of 2024 was up 16% at P3.9 billion.

4. The Company maintained its overall market share by strengthening volume growth and enhancing the competitiveness of its service station network. Petron's presence was expanded in the commercial and industrial markets,

contributing greatly to Petron's improved sales performance for 2023. Petron focused on providing the best customer experience with its upgraded service stations with improved restroom facilities, enhanced aesthetics, and a brand-new look for Treats stores. New and exciting promotions were implemented to boost the Petron brand and allow customers to benefit from the loyalty programs of the Company.

The Petron brand in Malaysia was also further strengthened with effective retail executions, marketing programs, and customer service excellence.

5. As the country's only remaining refiner, Petron remained as the Philippines' partner in progress that would help ensure fuel security and deliver quality products. Through carefully planned process enhancements, Petron scaled up production at the refineries both in Bataan and Port Dickson in Malaysia, raising Petron's combined crude run by 11% to maximize the Company's refining assets.

6. Petron consistently maximized supply chain integrations. In 2023, improvements were focused on integrating basic hauling services and into-plane operations.

7. Petron's Environmental, Social, and Governance efforts, as briefly summarized below, are the guiding principles for the Company's vision and purpose. While Petron continued to be an industry leader - in market share and product quality and nation-building - it consistently implemented its corporate social responsibility programs.

- Petron cut back on its energy consumption by shifting to LED lighting and solar panel systems in its facilities.

- Petron remained committed to water conservation. As of 2023, the Company already reduced its water consumption by 29% compared to its 2016 baseline.
- The Company continued to further minimize its environmental footprint through its *Puno ng Buhay* Reforestation Program across the Philippines.
- Petron continued to be committed to abiding by new regulations, such as the Extended Producer Responsibility Act of 2022 with new initiatives to reduce its plastic footprint.

Mr. Eraña ended his report by thanking all stakeholders for their continued support.

Open Forum

The Chairman opened the floor for questions from stockholders. As explained at the beginning of the meeting by the Corporate Secretary, questions emailed in advance were read and addressed.

The questions raised and matters discussed are set out below.

1. Mr. E. Valdez of Quezon City congratulated the Company for its impressive financial results in 2023. He then asked the Company if the same level of performance could be expected for 2024.

Mr. Nepomuceno responded that the Company was focusing on further increasing its sales volume and improving its income performance by taking advantage of the on-going economic recovery. He explained that the Company efforts would help sustain volume growth and income performance.

2. Ms. M. Viray of Pasig City stated that prices of petroleum products had remained high and inquired about the reason for such high prices and the ways Petron could help soften the impact of such prices on motorists.

In reply, Mr. Nepomuceno explained that the increase in prices of petroleum products resulted from the continuing international geopolitical conflicts and the increase in the demand for fuel in other countries because of economic progress. Mr. Nepomuceno further explained that the Company was fully aware of the situation of motorists and had been implementing loyalty programs to help customers earn points which could be used to pay for petroleum product purchases in Petron stations. He also mentioned that the Company plans to continue rolling out regular promotions that would enable loyalty cardholders to earn more points faster.

Mr. Ang further explained that petroleum and electricity prices in the Philippines are higher than in neighboring countries because of the imposition of taxes and the absence of government subsidies. He added though that the grant of long-term government subsidies may not be a sustainable practice.

3. Mr. M. Gumapas asked about the release of Petron dividends. Ms. I. De Leon of Las Piñas also inquired if stockholders could expect higher dividends if the Company's income rose.

Mr. Ang explained that the Company would always share its profits with stockholders through dividends in amounts reasonably due such stockholders.

4. Ms. C. Bacarra of Rizal commented that Petron's latest promotions were enticing and hoped that these promotions would continue so that Petron's loyal customers would benefit more.

Mr. Nepomuceno confirmed that Petron would continue to roll out more promotions to benefits its loyal customers.

Questions related to ownership of shares and receipt of dividend payments were forwarded to SMC Stock Transfer Corporation for proper handling.

There being no further questions, the open forum was closed and, on motion duly made and seconded, the management report, the audited financial statements of the Company for 2023, together with other written reports distributed to the stockholders or made available on the Company website, were accepted and filed as part of the minutes of the meeting.

The following resolution was accordingly passed by the stockholders:

<u>Resolution No. 1, Series of 2024</u>

RESOLVED, that the 2023 Annual Report of Management, the Management Report, including the 2023 financial statements, as well as the other reports of Management distributed to the stockholders of Petron Corporation, disclosed to the regulators, and/or made available on the company website, be, and hereby are, ACCEPTED and FILED as part of the minutes of the present meeting.

Based on the Vote Canvassing Results, this agenda item had the following voting results:

For	6,908,893,101 – 73.694%
Against	0 – 0.000%
Abstain	3,320,000 – 0.035%

<u>Ratification of all Acts of the Board of Directors and Management</u>

The Chairman then noted that the next item in the agenda was the ratification of all acts of the Board of Directors, the Executive Committee, and the Management since the last Annual Stockholders' Meeting held in 2023.

Atty. Elacio explained that the material items approved by the Board of Directors and/or the Executive Committee since the 2023 Annual Stockholders' Meeting include those in the list attached as Annex A to the Definitive Information Statement earlier made available by the Company, including in the Company website and via Edge of the Philippine Stock Exchange.

Upon motion made and seconded, the following resolution was accordingly passed:

<u>Resolution No. 2, Series of 2024</u>

RESOLVED, that all acts, resolutions and proceedings of the Board of Directors and corporate officers of Petron Corporation (the "Company") since the Annual Meeting of the Stockholders of the Company on May 16, 2023, as set forth in the minutes of the meetings of the Board of Directors and the Executive Committee be APPROVED, CONFIRMED and RATIFIED.

Based on the Vote Canvassing Results, this agenda item had the following voting results:

For	6,908,893,101 - 73.694%
Against	0 - 0.000%
Abstain	3,320,000 - 0.035%

**Appointment of External Auditor
and Ratification of External Auditor Fees**

The Chairman proceeded to announce that the next item in the agenda was the appointment of the accounting firm R.G. Manabat & Co., CPAs/KPMG as the external auditor of the Company for 2024 and the ratification of the external auditor fees in the amount of P7.43 million for the audit, word processing and finalization of the financial statements of the Company and its subsidiaries for 2024.

Upon confirmation of the above by Mr. Margarito B. Teves, an Independent Director and the Chairperson of the Board Audit Committee, and on motion made and duly seconded, the stockholders approved the following resolution:

Resolution No. 3, Series of 2024

> **RESOLVED, that the appointment of the accounting firm R.G. Manabat & Co., CPAs/KPMG as the external auditor of Petron Corporation (the "Company") for 2024 be, and hereby is, APPROVED.**
>
> **RESOLVED, FURTHER that the fees of R.G. Manabat & Co., CPAs/KPMG for the audit, word processing and finalization of the financial statements of the Company and its subsidiaries for 2024 in the amount of P7,430,000 as approved by the Board of Directors on March 5, 2024 be, and hereby are, RATIFIED.**

Based on the Vote Canvassing Results, this agenda item had the following voting results:

For	6,912,213,101 – 73.729%
Against	0 – 0.000%
Abstain	0 – 0.000%

<u>**Election of Directors**</u>

The Chairman announced that the next item on the agenda was the election of directors.

The Corporate Secretary proceeded to announce the nomination of the following as directors of the Company:

1. Mr. Ramon S. Ang
2. Mr. Lubin B. Nepomuceno
3. Atty. Estelito P. Mendoza
4. Mr. Jose P. de Jesus
5. Mr. Ron W. Haddock
6. Ms. Aurora T. Calderon
7. Ret. Justice Francis H. Jardeleza
8. Mr. Mirzan Mahathir
9. Atty. Virgilio S. Jacinto
10. Atty. Nelly Favis-Villafuerte
11. Mr. Horacio C. Ramos
12. Mr. John Paul L. Ang
13. Ret. Chief Justice Artemio V. Panganiban (Independent)
14. Mr. Margarito B. Teves (Independent)
15. Mr. Ricardo C. Marquez (Independent)

Atty. Elacio explained that, as discussed in the Definitive Information Statement distributed for the meeting, Independent Directors Ret. Chief Justice Artemio V. Panganiban and Margarito B. Teves have been serving the Company as independent directors for more than nine (9) years, beyond the term limits of independent directors. In accordance with the Manual on Corporate Governance of the Company and upon endorsement of the Board Corporate Governance Committee of the Company, the Board of Directors found that the independence of Directors Panganiban and Teves has not been diminished or impaired by their long service as members of the Board of Directors and it has full confidence that Directors Panganiban and Teves would continue acting as independent directors with the same zeal, diligence and vigor as when they were first elected. Therefore, the Board of Directors had approved and endorsed for the vote of the stockholders of the Company the election of the 15 nominees, including Directors Panganiban and Teves as independent directors pursuant to Corporate Governance Manual of the Company.

As explained in the Definitive Information Statement and by the Corporate Secretary at the start of the meeting, cumulative voting was allowed in the election of directors.

Upon confirmation of the foregoing by Mr. Ricardo C. Marquez, an Independent Director and a member of the Board Corporate Governance Committee, the following motions were made and duly seconded: (i) motion to dispense with balloting; (ii) motion to declare all nominees unanimously elected as directors of the Company for the ensuing year, including Independent Directors Panganiban and Teves, until their successors are elected and qualified; and (iii) motion for the votes of the stockholders present and represented by proxies be distributed and recorded accordingly.

Pursuant to such motions, votes were cast for all shares duly represented at the meeting in favor of the 15 nominees, except as otherwise expressly instructed in a written proxy given the Chairman.

With the required votes being obtained by the nominees, the Chairman declared the following persons as duly elected directors of the Company, with the voting results based on the Vote Canvassing Results:

Election of the Board of Directors - Annual Stockholders Meeting 2024

No.	Nominee	IN FAVOR	AGAINST	ABSTAIN	TOTAL
1	RAMON S. ANG	6,911,906,201	94,200	212,700	6,912,213,101
2	LUBIN B. NEPOMUCENO	6,859,008,101	0	53,205,000	6,912,213,101
3	ESTELITO P. MENDOZA	6,858,913,901	94,200	53,205,000	6,912,213,101
4	JOSE P. DE JESUS	6,859,008,101	0	53,205,000	6,912,213,101
5	RON W. HADDOCK	6,859,008,101	0	53,205,000	6,912,213,101
6	AURORA T. CALDERON	6,858,913,901	94,200	53,205,000	6,912,213,101
7	FRANCIS H. JARDELEZA	6,859,008,101	0	53,205,000	6,912,213,101
8	MIRZAN MAHATHIR	6,859,008,101	0	53,205,000	6,912,213,101
9	VIRGILIO S. JACINTO	6,859,008,101	0	53,205,000	6,912,213,101
10	NELLY FERVIS-VILLAFUERTE	6,859,008,101	0	53,205,000	6,912,213,101
11	HORACIO C. RAMOS	6,859,008,101	0	53,205,000	6,912,213,101
12	JOHN PAUL L. ANG	6,858,913,901	94,200	53,205,000	6,912,213,101
13	ARTEMIO V. PANGANIBAN	6,858,913,901	94,200	53,205,000	6,912,213,101
14	MARGARITO B. TEVES	6,912,118,901	94,200	0	6,912,213,101
15	RICARDO C. MARQUEZ	6,912,213,101	0	0	6,912,213,101
	TOTAL	103,043,958,615	565,200	638,672,700	103,683,196,515

Pursuant to the foregoing, the following resolution was approved:

Resolution No. 4, Series of 2024

RESOLVED, that the following persons are hereby declared as the duly elected directors of the Corporation, to serve for a term of one year or until their successors shall have been duly elected and qualified in accordance with the by-laws of the Company:

Mr. Ramon S. Ang
Mr. Lubin B. Nepomuceno
Atty. Estelito P. Mendoza
Mr. Jose P. de Jesus
Mr. Ron W. Haddock
Mr. Mirzan Mahathir
Ms. Aurora T. Calderon
Ret. Justice Francis H. Jardeleza
Atty. Virgilio S. Jacinto
Atty. Nelly Favis-Villafuerte
Mr. Horacio C. Ramos

Mr. John Paul L. Ang
Ret. Chief Justice Artemio V. Panganiban (Independent)
Mr. Margarito B. Teves (Independent)
Mr. Ricardo C. Marquez (Independent)

Ratification of Directors' Fees

The Chairman then announced that the next item in the agenda was the ratification of the directors' fees for 2024.

Atty. Elacio advised that, after evaluation, and based on the recommendation of Management and in accordance with the Corporate Governance Manual of the Company, on March 5, 2024, the Board Corporate Governance Committee recommended the payment of the directors' fees for 2024 in the amount of P16.4 million and the Board of Directors approved such fees.

Upon confirmation of the above by Director Panganiban, an Independent Director and the Chairperson of the Board Corporate Governance Committee, and on motion made and duly seconded, the stockholders approved the following resolution:

Resolution No. 5, Series of 2024

> **RESOLVED, that the fees of the directors for 2023 in the amount of P16.4 million (inclusive of the *per diem* for scheduled board and committee meetings) as approved by the Board of Directors on March 5, 2024 be, and hereby are, RATIFIED.**

Based on the Vote Canvassing Results, this agenda item had the following voting results:

For	6,912,213,101	- 73.729%
Against	0	- 0.000%
Abstain	0	- 0.000%

Ratification of the Amendments of the By-Laws of the Company

The Chairman proceed to announce that the next item on the agenda was the ratification of the proposed amendments of the by-laws of the Company.

Atty. Elacio explained that, in its meeting on November 7, 2023, the Board of Directors endorsed for the stockholder's approval certain proposed amendments to the Company's by-laws.

The first proposed amendment was to complete the Company's principal office address under Section 1 of Article I of the Company's by-laws. This would also make the by-laws consistent with the Company's articles of incorporation.

The second proposed amendment was the change in the date of the annual stockholders' meeting from the third week of May to the first Thursday of May under Section 2 of Article II of the Company's by-laws. This amendment would facilitate the compliance by the Company with financial reporting requirements using financial information as of previous year-end for the definitive information statements distributed for the Company's annual stockholders' meetings.

The third proposed amendment was the update in the manner of delivery of the notices for stockholders' meetings under Section 4 of Article II of the Company's by-laws. The change included an earlier delivery date and alternative modes of distribution of the notices for stockholders' meetings.

Upon motion made for each amendment item and duly seconded, the stockholders approved the following resolution:

Resolution No. 6, Series of 2024

"RESOLVED, AS IT IS HEREBY RESOLVED, that (i) the indicated principal office of Petron Corporation (the "Company") be completed from "Metro Manila" to "San Miguel Head Office Complex, 40 San Miguel Avenue, Mandaluyong City"; (ii) the date of annual stockholders' meeting be changed from "third Tuesday of May" to the "first Thursday of May"; and (iii) the minimum period for the release of the annual stockholders' meeting notice be amended from "15 days" to "21 days" and add electronic mail or other manner allowed by law or regulation as a means to deliver such notice;

RESOLVED, FURTHER, that Section 1 of Article I and Sections 2 and 4 of Article II of the amended By-Laws of the Company be amended to read as follows:

'ARTICLE I
OFFICES

SECTION 1. ***Principal Office.*** *The principal office of PETRON CORPORATION, hereinafter called the Corporation, shall be* ***at the San Miguel Head Office Complex, 40 San Miguel Avenue, Mandaluyong City,*** *Metro Manila, Republic of the Philippines.*

ARTICLE II
MEETINGS OF THE STOCKHOLDERS

x x x

SECTION 2. ***Annual Meetings.*** *The annual meeting of the stockholders for the election of directors and for the transaction of such other business as may come before the meeting shall be held every* ***first Thursday*** *of May* ***(or if this day falls on a legal holiday, the meeting shall be held on the next working day) or on such date and*** *at such hour as may*

19

be named in the notice of said meeting. If the election of directors shall not held on the day designated herein for any annual meeting or at any adjournment of such meeting, the Board of Directors shall cause the election to be held at a special meeting as soon thereafter as may be convenient. At such special meeting, the stockholders may elect the directors and transact other business as stated in the notice of the meeting with the same force and effect as at an annual meeting duly called and held.

x x x

SECTION 4. ***Notices of Meeting.*** *Except as otherwise provided by* ***law, rule or regulation****, written or printed notice of all annual and special meetings of stockholders stating the place and time of the meeting and the general nature of the business to be considered shall be sent by facsimile, personal delivery, mail postage prepaid,* ***electronic mail or such other manner as law, rule or regulation may allow*** *at least* ***twenty-one (21)*** *days before the day on which the meeting is to be held to each stockholder of record at his last known post-office* ***or email*** *address or, at the option of the Corporation, by publication in a newspaper of general circulation, provided that, unless expressly required by law, no publication of any notice of a meeting of stockholders shall be required. Notice of any meeting of the stockholders may be waived by written statement of the stockholder or his authorized representative, delivered to the Secretary before or after the meeting referred to. The notice required herein shall be deemed waived by any stockholder who shall attend such meeting, in person or by proxy unless his presence is to question the lack of notice. Notice of any adjourned meeting of the stockholders shall not be required to be given, except when expressly required by law. At the reconvened meeting, any business that might have been transacted on the original date of the meeting may be transacted.*

RESOLVED, FINALLY, that the President, Corporate Secretary, directors, and other proper officers of the Corporation be authorized and empowered to submit or cause the submission of a copy of the Amended By-Laws of the Corporation duly certified by at least a majority of the directors and the Corporate Secretary, to the Securities and Exchange Commission, to sign, execute and deliver any and all documents, and to do any and all acts, necessary and proper, to give the foregoing resolutions force and effect."

Based on the Vote Canvassing Results, all of the proposed amendments to the Company's by-laws had the following voting results:

For	6,912,213,101 - 73.463%
Against	0 - 0.000%
Abstain	0 - 0.000%

Adjournment

There being no further matters raised, and on motion made and seconded, the Chairman adjourned the meeting at about 2:30 p.m. and thanked the stockholders for their attendance and support.

Subject to stockholders' approval
at the next Annual Stockholders' Meeting

Respectfully submitted:

JHOANNA JASMINE M. JAVIER-ELACIO
Corporate Secretary

Annex A

PETRON CORPORATION
Annual Stockholders' Meeting - May 21, 2024
Record Date - March 19, 2024
Proxy/Ballot and Attendance Report (Final)

	No. Of Common Shares	No. Of Preferred Shares	TOTAL SHARES	% VS O/S Common	% VS O/S Common +Preferred
Voting by Proxy (with submitted proxy form)					
San Miguel Corporation	1,702,870,560	0	1,702,870,560	18.164%	18.098%
Sea Refinery Corporation	4,696,885,564	0	4,696,885,564	50.100%	49.919%
Petron Corporation Employees Ret. Plan	459,156,097	0	459,156,097	4.898%	4.880%
SUB-TOTAL SMC GRP (With Proxy)	6,858,912,221	0	6,858,912,221	73.161%	72.897%
Standard Chartered Bank	5,880,400	0	5,880,400	0.063%	0.062%
HSBC	2,595,800	0	2,595,800	0.028%	0.028%
Citibank, N.A.	44,823,000	0	44,823,000	0.478%	0.476%
SUB-TOTAL BANKS (With Proxy)	53,299,200	0	53,299,200	0.569%	0.566%
Others - Jessie F. Ramirez	1,680	0	1,680	0.000%	0.000%
Total Shares voting by proxy	**6,912,213,101**	**0**	**6,912,213,101**	**73.729%**	**73.463%**
Voting by Ballot (with submitted ballot form)	0	0	0	0.000%	0.000%
TOTAL SHARES VOTING IN PERSON or BY PROXY	**6,912,213,101**	**0**	**6,912,213,101**	**73.729%**	**73.463%**
Attending (without proxy or ballot)					
Directors:					
Ramon S. Ang	1,000	0	1,000	0.000%	0.000%
Lubin T. Nepomuceno	5,000	0	5,000	0.000%	0.000%
Estelito P. Mendoza	1,000	0	1,000	0.000%	0.000%
Jose P. De Jesus	500	0	500	0.000%	0.000%
Jose P. De Jesus (lodged)	225,000	0	225,000	0.002%	0.002%
Ron W. Haddock	1	0	1	0.000%	0.000%
Mirzan Mahathir	1,000	0	1,000	0.000%	0.000%
Aurora T. Calderon	1,000	0	1,000	0.000%	0.000%
Francis H. Jardeleza	1,000	0	1,000	0.000%	0.000%
Virgilio S. Jacinto	1,000	0	1,000	0.000%	0.000%
Nelly Favis-Villafuerte	1,000	0	1,000	0.000%	0.000%
Horacio C. Ramos	500	0	500	0.000%	0.000%
John Paul L. Ang	1,000	0	1,000	0.000%	0.000%
Artemio V. Panganiban	1,000	0	1,000	0.000%	0.000%
Margarito B. Teves	500	0	500	0.000%	0.000%
Ricardo C. Marquez	1,000	0	1,000	0.000%	0.000%
Charito C. Alfaro	157	0	157	0.000%	0.000%
Berchman R. Parcon Jr. (lodged)	69,600	0	69,600	0.001%	0.001%
Rachel J. Bautista (lodged)	100	0	100	0.000%	0.000%
Deborah Z. Daguis	3,000	0	3,000	0.000%	0.000%
Marissa U. Viray	19,913	0	19,913	0.000%	0.000%
Maria Chevy V. Bacarra	3,000	0	3,000	0.000%	0.000%
Ma. Irene B. De Leon	819	0	819	0.000%	0.000%
Eugenia Socorro Gomez	7,800	0	7,800	0.000%	0.000%
Total shares attending (without proxy or ballot)	**345,890**	**0**	**345,890**	**0.004%**	**0.004%**
TOTAL SHARES IN ATTENDANCE	**6,912,558,991**	**0**	**6,912,558,991**	**73.733%**	**73.467%**
Not attending					
Q- Tech Alliance Holdings, Inc.	2,648,500	0	2,648,500	0.028%	0.028%
Others (including PDTC/PCD Nominee)	2,459,897,006	34,000,000	2,493,897,006	26.239%	26.505%
TOTAL SHARES Not in attendance	**2,462,545,506**	**34,000,000**	**2,496,545,506**	**26.267%**	**26.533%**
Total Outstanding Shares	9,375,104,497	34,000,000	9,409,104,497	100.000%	100.000%