



PETRON CORPORATION

San Miguel Corporation Head Office Complex
40 San Miguel Avenue, Mandaluyong City, Philippines 1550

OFFER SUPPLEMENT

Fixed Rate Bonds in the aggregate principal amount of up to ₱32,000,000,000.00
Base Offer of ₱25,000,000,000.00
with an Oversubscription Option of up to ₱7,000,000,000.00
to be issued from the ₱50,000,000,000.00 Fixed Rate Bonds Shelf Registration

consisting of

Series G Bonds: 6.5945% p.a. due 2030
Series H Bonds: 6.9761% p.a. due 2032
Series I Bonds: 7.3896% p.a. due 2035

Offer Price: 100% of Face Value

To be listed and traded through the Philippine Dealing & Exchange Corp.

SOLE ISSUE MANAGER



JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS¹



Selling Agents

BPI CAPITAL CORPORATION
RCBC CAPITAL CORPORATION

DEVELOPMENT BANK OF THE PHILIPPINES
SECURITY BANK CAPITAL INVESTMENT CORPORATION

Trustee

PHILIPPINE COMMERCIAL CAPITAL, INC. – TRUST AND INVESTMENT GROUP²

This Offer Supplement is dated June 19, 2025.

¹ Bank of Commerce is an affiliate of the Company. BDO Capital & Investment Corporation is a subsidiary of BDO Unibank, Inc. China Bank Capital Corporation is a subsidiary of China Banking Corporation and First Metro Investment Corporation is a subsidiary of Metropolitan Bank & Trust Company. BDO Unibank, Inc., China Banking Corporation, Landbank of the Philippines and Metropolitan Bank & Trust Company are among the lenders of the loans of the Company that may be repaid from the proceeds of the Offer. See "Use of Proceeds" on page 87 of this Offer Supplement.

² Philippine Commercial Capital, Inc. – Trust and Investment Group is the trust and investment department of Philippine Commercial Capital, Inc., one of the Joint Lead Underwriters and Joint Bookrunners.

A REGISTRATION STATEMENT COVERING ₱50,000,000,000 FIXED RATE BONDS WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) AND WAS RENDERED EFFECTIVE ON SEPTEMBER 27, 2021 UNDER MSRD ORDER NO. 63, SERIES OF 2021 AND GRANTED VALIDITY EXTENSION UNTIL SEPTEMBER 27, 2025 PURSUANT TO AN ADVISEMENT LETTER DATED SEPTEMBER 10, 2024. THE FIRST TRANCHE HAS AN AGGREGATE PRINCIPAL AMOUNT OF ₱18,000,000,000 AND WAS ISSUED ON OCTOBER 12, 2021. THIS REGISTRATION STATEMENT IS ACCESSIBLE AT <https://www.petrone.com/investor-relations/filings-with-securities-and-exchange-commission>.

THE SEC HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS OFFER SUPPLEMENT IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SEC.

Petron Corporation

San Miguel Corporation Head Office Complex
40 San Miguel Avenue
Mandaluyong City, Philippines
Telephone number: (632) 8884-9200
Corporate website: www.petron.com

The Prospectus, dated September 24, 2021, relating to the shelf registration and offer and sale in the Philippines within the Shelf Period, as defined below, of fixed rate bonds with an aggregate principal amount of up to ₱50,000,000,000.00 (the “**Shelf Registered Bonds**” or the “**Bonds**”) by Petron Corporation (“**Petron**,” the “**Company**,” the “**Parent Company**,” or the “**Issuer**”), was previously approved and the shelf registration rendered effective by the Securities and Exchange Commission (“**SEC**”) under SEC MSRD Order No. 63, Series of 2021. The Shelf Registered Bonds shall be issued in tranches within a period of three years from the effective date of the Registration Statement of the Shelf Registered Bonds on September 27, 2021 to September 27, 2024, which period was extended to until September 27, 2025 pursuant to the SEC approval dated September 10, 2024 granting the Company’s Request for Exemptive Relief (the “**Shelf Period**”).

This Offer Supplement (the “**Offer Supplement**”) relates to the issuance of the second tranche of the Shelf Registered Bonds and the public offer for sale, distribution, and issuance in the Philippines (the “**Offer**”) of Philippine Peso-denominated fixed rate bonds with an aggregate principal amount of up to ₱32,000,000,000.00 (the “**Offer Bonds**”) by the Company. The Offer Bonds will be issued at face value (“**Issue Price**”) and listed and traded through the Philippine Dealing & Exchange Corp. (“**PDEX**”).

The Offer will have an aggregate principal amount of ₱25,000,000,000.00 (the “**Base Offer**”), and in the event of an oversubscription, the Joint Lead Underwriters and Joint Bookrunners (as defined below), in consultation with the Issuer, may increase the size of the Offer by up to ₱7,000,000,000.00 (the “**Oversubscription Option**,” and the Offer Bonds pertaining to such option, the “**Oversubscription Option Bonds**”) to an aggregate issue size of up to ₱32,000,000,000.00.

The Offer Bonds will be issued on July 7, 2025 (the “**Issue Date**”) and will be comprised of fixed rate bonds due in 2030 (the “**Series G Bonds**”), in 2032 (the “**Series H Bonds**”), and in 2035 (the “**Series I Bonds**”). The Issuer has the discretion to allocate the Offer Bonds among the Series G Bonds, Series H Bonds, and the Series I Bonds based on the book building process.

The Series G Bonds shall have a term of five (5) years from the Issue Date, with a fixed interest rate equivalent to 6.5945% per annum.

The Series H Bonds shall have a term of seven (7) years from the Issue Date, with a fixed interest rate equivalent to 6.9761% per annum.

The Series I Bonds shall have a term of ten (10) years from the Issue Date, with a fixed interest rate equivalent to 7.3896% per annum.

Interest on the Offer Bonds shall be payable quarterly in arrears on January 7, April 7, July 7, and October 7 of each year with the first Interest Payment Date on October 7, 2025, for as long as the Offer Bonds remain outstanding, or the subsequent Business Day without adjustment if such Interest Payment Date is not a Business Day. For a more detailed discussion on the interest payments due on the Offer Bonds, see “*Description of the Offer Bonds – Interest*” on page 46 of this Offer Supplement.

Subject to the consequences of default as may be contained in the Trust Agreement, and unless otherwise redeemed or purchased, with respect to the Series G Bonds, prior to the fifth (5th) anniversary of the Issue Date; with respect to the Series H Bonds, prior to the seventh (7th) anniversary of the Issue Date; and with respect to the Series I Bonds, prior to the tenth (10th) anniversary of the Issue Date; the Offer Bonds will be redeemed at par or 100% of the face value thereof on the relevant Maturity Date. For a more detailed discussion on the redemption of the Offer Bonds, please refer to the discussion under the section “*Description of the Offer Bonds – Redemption and Purchase*” starting on page 47 of this Offer Supplement.

The gross proceeds of the Offer shall be ₱25,000,000,000.00 or, should the Oversubscription Option be exercised in full, ₱32,000,000,000.00. The Company estimates that the net proceeds from the Offer shall amount to approximately ₱24,682.14 million or ₱31,600.01 million in the event the Oversubscription Option is exercised in full, after deducting from the gross proceeds the total issue management, underwriting, and selling fees, listing fees, taxes, and other related fees and expenses. The net proceeds of the Offer shall be used by the Company for: (i) repayment of the Series D Bonds that will mature on October 19, 2025 and Series E Bonds that will mature on October 12, 2025; (ii) repayment of existing debt; (iii) repayment of short-term loans used to fund working capital requirements; and (iv) general corporate purposes. For a more detailed discussion on the use of proceeds, see “*Use of Proceeds*” starting on page 87 of this Offer Supplement.

On March 4, 2025, the Board of Directors of the Company (the “**Board of Directors**”) authorized the sale and offer of the Offer Bonds under such terms and conditions as the management of Petron may deem advantageous to it. On July 5, 2021, the Company filed an application with the SEC to register the Shelf Registered Bonds under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799) (“**SRC**”). On September 27, 2021, the SEC issued SEC MSRD Order No. 63, Series of 2021 rendering the Registration Statement for the Shelf Registered Bonds effective, which effectivity was extended until 27 September 2025 pursuant to the SEC approval dated September 10, 2024 granting the Company’s Request for Exemptive Relief. On April 28, 2025, the Company filed an amended Registration Statement and the Offer Supplement for the second tranche of the Shelf Registered Bonds. A corresponding permit to offer securities for sale covering the Offer Bonds upon compliance with the terms and conditions is expected to be issued prior to the commencement of the public offer and sale of the Offer Bonds.

The Company will apply for the listing of the Offer Bonds in the PDEX. However, there is no assurance that such listing will be achieved either before or after the issue date of the Offer Bonds being offered at a particular time or whether such a listing will materially affect the liquidity of the Offer Bonds on the secondary market. Such listing will be subject to the Company’s execution of a listing agreement with PDEX that may require the Company to make certain disclosures, undertakings, and payments on an ongoing basis.

PNB Capital and Investment Corporation (“**PNB Capital**”) has been appointed as Sole Issue Manager for the Offer, and Bank of Commerce, BDO Capital & Investment Corp., China Bank Capital Corporation, First Metro Investment Corporation, Land Bank of the Philippines, Philippine Commercial Capital, Inc., and PNB Capital and Investment Corporation have been appointed as the Joint Lead Underwriters and Joint Bookrunners for the Offer. The Joint Lead Underwriters and Joint Bookrunners will receive an underwriting fee equivalent to 0.40% of the final aggregate principal amount of the Offer Bonds issued, which is inclusive of any fees to be paid to any Selling Agents and in accordance with the terms of the Underwriting Agreement.³ For a more detailed discussion on the underwriting fees to be received by the Joint Lead Underwriters and Joint Bookrunners, see “*Plan of Distribution*” of this Offer Supplement.

The Company reserves the right to withdraw the offer and sale of the Offer Bonds at any time prior to the Issue Date, in accordance with the Underwriting Agreement. Additionally, the Issuer (acting through the Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners) reserves the right to reject any application to purchase the Offer Bonds in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Bonds sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the SEC and, as applicable, the PDEX. Any of the Sole Issue Manager, the Joint Lead Underwriters and Joint Bookrunners and the Selling Agent may acquire for their own account a portion of the Offer Bonds.

The Offer Bonds will be registered and offered exclusively in the Philippines. The distribution of this Offer Supplement and the offer and sale of the Offer Bonds may, in certain jurisdictions, be restricted by law. This Offer Supplement does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of the Company in any jurisdiction, to or from any person whom it is unlawful to make such offer in such jurisdiction. The Company, the Sole Issue Manager and

³ PNB Capital will not receive a separate fee in relation to its role as Sole Issue Manager. PNB Capital, together with the other Joint Lead Underwriters and Joint Bookrunners, shall only receive underwriting and selling fees.

the Joint Lead Underwriters and Joint Bookrunners require persons into whose possession this Offer Supplement comes to inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally, and to observe all such restrictions. Each investor in the Offer Bonds must comply with all laws applicable to it and must obtain the necessary consent, approvals or permission for its purchase or subsequent offer and sale of the Offer Bonds under the laws and regulations in force in any jurisdiction to which it is subject. None of the Company, the Sole Issue Manager, the Joint Lead Underwriters and Joint Bookrunners, any participating underwriter and selling agent will have any responsibility therefore.

The price of securities, such as the Offer Bonds, can and does fluctuate, as any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. An investment in the Offer Bonds described in this Offer Supplement involves a certain degree of risk. A prospective purchaser of the Offer Bonds should carefully consider several risk factors relating to the Company's business and operations, risks relating to the Philippines, and risks relating to the Offer Bonds, as set out in "*Risk Factors*" found on page 66 of this Offer Supplement, in addition to the other information contained in this Offer Supplement, in deciding whether to invest in the Offer Bonds. The risk disclosure discussion does not purport to disclose all the risks and other significant aspects of investing in the Offer Bonds. A person contemplating an investment in the Offer Bonds should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities.

Unless otherwise stated, the information contained in this Offer Supplement has been supplied by the Company. To the best of its knowledge and belief, the Company (which has taken all reasonable care to ensure that such is the case) confirms that the information in this Offer Supplement is correct as of the date hereof, and that there is no material misstatement or omission of fact which would make any statement in this Offer Supplement misleading in any material respect.

The Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners have exercised the required due diligence in ascertaining that all material representations contained in this Offer Supplement, and any amendment or supplement thereto, are true and correct as of the date hereof and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading in any material respect.

Unless otherwise indicated, all information in this Offer Supplement is as of the date hereof. Neither the delivery of this Offer Supplement nor any sale made pursuant to this Offer Supplement shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date.

Market data and certain industry forecasts used throughout this Offer Supplement were obtained from internal surveys, market research, publicly available information, and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts, and market research, while believed to be reliable, have not been independently verified. The Company does not make any representation, undertaking, or other assurance as to the accuracy or completeness of such information or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer. Any reliance placed on any projections or forecasts is a matter of commercial judgment. The Bond Agreements are referred to in this Offer Supplement in summary form. Nevertheless, prospective investors are expected to independently review such agreements in full.

This Offer Supplement is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners or their respective affiliates or legal advisers that any recipient of this Offer Supplement should purchase the Offer Bonds. Each person contemplating an investment in the Offer Bonds should make his own investigation and analysis of the creditworthiness of Petron and his or her own determination of the suitability of any such investment. The risk disclosure herein does not purport to disclose all the risks and other significant aspects of investing in the Offer Bonds. A

person contemplating an investment in the Offer Bonds should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially those high-risk securities. Investing in the Offer Bonds involves a higher degree of risk compared to debt instruments. For a discussion of certain factors to be considered in respect of an investment in the Offer Bonds, see the section on “*Risk Factors*” starting on page 66 of this Offer Supplement.

No dealer, salesman, or any other person has been authorized to give any information or to make any representation not contained in this Offer Supplement. If given or made, any such information or representation must not be relied upon as having been authorized by the Company, the Sole Issue Manager, or the Joint Lead Underwriters and Joint Bookrunners.

The Company owns land as identified in the section on “*Description of Property*” on page 139. In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. For further discussion, please refer to section on “*Regulatory and Environmental Matters*” on page 223.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL
INFORMATION CONTAINED HEREIN IS TRUE AND CURRENT.

PETRON CORPORATION

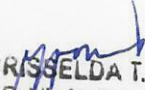
By:


RAMON S. ANG

President and Chief Executive Officer

SUBSCRIBED AND SWORN to before me on JUN 19 2025 in Mandaluyong City, Philippines,
affiant exhibiting to me his Passport with No. P2247867A expiring on May 21, 2029 as competent
evidence of identity.

Doc. No. 398
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Book No. I
Series of 2025.


MARIA CRISSELDA T. TORCUATOR
Notary Public for Mandaluyong City
10 San Miguel Avenue, 1550 Mandaluyong City
Appointment No. 0582-25
Until December 31, 2026
Attorney's Roll No. 71094
PTR No. 5718015 /01-02-2025/ Mandaluyong
IBP No. 497084 /01-03-2025/ RSM
*ACLE Compliance No. VIII-0011687 / 08-08 2024

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FORWARD-LOOKING STATEMENTS

This Offer Supplement contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors which may cause actual results, performance, or achievements of Petron to be materially different from any future results; and
- performance or achievements expressed or implied by forward-looking statements.

The words “believe,” “expect,” “anticipate,” “estimate,” “project,” “may,” “plan,” “intend,” “will,” “shall,” “should,” “would,” and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offer Supplement are forward-looking statements. Statements in this Offer Supplement as to the opinions, beliefs, and intentions of the Issuer are the opinions, beliefs, and intentions of the management of Petron as to such matters at the date of this Offer Supplement, although the Issuer can give no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Offer Supplement discloses, under the section “*Risk Factors*” and elsewhere, important factors that could cause actual results to differ materially from the expectation of the Issuer. All subsequent written and oral forward-looking statements attributable to either the Issuer or persons acting on behalf of the Issuer are expressly qualified in their entirety by cautionary statements. Such forward-looking statements are based on assumptions regarding the present and future business strategies and the environment in which Petron will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance, or achievements to differ materially from those in the forward-looking statements include, among other things:

- the ability of Petron to successfully implement its strategies;
- the ability of Petron to anticipate and respond to consumer trends;
- changes in availability of raw materials used in the production processes of Petron;
- the ability of Petron to successfully manage its growth;
- the condition and changes in the Philippines, Asian, or global economies;
- any future political instability in the Philippines, Asia, or other regions;
- changes in interest rates, inflation rates, and the value of the Philippine Peso against the U.S. Dollar and other currencies;
- changes in government regulations, including tax laws, or licensing requirements in the Philippines, Asia, or other regions; and
- competition in the fuel and oil industries in the Philippines and globally.

Additional factors that could cause actual results, performance, or achievements of Petron to differ materially include, but are not limited to, those disclosed under “*Risk Factors*” and elsewhere in this Offer Supplement. These forward-looking statements speak only as of the date of this Offer Supplement. Petron, the Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the expectations of Petron with regard thereto or any change in events, conditions, assumptions, or circumstances on which any statement is based. In light of these risks, uncertainties and assumptions associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Offer Supplement might not occur in the way Petron expects, or at all.

Petron's actual results could differ substantially from those anticipated in Petron's forward-looking statements. Investors should not place undue reliance on any forward-looking information.

DEFINITION OF TERMS

In this Offer Supplement, unless the context otherwise requires, the following terms shall have the meanings set out below.

ADNOC.....	Abu Dhabi National Oil Company.
Applicable Law.....	Any statute, law, regulation, ordinance, rule, judgment, order, decree, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority.
Applicant	A person, whether natural or juridical, who seeks to subscribe to the Offer Bonds and submits a duly accomplished Application to Purchase, together with all requirements set forth therein.
Application to Purchase.....	The application form accomplished and submitted by an Applicant for the purchase of a specified amount of the Series G Bonds, Series H Bonds and/or Series I Bonds, together with all the other requirements set forth in such application form.
BankCom.....	Bank of Commerce.
bbl.....	Barrel.
BDO Capital	BDO Capital & Investment Corporation
BIR	Philippine Bureau of Internal Revenue.
Black Products.....	Fuel oil and asphalts
bpd.....	Barrels per day.
Bond Agreements	Collectively, the Application to Purchase (when executed), the Underwriting Agreement, the Trust Agreement and the Registry and Paying Agency Agreement, and any amendments thereto.
Bondholder	Any person, natural or juridical, whose name appears, at any relevant time, as the registered owner of the Offer Bonds in the Registry of Bondholders.
Bonds	Collectively, the fixed rate bonds of up to an aggregate principal amount of ₱50,000,000,000 inclusive of the Offer Bonds, to be issued in one or more tranches within the Shelf Period.
BSP	Bangko Sentral ng Pilipinas

Business Day or Banking Day ..	A day other than a public non-working holiday, Saturday or Sunday on which the BSP's Philippine Payments and Settlement Systems (PhilPaSS) and the Philippine Clearing House Corporation (PCHC) (or, in the event of the discontinuance of their respective functions, their respective replacements) are open and available for clearing and settlement, and banks are generally open for business in Metro Manila, Philippines.
Capital Stock	With respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the date of the Trust Agreement or issued thereafter, including, without limitation, all Common Stock and preferred stock.
Change in Law or Circumstance.....	Each of the events described as such under <i>"Description of the Offer Bonds – Redemption by Reason of Change in Law or Circumstance"</i> .
Chinabank Capital	China Bank Capital Corporation.
Code	Philippine Securities Regulation Code (as the same may be amended from time to time).
CODO.....	Company-owned-dealer-operated service stations.
Common Stock	With respect to any Person, any and all shares, interests, rights to purchase, warrants, options or other participations in, and other equivalents (however designated, whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding on the date of the Trust Agreement, and include, without limitation, all series and classes of such common stock or ordinary shares.
Company, Issuer or Petron	Petron Corporation.
Consolidated Gross Liabilities	Total interest-bearing liabilities of the Issuer on a consolidated basis consisting of: (i) short-term loans; (ii) current portion of long-term debt; and (iii) long-term debt (net)

	as recognized and measured in its quarterly interim unaudited and year-end audited consolidated financial statements prepared in conformity with PFRS.
Consolidated Net Worth	Total stockholders' equity of the Issuer (including any non-controlling interest) on a consolidated basis, as recognized and measured in its quarterly interim unaudited and year-end audited consolidated financial statements prepared in conformity with PFRS.
Declaration of Default	The declaration given through notice in writing and delivered to the Issuer that the Issuer is in default. Please see " <i>Description of the Offer Bonds – Consequences of Default</i> " and the relevant section(s) of the Trust Agreement.
Default Payment Date	Five Business Days from the receipt of the Declaration of Default. Upon a Declaration of Default, the Issuer must pay all amounts due no later than such date. Please see " <i>Description of the Offer Bonds – Consequences of Default</i> " and the relevant section(s) of the Trust Agreement.
Disqualified Stock	Any class or series of Capital Stock of any Person that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or otherwise, is (a) required to be redeemed prior to the Maturity Date of the Series I Bonds, (b) redeemable at the option of the holder of such class or series of Capital Stock or any other person at any time prior to the Maturity Date of the Series I Bonds, or (c) convertible into or exchangeable for Capital Stock referred to in paragraphs (a) or (b) above or Indebtedness having a scheduled maturity date prior to the Maturity Date of the Series I Bonds; provided, that (i) any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of a "change of control" occurring prior to the Maturity Date of the Series I Bonds shall not constitute Disqualified Stock if the "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the paragraph Redemption by Reason of Change of Control and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision

prior to the Issuer's repurchase of the Offer Bonds as are required to be repurchased pursuant to the paragraph Redemption by Reason of Change of Control and Circumstance; and (ii) any class or series of debt securities or preferred stock convertible or exchangeable into Common Stock, the terms of which allow for a cash payment in lieu of Common Stock upon conversion or exchange in the event that the issue or distribution of Common Stock to the holder thereof will cause such Person to violate foreign ownership regulations applicable in the Philippines from time to time, shall not constitute Disqualified Stock provided that any such cash payments are made with the proceeds of the sale of equity interests of such Person to an unaffiliated Person.

Disruption Event

Either or both of:

- (a) a material disruption to those payment communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the transactions contemplated by the Trust Agreement (including under the terms and conditions of the Offer Bonds) to be carried out which disruption is not caused by, and is beyond the control of, any of the parties to the Trust Agreement; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature or beyond the control of any of the parties to the Trust Agreement) to the treasury or payment operations of a party preventing that party, or any other party, to the Trust Agreement from: (1) performing its payment obligations under the Trust Agreement (including under the terms and conditions of the Offer Bonds); or (2) communicating with other parties in accordance with the terms of the Trust Agreement (including under the terms and conditions of the Offer Bonds).

DODO.....

Dealer-owned-dealer-operated service stations.

EMEPMI.....	Exxon Mobil Exploration and Production Malaysia Inc.
Events of Default	Each of the events described as such under “ <i>Description of the Offer Bonds – Events of Default</i> ” and the relevant section(s) of the Trust Agreement.
First Metro.....	First Metro Investment Corporation
Governmental Approval	Any authorization, consent, concession, grant, approval, right, franchise, privilege, registration, filing, certificate, license, permit or exemption from, by or with any Governmental Authority, whether given or withheld by express action or deemed given or withheld by failure to act within any specified time period.
Governmental Authority	Any government agency, authority, bureau, department, court, tribunal, legislative body, public official, statutory or legal entity (whether autonomous or not), commission, corporation, or instrumentality, whether national or local, of the Republic of the Philippines.
Guarantee	Any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person, and without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, that the term “Guarantee” shall not include (i) endorsements for collection, or (ii) deposits in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.
Indebtedness	Any indebtedness for or in respect of: (a) all obligations of such Person for borrowed money;

- (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) all obligations of such Person to pay the deferred purchase price of property or services except trade accounts payables arising in the ordinary course of business;
- (d) all obligations of such Person as lessee which are capitalized in accordance with PFRS;
- (e) all Indebtedness of others secured by a Security Interest on any asset of such Person;
- (f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (g) all obligations in respect of any Disqualified Stock, provided that such Disqualified Stock (i) falls within paragraph (a) of the definition of "Disqualified Stock" or (ii) falls within paragraph (b) of the definition of "Disqualified Stock" and the Person entitled to exercise the option to require redemption of such Disqualified Stock has exercised or given notice to exercise such option or; (iii) falls within paragraph (c) of the definition of "Disqualified Stock"; and has been converted into Indebtedness having a scheduled maturity prior to the Maturity Date of the Series I Bonds;
- (h) all Indebtedness of others Guaranteed by such Person;
- (i) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit (other than a standby letter of credit), Guarantee or similar instrument; and
- (j) any interest rate swap, currency swap, forward foreign exchange transaction, cap, floor, collar or option transaction or any other treasury transaction or any combination thereof or any other transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and the amount of Indebtedness in relation to any such transaction described in this paragraph (j) shall be calculated by

reference to the mark-to-market valuation of such transaction at the relevant time),

and so that where the amount of Indebtedness is to be calculated, no amount shall be taken into account more than once in the same calculation and, where the amount is to be calculated on a consolidated basis in respect of a corporate group, monies borrowed or raised, or other indebtedness, as between members of such group shall be excluded.

Notwithstanding the foregoing, "Indebtedness" shall not include any capital commitments, purchase commitments or similar obligations incurred in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights); provided that such obligation is not reflected on the statement of financial position of the Person or any Subsidiary (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the statement of financial position will not be deemed to be reflected on such statement of financial position).

Interest Payment Date

October 7, 2025 and thereafter, each of January 7, April 7, July 7, and October 7 of each year, or the next Banking Day if such date falls on a non-Banking Day, during which any of the Offer Bonds are outstanding.

Issue Date

July 7, 2025, or such other date as the Issuer and the Joint Lead Underwriters and Joint Bookrunners may agree in writing; provided, that such date shall be a date which is within the validity of the Permit to Sell Securities.

Joint Lead Underwriters and Joint Bookrunners

Collectively, BankCom, BDO Capital, Chinabank Capital, First Metro, LandBank, PCCI Capital, and PNB Capital.

KPC

Kuwait Petroleum Corporation

LandBank.....

Land Bank of the Philippines

LSWR.....

Low-sulfur waxy residue

Majority Bondholders

(i) With respect to matters relating only to the Series G Bonds, Bondholders representing more than 50% of the outstanding principal amount of the Series G Bonds, (ii) with respect to matters

relating only to the Series H Bonds, Bondholders representing more than 50% of the outstanding principal amount of the Series H Bonds, and (iii) with respect to matters relating only to the Series I Bonds, Bondholders representing more than 50% of the outstanding principal amount of the Series I Bonds, and (iv) with respect to matters affecting all Offer Bonds, Bondholders representing more than 50% of the outstanding principal amount of the Offer Bonds.

Master Certificate of Indebtedness

For each of the Series G Bonds, Series H Bonds, and Series I Bonds, the bond certificate issued by the Issuer in the name of the Trustee for the benefit of the Bondholders covering the entire principal amount of the relevant series purchased during the Offer Period and to be issued by the Issuer on the Issue Date, which shall be substantially in the form attached as Annex B of the Trust Agreement.

Material Adverse Effect

In the reasonable opinion of the Majority Bondholders, acting in good faith and in consultation with the Issuer, a material adverse effect on (a) the ability of the Issuer to observe and comply with the provisions of and perform its financial obligations under the Offer Bonds or any Bond Agreement; or (b) the validity or enforceability of the Offer Bonds or any Bond Agreement; or (c) the financial condition, business or operations of the Issuer taken as a whole.

Material Subsidiary

A Subsidiary of the Company:

- (a) whose Total Assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Petron Group relates, are equal to) no less than 10% of the consolidated Total Assets of the Petron Group taken as a whole, as calculated by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Petron Group, provided that in the case of a Subsidiary of the Company acquired after the end

of the financial period to which the then latest audited consolidated accounts of the Petron Group for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Company;

- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Company which immediately prior to such transfer is a Material Subsidiary of the Company, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary of the Company and the transferee Subsidiary shall cease to be a Material Subsidiary of the Company pursuant to this sub-paragraph on the date on which the consolidated accounts of the Petron Group for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary of the Company on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of sub-paragraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited

consolidated accounts of the Petron Group relate, represent (or, in the case aforesaid, are equal to) no less than 10% of the consolidated Total Assets of the Petron Group taken as a whole, as calculated as referred to in sub-paragraph (a) above, provided that the transferor Subsidiary (if a Material Subsidiary of the Company) shall upon such transfer forthwith cease to be a Material Subsidiary of the Company unless, immediately following such transfer, its undertaking and assets represent (or, in the case aforesaid, are equal to) no less than 10% of the consolidated Total Assets of the Petron Group taken as a whole, as calculated as referred to in sub-paragraph (a) above, and the transferee Subsidiary shall cease to be a Material Subsidiary of the Company pursuant to this sub-paragraph on the date of on which the consolidated accounts of the Petron Group for the financial period current at the date of such transfer have been prepared and audited; but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary of the Company on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of sub-paragraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition.

Maturity Date

In respect of the Series G Bonds, the fifth anniversary of the Issue Date or on July 7, 2030.

In respect of the Series H Bonds, the seventh anniversary of the Issue Date or on July 7, 2032.

In respect of the Series I Bonds, the tenth anniversary of the Issue Date or on July 7, 2035.

Month

The period commencing on a specified day in a calendar month and ending on the

	numerically corresponding day in the relevant subsequent calendar month (or if there is no day so corresponding in the calendar month in which such period ends, such period shall end on the last day of such calendar month).
Offer	The offer for subscription of the Offer Bonds to eligible investors subject to the terms and conditions in the Prospectus, this Offer Supplement, the Application to Purchase and the other Bond Agreements.
Offer Bonds	The SEC-registered Series G Bonds, Series H Bonds, and Series I Bonds to be issued by Petron in the aggregate principal amount of up to ₱32,000,000,000.00. As the context may require, the Bonds issued by Petron on the Issue Date pursuant to the Prospectus, this Offer Supplement, and the other Bond Agreements.
Offer Period.....	To commence at 9:00 a.m. on June 24, 2025 and end at 5:00 p.m. on June 30, 2025, or such other date as may be mutually agreed between the Issuer and the Joint Lead Underwriters and Joint Bookrunners.
Offer Supplement.....	This document so titled and dated June 19, 2025 issued along with and supplementary to the Prospectus and containing the specific terms and conditions of the Offer and the Offer Bonds.
Optional Redemption Dates	Each of the dates described as such under <i>"Description of the Bonds – Redemption and Purchase – Optional Redemption"</i> .
Oversubscription Option	The exclusive right and option that may be exercised by the Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer, to offer up to an additional ₱7,000,000,000.00 Offer Bonds to the investing public, to cover oversubscriptions, if any.
Oversubscription Option Bonds	Offer Bonds of up to an aggregate amount of ₱7,000,000,000.00 that may be offered upon exercise of the Oversubscription Option.
Paying Agent	Philippine Depository & Trust Corp., a corporation with a quasi-banking license duly organized and existing under and by virtue of the laws of the Republic of the Philippines, whose principal obligation is to handle payments of the principal of, interest on, and all other amounts payable on the Offer Bonds, to the Bondholders,

				pursuant to the Registry and Paying Agency Agreement. The term includes, wherever the context permits, all other Person or Persons for the time being acting as paying agent or paying agents under the Registry and Paying Agency Agreement.
Payment Account				The account to be opened and maintained by the Paying Agent with such Payment Account Bank designated by the Issuer and solely managed by the Paying Agent, in trust and for the irrevocable benefit of the Bondholders, into which the Issuer shall deposit the amount of the interest and/or principal payments due on the Outstanding Bonds on a relevant date and exclusively used for such purpose, the beneficial ownership of which shall always remain with the Bondholders. As used in this definition, the terms “Outstanding Bonds” and “Payment Account Bank” have the respective meanings given to such terms in the Registry and Paying Agent Agreement.
Payment Date				As the context may require, each Interest Payment Date, the Maturity Date for the relevant series of the Offer Bonds, and/or the relevant Redemption Date.
Payment Default				An event where the Issuer defaults in the payment when due of any amount payable under the Trust Agreement and the Offer Bonds, unless such failure arises solely as a result of an administrative or technical error or a Disruption Event and payment is made within three Business Days after the date such payment is due.
PCCI				Philippine Commercial Capital, Inc.
PCCI - TIG				Philippine Commercial Capital, Inc. – Trust and Investment Group
PDEX				Philippine Dealing & Exchange Corp.
PDEX Rules				The applicable rules, conventions, and guidelines of PDEX.
PDS Group-Registered Banks	Cash	Settlement		Banking institutions that provide cash payment services for client investors arising from fixed income securities activities in PDS Group subsidiaries.
PDTC				Philippine Depository & Trust Corp.
Penalty Interest.....				Penalty fee on the defaulted amount(s) at the rate of 12% per annum.

Permit to Sell Securities or Permit to The Certificate of Permit to Sell or Offer for
 Sell Sale of Securities issued by the SEC in
 respect of the Offer.

Permitted Security Interest.....

- i. any Security Interest existing as of the date of the Trust Agreement;
- ii. any Security Interest over or affecting any asset of any company which becomes a member of the Petron Group after the date of the Trust Agreement, where the Security Interest is created prior to the date on which that company becomes a member of the Petron Group;
- iii. any Security Interest upon, or with respect to, any of the present or future business, agreement, assets or revenues (including uncalled capital) of the Company:
 - a. any Indebtedness which (subject to part (b) of this definition below) is not Public Debt; or
 - b. any Public Debt (i) which (x) by its terms does not provide that the Company is an obligor, (y) by its terms does not provide that a guarantee or credit support of any kind is given by the Company and (z) does not have the legal effect of providing recourse against any of the assets of the Company and (ii) no default with respect to which would permit, upon notice, lapse of time or both, any holders of any other Indebtedness of the Company to declare a default on such other Indebtedness or cause the payment of such other Indebtedness to be accelerated or payable prior to its stated maturity,

which, in either case (either alone or when aggregated with all other present or future business, undertaking, assets or revenues (including uncalled capital) of the Company upon, or with respect to, which Security Interests are subsisting), does not exceed 15% of the consolidated Total Assets of the Petron Group taken as a whole;

- iv. any Security Interest for government-imposed duties, taxes, assessments or fees not yet delinquent or which are being contested in good faith;
- v. any Security Interest arising by operation of law (other than any preference or priority under Article 2244(14)(a) of the Civil Code of the Philippines, as the same may be amended from time to time) on any property or asset of the Company;
- vi. any Security Interest created by the Issuer in the ordinary course of business if:
 - a. such Security Interest is incurred in a manner consistent with industry practice;
 - b. such Security Interest is not created to secure any obligation for borrowed money (whether short-term, medium term or long-term) of the Company or other Persons; and
 - c. such Security Interest does not impair the use of any assets required for the business operations of the Company.
- vii. any Security Interest incurred or deposits made in the ordinary course of business to secure (or obtain letters of credit that secure) the performance of tenders, statutory obligations, surety or appeal bonds, bonds for release of attachment, stay of execution or injunction, bids, tenders, government contracts and similar obligations if:
 - a. such Security Interest is incurred in a manner consistent with industry practice;
 - b. such Security Interest is not created to secure any obligation for borrowed money;

- c. such Security Interest does not impair the use of any assets required for the business operations of the Company; and
 - d. the aggregate value of all such Security Interest does not exceed US\$150 million (or its equivalent in another currency or currencies);
- viii. any extension, renewal, supplement, or replacement (or successive extensions, renewals, supplements, or replacements) in whole or in part of any Security Interest referred to in paragraph (i) and (iii), or any Indebtedness secured thereby; provided, that such extension, renewal, supplements, or replacement is limited to all or any part of the same property that secured the Security Interest extended, renewed, supplemented, or replaced (plus any construction, repair, or improvement on such property) and shall secure no larger amount of financial Indebtedness than that existing at the time of such extension, renewal, supplement, or replacement;
- ix. Any Security Interest over or affecting any asset acquired by the Company after the date of the Trust Agreement if:
 - a. the Security Interest was not created in contemplation of the acquisition of that asset by the Company;
 - b. the principal amount secured has not been increased in contemplation of, or since the acquisition of that asset by, the Company; and
 - c. the Security Interest is removed or discharged within six (6) months of the date of acquisition of such asset; and
- x. Security Interest created with the prior written consent of the Majority Bondholders.

Person	Any individual, firm, corporation, partnership, association, joint venture, tribunal, limited liability company, trust, government or political subdivision or agency or instrumentality thereof, or any other entity or organization.
Petron Group.....	At any time, the Company and its Subsidiaries at such time.
PFRS.....	Philippine Financial Reporting Standards.
Philippines.....	The Republic of the Philippines.
Philippine Peso, Peso, PHP or ₱.....	Philippine Pesos, the legal currency of the Philippines.
PhilRatings	Philippine Rating Services Corporation.
PME.....	Palm oil methyl ester.
PMILES.....	Petron Miles Privilege Cards.
PNB Capital	PNB Capital and Investment Corporation.
PPI.....	Philippine Polypropylene Inc.
Prospectus	The prospectus dated September 24, 2021 and any amendments, supplements and addenda thereto for the offer and sale to the public of the Bonds. As the context may require, the term includes this Offer Supplement.
PSE	The Philippine Stock Exchange, Inc.
PSTPL	Petron Singapore Trading Pte. Ltd.
Public Debt	Any present or future Indebtedness (whether being principal, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stocks, loan stocks or other securities which are for the time being, capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and any Guarantee or indemnity of any such Indebtedness.
Purchase Price	In respect of each Offer Bond, an amount equal to the face amount of such Offer Bond, which is payable upon submission of the duly executed Application to Purchase.
Record Date	(a) The two (2) Business Days immediately preceding the relevant Payment Date, which shall be the cut-off date in determining the Bondholders entitled to receive interest, principal or any amount

	due under the Offer Bonds or (b) such other date as the Issuer may duly notify PDTC.
Redemption Date	The date when the Offer Bonds (or any series thereof) are redeemed earlier than the relevant Maturity Date in accordance with the terms and conditions of the Offer Bonds.
Registrar.....	Philippine Depository & Trust Corp. The term includes, wherever the context permits, all other Person or Persons for the time being acting as registrar or registrars under the Registry and Paying Agency Agreement.
Registration Statement.....	The registration statement dated July 5, 2021 filed by the Issuer with the SEC in accordance with the SRC relating to the registration and issuance of the Offer Bonds, as the same may be amended or supplemented.
Registry of Bondholders	The electronic registry book of the Registrar containing the official information on the Bondholders and the amount of the Offer Bonds they respectively hold, including all transfers and assignments thereof or any liens or encumbrances thereon, to be maintained by the Registrar pursuant to and under the terms of the Registry and Paying Agency Agreement.
Registry and Paying Agency Agreement	Agreement so titled dated June 19, 2025, and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Company and the Registrar and Paying Agent in relation to the Offer Bonds.
RIHL.....	Robinsons International Holdings, Limited.
RTGS.....	Philippine Payment Settlement System via Real Time Gross Settlement that allows banks to effect electronic payment transfers which are interfaced directly to the automated accounting and settlement systems of the BSP.
Saudi Aramco.....	Saudi Arabian Oil Company.
SEC	Philippine Securities and Exchange Commission.
Security Interest	Any (a) mortgage, charge, pledge, lien or other security interest or encumbrance or other preferential arrangement of any kind, including, without limitation, any

	preference or priority under Article 2244(14) of the Civil Code of the Philippines, as the same may be amended from time to time, in each case, to the extent securing payment or performance of an Indebtedness prior to any general creditor of such person; or (b) and the right of a vendor, lessor, or similar party under any conditional sales agreement, capital lease or other title retention agreement, any other right of or arrangement with any creditor to have its claims satisfied out of any property or assets, or the proceeds therefrom, prior to any general creditor of the owner thereof.
Selling Agents	BPI Capital Corporation, Development Bank of the Philippines, RCBC Capital Corporation, and Security Bank Capital Investment Corporation.
Series G Bonds	The Offer Bonds to be issued by the Issuer, having a term beginning on the Issue Date and ending five years from the Issue Date or on July 7, 2030, with a fixed interest rate equivalent to 6.5945% per annum.
Series H Bonds	The Offer Bonds to be issued by the Issuer, having a term beginning on the Issue Date and ending seven years from the Issue Date or on July 7, 2032, with a fixed interest rate equivalent to 6.9761% per annum.
Series I Bonds	The Offer Bonds to be issued by the Issuer, having a term beginning on the Issue Date and ending ten years from the Issue Date or on July 7, 2035, with a fixed interest rate equivalent to 7.3896% per annum.
SIETCO.....	Shell International Eastern Trading Company.
Sole Issue Manager	PNB Capital and Investment Corporation
SOMO.....	Iraq's State Organization for Marketing of Oil.
Shelf Period	The effective date of the Registration Statement within which the Bonds under shelf registration may be offered and sold in tranches from September 27, 2021 until September 27, 2024, which period was extended by the SEC until September 27, 2025.
Subsidiaries	With respect to any Person, more than 50% of the voting power of the outstanding voting stock of which is owned or controlled, directly or indirectly by another

Person and one or more other Subsidiaries of such Person. To be controlled by another means that (i) the controlling entity (whether directly or indirectly, and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that controlled company or otherwise controls or has a power to control the affairs and policies of that controlled company and control shall be construed accordingly, and (ii) the controlling entity identifies said controlled company as a subsidiary in its latest available consolidated financial statements.

Tax Code

Philippine National Internal Revenue Code of 1997 (as the same may be amended from time to time), and its implementing rules and regulations as may be in effect from time to time.

Total Assets

With respect to any Person, the total consolidated assets of such Person and its Subsidiaries as determined by reference to the most recently available quarterly or annual consolidated financial statements of such Person and its Subsidiaries prepared in accordance with PFRS.

Trust Agreement

Agreement so titled and dated June 19, 2025, and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Company and the Trustee.

Trustee

PCCI - TIG

Underwriting Agreement

The Underwriting Agreement dated June 19, 2025, and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Company and the Sole Issue Manager, and Joint Underwriters and Joint Bookrunners in relation to the Offer of the Offer Bonds.

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and audited financial statements, including notes thereto, found in the appendices of this Offer Supplement.

Prospective investors should read this entire Offer Supplement fully and carefully, including the section on “Risk Factors”. In case of any inconsistency between this summary and the more detailed information in this Offer Supplement, then the more detailed portions, as the case may be, shall at all times prevail.

Business

Petron Corporation was incorporated under the Corporation Code of the Philippines and registered with the SEC on December 22, 1966. On September 13, 2013, the SEC approved the extension of the 50-year corporate term of the Company to 2066. As a general rule under the Revised Corporation Code, which took effect on February 23, 2019, corporations with certificates of incorporation prior to the effectivity of the Revised Corporation Code, and which continue to exist, shall have perpetual existence. By operation of law therefore, Petron shall now have perpetual existence. As of March 31, 2025, it has a market capitalization of ₱20,952,478,740.00.

Petron is the only integrated oil refining and marketing company in the Philippines and is a leading player in the Malaysian market.

In the Philippines, the Company operates the country's only refinery, the **Petron Bataan Refinery**, located in Bataan, which has a production capacity of 180,000 bpd, capable of supplying approximately 40% of the country's total fuel requirements. The Company had a retail market share of 39.2%⁴ of the Philippine oil market for the period ended June 30, 2024.

Petron has also been a major industry player in the Malaysian market in the last thirteen years. The Company entered the Malaysian market in March 2012 through the purchase of ExxonMobil's downstream oil business in Malaysia. For the period ended December 31, 2024, the Company ranked third in the Malaysian retail market with more than 21% market share, based on Company estimates using its internal assumptions and calculations and industry data from a third-party market research consultant appointed by Malaysian retail market participants to compile industry data.

Petron refines crude oil and markets and distributes refined petroleum products in the Philippines and Malaysia with a combined refining capacity of 268,000 bpd.

The Petron Bataan Refinery is a full conversion refinery capable of processing crude oil into a range of white petroleum products such as naphtha, gasoline, diesel, LPG, jet fuel, kerosene, and petrochemical feedstock such as benzene, toluene, mixed xylene and propylene.

From the Petron Bataan Refinery, the Company moves its products, mainly by sea, to terminals and airport installations situated throughout the Philippines, representing the most extensive distribution network for petroleum products in the Philippines. The network comprises 13 terminals in Luzon, 6 in the Visayas and 8 in Mindanao, as well as 4 airport installations in Luzon, 5 in the Visayas and 3 in Mindanao. Through this nationwide network, the Company supplies its various petroleum products such as gasoline, diesel, and LPG to its customers as well as to international and domestic carriers.

Through its network of around 1,800 retail service stations in the Philippines as of March 31, 2025, representing approximately 15% of the country's total service station count, the Company sells gasoline, diesel, and kerosene to private motorists and to the public transport sector. As of March 31, 2025, approximately 49% of service stations are CODOs and 51% are DODOs. As of March 31, 2025, the Company's LPG distribution network includes about 2,200 branch and franchise stores where the Company sells its LPG brands *Petron Gasul* and *Fiesta Gas* to households and other consumers. Meanwhile, the Company's lubes distribution network includes about 49 car care centers and about 1,650 service stations selling lubes.

⁴ Market share is derived from Company estimates based on Company information and data from the Philippine Department of Energy for the period ended June 30, 2024.

The Company actively pursues initiatives to improve customer service and promote customer loyalty. As of March 31, 2025, the extent of the Company's programs includes more than 620,000 Petron Fleet Cards and more than 1.45 million Petron Value Cards (including Petron Super Driver Cards) in the Philippines. In Malaysia, as of March 31, 2025, the Company's programs include more than 173,000 Petron Fleet Cards, more than 3,000 Petron Super Driver Cards, and approximately 2.2 million active Petron Miles Privilege Cards ("**PMILES**") cardholder/member accounts.

The Company owns a fuel additives blending plant (the "**Subic Plant**") in the Subic Bay Freeport Zone in the Philippines, with a capacity of 12,000 metric tons per year.

The Company diversified into petrochemicals and in 2000 added a mixed xylene recovery unit to the Petron Bataan Refinery and a propylene recovery unit in 2008. Its benzene-toluene extraction unit became operational in May 2009. On July 1, 2014, the Company acquired and took over from Philippine Polypropylene Inc. ("**PPI**"), an indirect subsidiary of the Company, the operations of the polypropylene plant in order to enhance the overall efficiency of its petrochemical operations. The polypropylene plant is located in Mariveles, Bataan and is owned by Robinson International Holdings Limited ("**RIHL**"), an indirect subsidiary of the Company, which has the capacity to produce 160,000 metric tons of polypropylene resin annually. The polypropylene plant has an installed production capacity of 225,000 metric tons of various polypropylene resin annually.

In Malaysia, the Company owns and operates the Port Dickson Refinery located in the state of Negeri Sembilan, which has a crude oil distillation capacity of 88,000 bpd, and produces a range of petroleum products, including LPG, naphtha, gasoline, jet fuel, diesel and LSWR. As of March 31, 2025, the Company has 10 product terminals, a palm oil methyl ester ("**PME**") plant, a network of about 810 retail service stations of which about 54% are CODO and 46% are DODO, and about 320 Treats convenience stores.

The Company also covers the industrial segment in Malaysia, selling diesel and gasoline to mini-stations and power plants, as well as to manufacturing, plantation, transportation and construction sectors. The Company has presence in the aviation segment with a 20% ownership of a multi-product pipeline to Kuala Lumpur International Airport. The joint venture through which the Company owns its interest in the multi-product pipeline also owns a fuel terminal, the Klang Valley Distribution Terminal.

The Company's products are primarily sold to customers in the Philippines and Malaysia. The Company also exports various petroleum products and petrochemical feedstock, including low-sulfur waxy residue ("**LSWR**"), naphtha, mixed xylene, benzene, toluene and propylene, to other customers in the Asia-Pacific region. The Company's revenues from these export sales amounted to ₱43,222 million or 5% of total sales, as of December 31, 2024.

In 2022, 2023 and 2024, the Company's sales were ₱857,638 million, ₱801,027 million and ₱867,966 million, respectively, and net income was ₱6,925 million, ₱10,112 million and ₱8,471 million, respectively.

Strengths

The Company believes that its principal competitive strengths include the following:

- Only Refinery in the Philippines;
- Market leadership in the Philippine downstream oil sector;
- Logistically advantaged supply position in the Philippines;
- Operations in markets with favorable industry dynamics;
- Expanded product offering driving non-fuel retail volumes;
- Enhanced loyalty card program in the Philippines and successful rollout of the Petron App;
- Established position in the Malaysian downstream oil sector; and
- Experienced management team and employees and strong principal shareholder in San Miguel Corporation.

See "Strengths" on page 104 of this Offer Supplement.

Areas of Strategic Focus

The Company's principal strategies are set out below:

- Optimize Refinery Operations to Maximize Refining Margins
 - Maximize production of high margin refined petroleum products and petrochemicals;
 - Ensure reliability and efficiency of refinery operations;
- Volume Growth and Sustainable Margins
 - Maximize volume growth and further increase market share in the downstream oil markets in the Philippines and in Malaysia;
 - Improve supply chain reliability and efficiency; and
- Continue to pursue, implement and build on environmental, corporate and social responsibility initiatives.
- See “Areas of Strategic Focus” on page 109 of this Offer Supplement.

Risks Relating to the Offer

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Offer Bonds. These risks include the following, which are discussed in more detail under the section “*Risk Factors*” starting on page 66.

Risks Relating to the Company’s Business and Operations

- Volatility of the price of crude oil and petroleum products;
 - Russia-Ukraine War and Geopolitical Tensions in the Middle East
 - Global Trade Policy and Tariff Risks
- Outbreak of any other highly infectious or contagious diseases;
- Reliance primarily on a number of suppliers for a significant portion of its crude oil requirements in the Philippines and Malaysia;
- Intense competition, increasing presence of electric vehicles, and cyclicity in global and regional refining capacities;
- Disruption in operations or casualty loss at the Company’s refineries;
- Effect of Malaysian government policies and regulations relating to the marketing of fuel products;
- Compliance with and renewal of licenses, permits and other authorizations and continued compliance with safety, health, environmental and zoning laws and regulations;
- Failure to respond quickly and effectively to product substitution or government-mandated product formulations;
- Significant capital expenditures and financing are required to implement business strategies, and debt levels may adversely affect the Company’s financial condition and results of operations;
- Changes in applicable taxes, duties and tariffs;
- Fluctuations in the value of the Philippine Peso and the Malaysian Ringgit against the U.S. Dollar;
- Dependence on experienced, skilled and qualified personnel and management team;
- The Company’s controlling shareholders may have interests that may not be the same as those of other shareholders;
- The Company may fail to integrate acquired businesses properly;
- The number or severity of claims for which the Company is insured increases;
- Existing or future claims against the Company, its subsidiaries, associates or joint ventures, or directors or key management; and
- Changes in applicable accounting standards.

Risks Relating to the Philippines and Malaysia

- Economic instability and slow growth rates in the Philippines and Malaysia, as well as globally;
- Political instability, acts of terrorism, military conflict, or changes in laws or government policies in the Philippines or Malaysia;
- Territorial and other disputes with neighboring states;
- Natural or man-made catastrophes;
- Difficulties in enforcing judgments against the Company; and
- Foreign exchange controls.

Risks Relating to the Offer Bonds

- The Offer Bonds may not be a suitable investment for all investors;
- An active or liquid trading market for the Offer Bonds may not develop;
- The Issuer may be unable to redeem the Offer Bonds;
- Holders of the Offer Bonds may not be able to reinvest at a similar return on investment;
- The Bondholder may face possible gain or loss if the Offer Bonds are sold at the secondary market;
- The Offer Bonds may not be able to retain its credit rating;
- The Offer Bonds have no preference under Article 2244 (14) of the Civil Code;
- There can be no guarantee that the Offer Bonds will be listed on the PDEX; and

Risks Related to Statements made in this Offer Supplement.

- Certain information contained herein is derived from unofficial publications

(For a more detailed discussion, see “*Risk Factors*” on page 66)

Use of Proceeds

The gross proceeds of the Base Offer shall be ₱25,000,000,000.00. In the event the Oversubscription Option is fully exercised, the gross proceeds will be ₱32,000,000,000.00.

The net proceeds of the Base Offer, after deducting from the gross proceeds the total issue management, underwriting and selling fees, listing fees, taxes and other related fees and out-of-pocket expenses, is estimated to be ₱24,682.14 million. In the event the Oversubscription Option is exercised, the net proceeds will be ₱31,600.01 million and will be used by the Company for: (i) repayment of the Series D Bonds that will mature on October 19, 2025 and Series E Bonds that will mature on 12 October 2025; (ii) repayment of existing debt; (iii) repayment of short term loans used to fund working capital requirements; and (iv) general corporate purposes. For a more detailed discussion, see “*Use of Proceeds*” on page 87.

Plan of Distribution

Petron plans to issue the Offer Bonds to institutional and retail investors through a public offering to be conducted through the Joint Lead Underwriters and Joint Bookrunners.

Company Information

Petron Corporation was incorporated under the laws of the Philippines in 1966. The Company’s head office and principal place of business is located at the SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City, Philippines. The Company’s telephone number at this location is (632) 8884 - 9200. The Company’s primary website is www.petron.com. Information contained on the Company’s website does not constitute a part of this Offer Supplement.

SUMMARY OF THE OFFER

The following summary should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in the Prospectus and this Offer Supplement, including, but not limited to, the discussion on the “Description of the Offer Bonds” and “Plan of Distribution.” This overview may not contain all of the information that prospective investors should consider before deciding to invest in the Offer Bonds. Accordingly, any decision by a prospective investor to invest in the Offer Bonds should be based on a consideration of the Prospectus, this Offer Supplement and the Bond Agreements as a whole.

Issuer	Petron Corporation
Instrument	Fixed rate bonds constituting the direct, unconditional, unsecured and unsubordinated Philippine Peso-denominated obligations of Petron, to be issued from the ₱50,000,000,000 Bonds under shelf registration with the SEC
The Offer	Philippine Peso-denominated five-year fixed rate Series G bonds due 2030, seven-year fixed rate Series H bonds due 2032, and ten-year fixed rate Series I bonds due 2035 (the “Offer Bonds”) with an aggregate issue size of up to ₱32,000,000,000.00 consisting of a Base Offer of ₱25,000,000,000.00 and an Oversubscription Option of up to ₱7,000,000,000.00. The Offer Bonds will be issued as the second and final tranche from the ₱50,000,000,000.00 fixed rate bonds shelf registration of Petron.
Oversubscription Option	The Issuer grants the Joint Lead Underwriters and Joint Bookrunners the right, in consultation with the Company, to increase the size of the Base Offer by up to an additional ₱7,000,000,000.00 worth of Offer Bonds to cover oversubscriptions, if any
Series	The Issuer, in consultation with the Joint Lead Underwriters and Joint Bookrunners, has the discretion to allocate the principal amount of the Offer between the three series based on the results of the book building process.
Manner of Distribution	SEC-registered public offering in the Philippines to eligible investors
Use of Proceeds	The entire net proceeds of the Base Offer is approximately ₱24,682.14 million or ₱31,600.01 million in the event the Oversubscription Option is exercised in full, will be used for (i) repayment of the Series D Bonds that will mature on October 19, 2025 and Series E Bonds that will mature on October 12, 2025; (ii) repayment of existing debt; (iii) repayment of short-term loans used to fund working capital requirements; and (iv) general corporate purposes. For a detailed discussion, please refer to the section on “ <i>Use of Proceeds</i> ” on page 87.
Form and Denomination of the Offer Bonds	The Offer Bonds shall be issued in scripless form in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter, and traded in denominations of ₱10,000.00 in the secondary market.
Issue Price	The Bonds shall be issued at 100% of face value.
Offer Period	The Offer shall commence at 9:00 AM on June 24, 2025 and end at 5:00 PM on June 30, 2025, or on such other date as the Issuer and the Joint Lead Underwriters and Joint Bookrunners may agree upon.

Withdrawal of the Offer

The Company reserves the right to withdraw the offer and sale of the Offer Bonds at any time before the commencement of the Offer Period, in which event the Company shall make the necessary disclosures to the SEC and the PDEX.

The Company may, by prior written notice to the Sole Issue Manager and each of the Joint Lead Underwriters and Joint Bookrunners, also withdraw the offer and sale of the Offer Bonds at any time on or after the commencement of the Offer Period and prior to the Issue Date, if any of the following events occur, in which case the Underwriting Agreement shall be deemed terminated, namely:

- (1) (i) An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or (ii) occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or (iii) occurrence of any change in local, national or international financial, political, economic or stock market conditions, any of which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Bonds in the manner contemplated by the SEC order declaring effective the Registration Statement, or the Permit to Sell Securities (the “**Approvals**”) and this Offer Supplement, or would have a material adverse effect on the Philippine economy, on the securities or other financial or currency markets of the Philippines, or on the distribution, offer and sale of the Offer Bonds in the Philippines, rendering it, in the reasonable determination of the Issuer after consultation with the Joint Lead Underwriters and Joint Bookrunners, impracticable to proceed with the Offer in the manner contemplated by the Approvals and this Offer Supplement;
- (2) An order revoking, cancelling, suspending, preventing, terminating or imposing a condition that is not acceptable to the Issuer, the offer, sale, distribution, listing or issuance of the Offer Bonds by any court or Governmental Authority having jurisdiction on the matter, including the SEC and the PDEX;
- (3) Suspension, cancellation, revocation, or termination of any of the Approvals or the imposition of a condition in respect of the issuance and/or validity of the Approvals that is not acceptable to the Issuer;
- (4) Trading in the PDEX is closed or suspended for at least three (3) consecutive trading days other than due to weekends or declared holidays, or in such manner or for such period as will render impracticable the listing and trading of the Offer Bonds on the Issue Date or such other date as may be approved by the PDEX;
- (5) There is a change or impending change in any Philippine law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order issued, made, or adopted by any Governmental Authority which (i) materially and adversely affects: (a) the ability of the Issuer to engage in the business it is presently engaged in; (b) the capacity and due authorization of the Issuer to

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- offer and issue the Offer Bonds and enter into the transaction documents in connection with the Offer; (c) any of the features of the Offer Bonds, including the taxes on fees or costs in connection with the Offer, or (ii) renders illegal the performance by the Issuer and/or any of the Joint Lead Underwriters and Joint Bookrunners of their respective obligations hereunder;
- (6) Any significant, adverse, and unforeseeable change or development in the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Bonds unsuitable for offering to the public;
 - (7) The Issuer is compelled through an official order, decree, or ruling issued by any competent court or Governmental Authority to stop its operations, which is not remedied within five (5) Business Days from receipt by the Issuer of a formal notice of such decision by such competent court or Governmental Authority (as the case may be);
 - (8) The Issuer shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or the Issuer shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; and such receiver, trustee or similar officer shall be appointed; or the Issuer shall initiate or institute (by petition, application or otherwise), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation, corporate rehabilitation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted against the Issuer; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part of the Issuer's assets; or any event occurs which under the laws of the Philippines or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;
 - (9) A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;
 - (10) The commencement or the threatened commencement in writing by any entity, person or regulatory body of any public action, court proceeding, litigation, arbitration or other similar proceeding against the Joint Lead Underwriters and Joint Bookrunners in connection with or with respect to the issuance or sale by the Issuer of the Offer Bonds or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;

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- (11) Any court, arbitral tribunal, or Governmental Authority which has jurisdiction on the matter issues an order restraining or prohibiting the Joint Lead Underwriters and Joint Bookrunners, or directing them to cease, from performing their underwriting obligations which makes it impossible for the Joint Lead Underwriters and Joint Bookrunners to perform their underwriting obligations due to conditions beyond their control;
 - (12) Unavailability of PDTC's facilities used for the Offer and/or listing prior to or on the target Issue Date and such unavailability effectively prevents the ability of the Issuer and the Joint Lead Underwriters and Joint Bookrunners to fully comply with the listing requirements of the PDEX, if the impact of such unavailability on the listing of the Offer Bonds remains unresolved after discussions between the Issuer and the Joint Lead Underwriters and Joint Bookrunners in good faith; and
 - (13) Any force majeure event which, in the reasonable judgment of the Issuer, may have a material or adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

Consistent with the terms of the Underwriting Agreement, after the commencement of the Offer Period, the Offer shall not be withdrawn, cancelled, suspended, or terminated solely by reason of (i) the Issuer's or the Joint Lead Underwriters and Joint Bookrunners' inability to sell or market the Offer Bonds or (ii) the refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Joint Bookrunners, or any other entity/person to take up any Offer Bonds remaining after the Offer Period.

Notwithstanding the acceptance of any Application, the Offer Bonds will be issued only upon listing of such Offer Bonds on the PDEX, and provided that the Underwriting Agreement shall not have been terminated or cancelled, on or before the Issue Date, in accordance with the provision of the said agreement. Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Bonds prior to the Issue Date pursuant to this section and the "Plan of Distribution – Withdrawal of the Offer" of this Offer Supplement, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Bonds on Issue Date.

Issue Date	July 7, 2025
Maturity Date	Series G Bonds: the fifth anniversary of the Issue Date or on July 7, 2030 Series H Bonds: the seventh anniversary of the Issue Date or on July 7, 2032 Series I Bonds: the tenth anniversary of the Issue Date or on July 7, 2035
Interest Rate	Series G Bonds: 6.5945% p.a. Series H Bonds: 6.9761% p.a. Series I Bonds: 7.3896% p.a.

Interest Payment Dates and Interest Payment Computation	Interest payment on the Offer Bonds shall commence on October 7, 2025 and thereafter, on January 7, April 7, July 7, and October 7 of each year, or the next Banking Day if any of such dates falls on a non-Banking Day, without adjustment for accrued interest (each, an “ Interest Payment Date ”).

Interest on the Offer Bonds shall be calculated on a European 30/360-day count basis regardless of the actual number of days in a month. Interest shall be paid quarterly in arrears.

Final Redemption	Unless otherwise earlier redeemed or purchased and cancelled, the Offer Bonds shall be redeemed at par or 100% of face value on their respective Maturity Dates. However, if the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest, on the succeeding Business Day.

Optional Redemption	The Issuer shall have the right, but not the obligation, to redeem in whole (and not in part) any series of the outstanding Bonds on the date set out below (each an “Optional Redemption Date”).

Offer Bonds	Optional Redemption Dates	Optional Redemption Price
Series G Bonds	On the third anniversary of the Issue Date and thereafter, every Interest Payment Date prior to the fourth anniversary of the issue Date	101.00%
	On the fourth anniversary of the Issue Date and thereafter, every Interest Payment Date prior to the Maturity Date	100.50%
Series H Bonds	On the fifth anniversary of the Issue Date and thereafter, every Interest Payment Date prior to the sixth anniversary of the issue Date	101.00%
	On the sixth anniversary of the Issue Date and thereafter, every Interest Payment Date prior to the Maturity Date	100.50%
Series I Bonds	On the seventh anniversary of the Issue Date and thereafter, every Interest Payment Date prior to the eighth anniversary of the issue Date	101.50%
	On the eighth anniversary of the Issue Date and thereafter, every Interest Payment Date prior to the ninth anniversary of the issue Date	101.00%
	On the ninth anniversary of the Issue Date and thereafter, every Interest	100.50%

		Payment Date prior to the Maturity Date	

provided that, if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of the optional redemption price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and optional redemption price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the Offer Bonds pursuant to this Optional Redemption Option.

The amount payable to the Bondholders upon the exercise of the Optional Redemption by the Issuer shall be calculated, based on the principal amount of the Offer Bonds being redeemed, as the sum of: (i) the accrued interest computed from the last Interest Payment Date up to the relevant Optional Redemption Date; and (ii) the product of the principal amount of the Offer Bonds being redeemed and the Optional Redemption Price in accordance with the above table.

The Issuer shall give no less than 30 nor more than 60 days' prior written notice to the Trustee and the Registrar and Paying Agent of its intention to redeem the Series G Bonds, the Series H Bonds and/or the Series I Bonds which notice shall be irrevocable and binding upon the Issuer to effect such early redemption on the Optional Redemption Date stated in such notice.

Redemption for Taxation Reasons	If payments under the Offer Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the relevant Offer Bond series in whole, and not in part only, on any Interest Payment Date (having given not more than 60 nor less than 30 days' notice to the Trustee and the Registrar and Paying Agent) at par (or 100% of face value) and paid together with the accrued interest thereon, subject to the requirements of Applicable Law; provided that, if the Issuer does not redeem the Offer Bonds, then all payments of principal and interest in respect of the Offer Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties, assessments or governmental charges, unless such withholding or deduction is required by law. In that event, the Issuer shall pay the Bondholders concerned such additional amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required.

Accrued interest on the Offer Bonds to be redeemed under this Section, from the last Interest Payment Date up to the relevant redemption date, shall be calculated on the basis of a 360-day year consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

Redemption by Change in Circumstance	Reason of Law or	Upon the occurrence of a Change in Law or Circumstance, the Issuer shall provide the Trustee, or the Trustee shall procure, an opinion of legal counsel confirming the occurrence of any Change in Law or Circumstance and the consequences thereof,

	such legal counsel being from a law firm reasonably acceptable to the Trustee. Thereupon, the Trustee, after consultation with the Issuer and, in any case, within five days after receipt of such legal opinion, shall give to the Issuer and all the Bondholders written notice of such Change in Law or Circumstance. Within 30 days from such notice (the “Cure Period”), the Issuer shall use reasonable measures available to it to remedy the Change in Law or Circumstance so that the same event shall cease. The Issuer shall also have the option to redeem in whole, but not in part, the Offer Bonds at par (or 100% of face value) and paid together with the accrued interest thereon, exercisable by giving within the Cure Period not more than 60 nor less than 30 (or such shorter period prescribed by Applicable Law, if any) days’ notice to the Trustee and the Registrar and Paying Agent. After the lapse of the Cure Period with the Change in Law or Circumstance continuing and without the Issuer giving notice of exercise of its option to redeem under this Section, the Majority Bondholders may, by notice in writing delivered to the Issuer through the Trustee, declare the Offer Bonds, including the accrued interest thereon, to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable within thirty (30) days after receipt of such notice (or such shorter period prescribed by Applicable Law, if any), without any prepayment penalty.
Redemption by Reason of Change of Control	Upon the occurrence of a Change of Control, Bondholders holding at least two-thirds of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem the Offer Bonds at par (or 100% of face value), which shall be paid together with the accrued interest thereon. Within 15 days following a Change of Control, the Issuer shall notify the Trustee, which shall, in turn, notify the Bondholders (i) that a Change of Control has occurred and that the Bondholders holding at least two-thirds of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem all (but not some) of the Offer Bonds, and (ii) the date set by the Issuer for such redemption (which shall not be earlier than thirty days and no later than sixty days from the date notice is received by the Trustee). The decision of the Bondholders holding at least two-thirds of the outstanding principal amount of the Offer Bonds shall be conclusive and binding upon all the Bondholders.
Purchase and Cancellation	The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEX Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Offer Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX Rules.
Taxation	Based on law and regulations effective as of the date of this Offer Supplement: (1) Interest income on the Offer Bonds to be received by Philippine citizens or resident aliens from the Offer Bonds will be subject to income tax, which is withheld at source, at the rate of 20%.

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- (2) Interest income on the Offer Bonds to be received by non-resident aliens engaged in trade or business in the Philippines will be subject to a 20% final withholding tax while that to be received by non-resident aliens not engaged in trade or business will be subject to a 25% final withholding tax.
 - (3) Interest income on the Offer Bonds to be received by domestic corporations and resident foreign corporations will be taxed at the rate of 20%.
 - (4) Interest income on the Offer Bonds to be received by non-resident foreign corporations will be subject to a 25% final withholding tax.

Bondholders who are exempt from or are not subject to final withholding tax on interest income or are covered by a lower final withholding tax rate by virtue of a tax treaty may claim such exemption or lower rate, as the case may be, by submitting the necessary documents as required by the BIR and the Issuer.

Documentary stamp tax for the primary issue of the Offer Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

Please see the sections on "*Taxation*" in the Prospectus and "*Description of the Offer Bonds – Payment of Additional Amounts – Taxation*" in this Offer Supplement for a more detailed discussion on the tax consequences of the acquisition, ownership and disposition (e.g., secondary transfer) of the Offer Bonds.

Bond Rating	The Offer Bonds are rated PRS Aaa, with Stable Outlook, by PhilRatings. The rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the Offer Bonds are outstanding.
Bond Listing	The Issuer will list the Offer Bonds on PDEX on the Issue Date.
Transfer of the Offer Bonds	Trading of the Offer Bonds shall be coursed through a PDEX Trading Participant subject to the applicable PDEX Rules and conventions. Transfer and/or settlement of the Offer Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar. Upon any assignment, title to the Offer Bonds will pass by recording of the transfer from the transferor to the transferee in the electronic Registry of Bondholders to be maintained by the Registrar. Please see the sections on "<i>Description of the Offer Bonds – Transfers; Tax Status</i>" in this Offer Supplement for a more detailed discussion on transfer of the Offer Bonds.
Own Risk	Investment in the Offer Bonds is not covered by the Philippine Deposit Insurance Corporation. Any loss or depreciation in the value of the assets of the Bondholders resulting from the investment or reinvestment in the Offer Bonds and the regular conduct of the Trustee's trust business shall be for the sole

	account of the Bondholder.	
Firm Commitment to Purchase	The Joint Lead Underwriters and Joint Bookrunners will fully underwrite, jointly, but not solidarily, on a firm commitment basis, the Offer Bonds, subject to the terms and conditions provided under the Underwriting Agreement.	
Sole Issue Manager	PNB Capital and Investment Corporation	
Joint Lead Underwriters and Joint Bookrunners	Bank of Commerce BDO Capital & Investment Corporation China Bank Capital Corporation First Metro Investment Corporation Land Bank of the Philippines Philippine Commercial Capital, Inc. PNB Capital and Investment Corporation	
Trustee	PCCI TIG	
Registrar and Paying Agent	Philippine Depository & Trust Corp.	
Counsel to the Issuer	Picazo Buyco Tan Fider Santos & Dee	
Counsel to the Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners	SyCip Salazar Hernandez & Gatmaitan	
Governing Law	Philippine law	
Indicative Timetable	Filing of the Amended Registration Statement and the Offer Supplement with the SEC	April 28, 2025
	Interest Rate Setting Date	June 19, 2025
	Receipt of SEC Permit to Sell	June 23, 2025
	Public Offer Period	June 24, 2025 to June 30, 2025
	Issue and Listing Date	July 7, 2025

DESCRIPTION OF THE OFFER BONDS

The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Offer Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors of Petron, the information contained in the Prospectus, this Offer Supplement, the Trust Agreement, and the other Bond Agreements or other agreements relevant to the Offer such as the Application to Purchase, and to perform their own independent investigation and analysis of the Issuer and the Offer Bonds. Prospective Bondholders must make their own appraisal of the Issuer and the Offer, and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in the Offer. They must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor's independent evaluation and analysis. Prospective Bondholders are likewise encouraged to consult their legal counsel and accountants in order to be better advised of the circumstances surrounding the Offer Bonds.

The shelf registration of Petron with aggregate principal amount of up to ₱50,000,000,000 was authorized by a resolution of the Board of Directors on August 3, 2021. On September 27, 2021, the SEC issued SEC MSRD Order No. 63, Series of 2021 rendering the Registration Statement for the Shelf Registered Bonds effective, which effectivity was extended until September 27, 2025 pursuant to the SEC approval dated September 10, 2024 granting the Company's Request for Exemptive Relief.

The Offer Bonds with an aggregate principal amount of up to ₱32,000,000,000.00 consisting of the Base Offer of ₱25,000,000,000 and the Oversubscription Option of up to ₱7,000,000,000 shall be issued as the second and final tranche under the shelf registration. On April 28, 2025, the Company filed an amended Registration Statement and the Offer Supplement for the second tranche of the Shelf Registered Bonds. A corresponding permit to offer securities for sale covering the Offer Bonds upon compliance with the terms and conditions is expected to be issued prior to the commencement of the public offer and sale of the Offer Bonds.

The Offer Bonds will be issued on July 7, 2025 (the "**Issue Date**") and will comprise of fixed rate bonds due in 2030 (the "**Series G Bonds**"), in 2032 (the "**Series H Bonds**"), and in 2035 (the "**Series I Bonds**"). The Issuer has the discretion to allocate the principal amount of the Offer Bonds between the Series G Bonds, Series H Bonds, and the Series I Bonds based on the book building process. The Offer Bonds shall be offered and sold through a general public offering in the Philippines.

The Offer Bonds shall be governed by a Trust Agreement executed on June 19, 2025 between the Issuer and PCCI -TIG as Trustee. The Trustee has no interest in or relation to Petron which may conflict with its role as Trustee for the Offer Bonds. The description of the terms and conditions of the Offer Bonds set out below includes summaries of, and is subject to, the detailed provisions of the Trust Agreement.

A Registry and Paying Agency Agreement has been executed on June 19, 2025 in relation to the Offer Bonds between the Issuer and PDTC as Registrar and Paying Agent. The Registrar and Paying Agent has no interest in or relation to Petron which may conflict with its role as Registrar for the Offer.

Copies of the Trust Agreement and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Agreement and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.

FORM, DENOMINATION AND TITLE

Form and Denomination

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing each of the Series G Bonds, Series H Bonds, and Series I Bonds shall be issued to and registered in the name of the

Trustee for the benefit of the Bondholders.

The Offer Bonds shall be issued in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter, and traded in denominations of ₱10,000.00 in the secondary market.

Title

Legal title to the Offer Bonds shall be shown in the Registry of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Offer Bonds purchased by each Applicant in the Offer shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Offer Bonds shall pass by recording of the transfer from the transferor to the transferee in the electronic Registry of Bondholders. Settlement in respect of such transfer or change of title to the Offer Bonds, including the settlement of any cost arising from such transfer or change, including, but not limited to, documentary stamps taxes, if any, shall be for the account of the relevant Bondholder or the transferee, as applicable.

Bond Rating

The Offer Bonds have been rated PRS Aaa, with Stable Outlook, by PhilRatings. PRS Aaa is the highest rating assigned by PhilRatings. The ratings and the corresponding outlook were assigned given the following key considerations:

- Sustained strong retail presence and market leadership in the Philippines and Malaysia
- Experienced management and synergies with businesses within the San Miguel Group
- Resilient profitability amid headwinds, supported by sustained sales volume growth
- Easing inflationary pressures and interest rate cut expectations seen to support Philippine economy growth

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

The rating is subject to annual review, or more frequently as market developments may dictate, for as long as the Offer Bonds are outstanding. After the Issue Date, the Trustee shall monitor the compliance of the Offer Bonds with the regular annual reviews.

TRANSFER OF THE OFFER BONDS

Registry of Bondholders

The Issuer shall cause the Registry of Bondholders to be kept by the Registrar in electronic form. The names and addresses of the Bondholders and the particulars of the Offer Bonds held by them and of all transfers and assignments of the Offer Bonds shall be entered into the Registry of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry of Bondholders.

As required by Circular No. 428-04 issued by the BSP, the Registrar shall send each Bondholder a written statement of registry holdings at least quarterly (at the cost of the Issuer), and a written advice confirming every receipt or transfer of the Offer Bonds that is effected in the Registrar's system. Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Any requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfer of the Offer Bonds may be made during the Closed Period (as defined below).

Initial placement of the Offer Bonds and subsequent transfers of interests in the Offer Bonds shall be subject to applicable prevailing Philippine selling restrictions.

Transfers; Tax Status

Trading of the Offer Bonds will be coursed through a PDEX Trading Participant subject to the applicable PDEX Rules. Trading, transfer and/or settlement of the Offer Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar and Paying Agent. Upon any assignment of the Offer Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the Registry of Bondholders to be maintained by the Registrar.

Settlement in respect of such transfers or change of title to the Offer Bonds, including the settlement of any documentary stamp taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder or the transferee, as applicable.

Subject to the provisions of the Registry and Paying Agency Agreement, and the relevant rules, conventions and guidelines of PDEX and PDTC, the Bondholders may not transfer their Offer Bonds as follows:

- (a) transfers across Tax Categories on a date other than on an Interest Payment Date that falls on a Business Day; provided, however, that transfers from a tax-exempt Tax Category to a taxable Tax Category on a date other than an Interest Payment Date shall be allowed using the applicable tax withheld series name on PDEX, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt person shall be treated as being of the same Tax Category as its taxable counterparty for the interest period within which such transfer occurred; provided, finally, that this restriction shall be in force until a Non-Restricted Trading & Settlement Environment for Corporate Securities is implemented. For purposes hereof, "Tax Categories" shall refer to the three (3) final withholding tax categories in the PDEX system covering, particularly, tax-exempt persons, 20% tax-withheld persons, and 25% tax-withheld persons, as such categories may be revised, amended or supplemented by PDEX in accordance with its rules and applicable law;
- (b) transfers by Bondholders with deficient documents; and
- (c) transfers during a Closed Period. For purposes hereof, "Closed Period" means, with respect to each series of the Offer Bonds, the period during which the Registrar shall not register any transfer or assignment of the relevant series of the Offer Bonds, specifically: (i) the period of two Business Days preceding any Interest Payment Date or the due date for any payment of the final redemption amount of the relevant series of the Offer Bonds; or (ii) the period when any of the Offer Bonds have been previously called for redemption, whereas, "final redemption amount" means, as the context may require: (i) 100% of the face value of the outstanding Series G Bonds, Series H Bonds or Series I Bonds, as the case may be, on the relevant maturity date of such series; or (ii) the redemption price of the relevant series of the Offer Bonds determined in accordance with the terms and conditions of the Offer Bonds on the relevant Redemption Date.

Transfers taking place in the Registry of Bondholders after the Offer Bonds are listed on PDEX may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if/and or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC.

A Bondholder claiming tax-exempt status is required to submit to the Registry of Bondholders the required tax-exempt documents as detailed in the Registry and Paying Agency Agreement upon submission of the account opening documents to the Registrar and Paying Agent. Please see the sections on "*Description of the Offer Bonds – Tax-Exempt Status or Entitlement to Preferential Tax Rate*" for a detailed discussion on the requirements for claiming a preferential tax status.

Notwithstanding the submission by the Bondholder, or the receipt by the Issuer, the Registrar and Paying Agent, and the Joint Lead Underwriters and Joint Bookrunners of documentary proof of tax-exempt status of a Bondholder, the Issuer may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Offer Bonds. Any question on such determination shall be referred to the Issuer.

The Bondholders shall be responsible for monitoring and accurately reflecting their tax status in the Registry of Bondholders. The payment report to be prepared by the Registrar and Paying Agent and submitted to the Issuer in accordance with the Registry and Paying Agency Agreement, which shall be the basis of payments on the Offer Bonds on any Interest Payment Date, shall reflect the tax status of the Bondholders as indicated in their accounts as of the Record Date.

Secondary Trading of the Offer Bonds

The Issuer intends to list the Offer Bonds on PDEX for secondary market trading and, for that purpose, the Issuer has filed an application for such listing. However, there can be no assurance that such a listing will actually be achieved or whether such a listing will materially affect the liquidity of the Offer Bonds on the secondary market. Such listing would be subject to the Issuer's execution of a listing agreement with PDEX that may require the Issuer to make certain disclosures, undertakings and payments on an ongoing basis.

For so long as any of the Offer Bonds are listed on PDEX, the Offer Bonds will be traded in a minimum board lot size of ₱10,000.00, and in multiples of ₱10,000.00 in excess thereof. Secondary market trading in PDEX shall follow the applicable PDEX Rules, including rules, conventions and guidelines governing trading and settlement between Bondholders of different tax status, and shall be subject to the relevant fees of PDEX and PDTC, all of which shall be for the account of the Bondholders.

RANKING

The Offer Bonds shall constitute the direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking at least *pari passu* and ratably without any preference or priority among themselves and with all its other present and future direct, unconditional, unsecured and unsubordinated obligations other than obligations preferred by law and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines).

INTEREST

Interest Payment Dates

The Series G Bonds shall bear interest on its principal amount from and including the Issue Date at the rate of 6.5945% *per annum*, payable quarterly in arrears starting on October 7, 2025 as the first Interest Payment Date, and on January 7, April 7, July 7, and October 7 of each year at which the Series G Bonds are outstanding as the subsequent Interest Payment Dates, or the subsequent Banking Day, without adjustment for accrued interest, if the relevant Interest Payment Date falls on a non-Banking Day.

The Series H Bonds shall bear interest on its principal amount from and including the Issue Date at the rate of 6.9761% *per annum*, payable quarterly in arrears starting on October 7, 2025 as the first Interest Payment Date, and on January 7, April 7, July 7, and October 7 of each year at which the Series H Bonds are outstanding as the subsequent Interest Payment Dates, or the subsequent Banking Day, without adjustment for accrued interest, if the relevant Interest Payment Date falls on a non-Banking Day.

The Series I Bonds shall bear interest on its principal amount from and including the Issue Date at the rate of 7.3896% *per annum*, payable quarterly in arrears starting on October 7, 2025 as the first Interest Payment Date, and on January 7, April 7, July 7, and October 7 of each year at which the Series I Bonds are outstanding as the subsequent Interest Payment Dates, or the subsequent Banking Day, without adjustment for accrued interest, if the relevant Interest Payment Date falls on a non-Banking Day.

The cut-off date in determining the existing Bondholders entitled to receive interest, principal or any other amount due under the Offer Bonds shall be two Business Days prior to the relevant Payment Date or such other date as the Issuer may duly notify PDTC (the "**Record Date**"). The Record Date shall be the reckoning date in

determining the Bondholders entitled to receive interest, principal or any other amount due under the Offer Bonds.

Interest Accrual

The Offer Bonds shall cease to bear interest from and including the relevant Maturity Date, as defined in the discussion on “*Final Redemption*” below, unless, upon due presentation, payment of the principal in respect of the Offer Bonds then outstanding is not made, or is improperly withheld or refused, in which case the Penalty Interest (see “*Penalty Interest*” below) shall apply.

Determination of Interest

Interest on the Offer Bonds shall be calculated on a European 30/360-day count basis, regardless of the actual number of days in a month.

REDEMPTION AND PURCHASE

Final Redemption

Unless otherwise earlier redeemed or purchased and cancelled, the Offer Bonds shall be redeemed at par or 100% of face value on their respective Maturity Dates. However, if the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest, on the succeeding Business Day.

Each Bondholder in whose name the Offer Bonds is registered in the Registry of Bondholders at the close of business on the Record Date preceding the Maturity Date shall be entitled to receive the principal amount of the Offer Bonds. In all cases, repayment of principal shall be remitted to the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Optional Redemption

The Issuer shall have the right, but not the obligation, to redeem in whole (and not in part), any outstanding Offer Bond on the dates set out below (each an “**Optional Redemption Date**”).

Bonds	Optional Redemption Date	Optional Redemption Price
Series G Bonds	On the third anniversary of the Issue Date, and thereafter, every Interest Payment Date prior to the fourth anniversary of the Issue Date	101.00%
	On the fourth anniversary of the Issue Date, and thereafter, every Interest Payment Date prior to the Maturity Date	100.50%
Series H Bonds	On the fifth anniversary of the Issue Date, and thereafter, every Interest Payment Date prior to the sixth anniversary of the Issue Date	101.00%
	On the sixth anniversary of the Issue Date, and thereafter, every Interest Payment Date prior to the Maturity Date	100.50%
Series I Bonds	On the seventh anniversary of the Issue Date, and thereafter, every Interest Payment Date prior to the eighth anniversary of the Issue Date	101.50%
	On the eighth anniversary of the Issue Date, and thereafter, every Interest Payment Date prior to the	101.00%

	ninth anniversary of the Issue Date	
	On the ninth anniversary of the Issue Date, and thereafter, every Interest Payment Date prior to the Maturity Date	100.50%

provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of accrued interest and the optional redemption price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and optional redemption price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the Offer Bonds pursuant to this Optional Redemption Option.

The amount payable to the Bondholders upon the exercise of the Optional Redemption by the Issuer shall be calculated, based on the principal amount of Offer Bonds being redeemed, as the sum of: (i) the accrued interest computed from the last Interest Payment Date up to the relevant Optional Redemption Date; and (ii) the product of the principal amount of the Offer Bonds being redeemed and the Optional Redemption Price in accordance with the above table.

The Issuer shall give no less than 30 nor more than 60 days' prior written notice to the Trustee and the Registrar and Paying Agent of its intention to redeem the Offer Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Offer Bonds on the Optional Redemption Date stated in such notice. Upon receipt by the Trustee of such notice, the Trustee through the Issuer shall secure from the Registrar and Paying Agent an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Offer Bonds subject of the early redemption is registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the interest and optional redemption price. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Redemption for Taxation Reasons

If payments under the Offer Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the relevant Offer Bond series in whole, and not in part only, on any Interest Payment Date (having given not more than sixty (60) nor less than 30 days' notice to the Trustee and the Registrar and Paying Agent) at par (or 100% of face value) and paid together with the accrued interest thereon, subject to the requirements of Applicable Law; provided that, if the Issuer does not redeem the Offer Bonds then all payments of principal and interest in respect of the Offer Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties, assessments or governmental charges, unless such withholding or deduction is required by law. In that event, the Issuer shall pay to the Bondholders concerned such additional amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required.

Redemption by Reason of Change in Law or Circumstance

Upon the occurrence of a Change in Law or Circumstance (as enumerated below), the Issuer shall provide the Trustee, or the Trustee shall procure, an opinion of legal counsel confirming the occurrence of any Change in Law or Circumstance and the consequences thereof, such legal counsel being from a law firm reasonably acceptable to the Trustee. Thereupon, the Trustee, after consultation with the Issuer and, in any case, within 5 days after receipt of such legal opinion, shall give to the Issuer and all the Bondholders written notice of such Change in Law or Circumstance. Within 30 days from such notice (the "**Cure Period**"), the Issuer shall use reasonable measures available to it to remedy the Change in Law or Circumstance so that the same event shall cease. The Issuer shall also have the option to redeem in whole, but not in part, the Offer Bonds at par (or 100% of face value) and paid together with the accrued interest thereon, exercisable by giving within the Cure Period not more than 60 nor less than 30 (or such shorter period prescribed by Applicable Law, if any)

days' notice to the Trustee and the Registrar and Paying Agent.

After the lapse of the Cure Period with the Change in Law or Circumstance continuing and without the Issuer giving notice of exercise of its option to redeem under this Section, the Majority Bondholders may, by notice in writing delivered to the Issuer through the Trustee, declare the Offer Bonds, including the accrued interest thereon, to be immediately due and payable, and, upon such declaration the same shall be immediately due and payable within 30 days after receipt of such notice (or such shorter period prescribed by Applicable Law, if any), without any prepayment penalty.

The following events shall be considered as changes in law or circumstances ("**Change in Law or Circumstance**") as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Agreement and the Offer Bonds:

- (a) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Offer Bonds shall be modified, withdrawn or withheld in a manner which will materially and adversely affect the ability of the Issuer to comply with such obligations; or
- (b) Any provision of the Trust Agreement, the Offer Bonds or any of the related documents is or becomes, for any reason, invalid, illegal or unenforceable to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations thereunder, or to enforce any provisions of the Trust Agreement, the Offer Bonds or any of the related documents in whole or in part; or any law is introduced or any applicable existing law is modified or rendered ineffective or inapplicable to prevent or restrain the performance by the parties thereto of their obligations under the Trust Agreement, the Offer Bonds or any other related documents; or
- (c) Any concession, permit, right, franchise or privilege required for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer; or
- (d) The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate (either with or without compensation) the Issuer or all or substantially all of the properties or assets of the Issuer, unless such act, deed or proceedings are contested in good faith by the Issuer or the same does not materially and adversely affect the financial condition or operations of the Issuer.

Accrued interest on the Offer Bonds to be redeemed under this Section, from the last Interest Payment Date up to the relevant Redemption Date, shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

Redemption by Reason of Change of Control

Upon the occurrence of a Change of Control, Bondholders holding at least two-thirds of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem the Offer Bonds at par (or 100% of face value), which shall be paid together with the accrued interest thereon. Within 15 days following a Change of Control, the Issuer shall notify the Trustee, which shall, in turn, notify the Bondholders (i) that a Change of Control has occurred and that the Bondholders holding at least two-thirds of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem all (but not some) of the Offer Bonds, and (ii) the date set by the Issuer for such redemption (which shall not be earlier than 30 days and no later than 60 days from the date notice is received by the Trustee). The decision of the Bondholders holding at least two-thirds of the outstanding principal amount of the Offer Bonds shall be conclusive and binding upon all the Bondholders.

Accrued interest on the Offer Bonds to be redeemed under this Section, from the last Interest Payment Date up to the relevant Redemption Date, shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month

of 30 days.

Purchase and Cancellation

The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEX Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Offer Bonds in the PDEX, the Issuer shall disclose any such transaction in accordance with the applicable PDEX disclosure rules.

Payments

The principal of, interests on, and all other amounts payable on the Offer Bonds shall be paid to the Bondholders through the Paying Agent. The Paying Agent shall credit the proper amounts received from the Issuer via RTGS, net of final taxes and fees (if any), to the cash settlement banks of the Bondholders (nominated by the Bondholders in the Application to Purchase or as the Bondholder may notify the Paying Agent in writing), for onward remittance to the relevant cash settlement account of the Bondholder with the cash settlement bank. The principal of, and interest on, the Offer Bonds shall be payable in Philippine Pesos.

In the event that the details of the cash settlement account indicated by the Bondholder in the Application to Purchase are incomplete or erroneous, or the cash settlement account of the Bondholders has been closed, dormant, or inexistent, due to which payments to the Bondholders cannot be effected in a timely manner, the cash settlement bank shall handle such funds in accordance with its own internal procedures until the correction of the cash settlement account is effected and until credit of the relevant cash entitlement is completed. In these cases, the Issuer and the Paying Agent shall not be liable to the relevant Bondholder for any failure or delay in the Bondholder's receipt of such payments.

The Issuer shall ensure that so long as any of the Offer Bonds remain outstanding, there shall at all times be a Paying Agent for the purposes of the Offer Bonds and the Issuer or the Paying Agent may only terminate the appointment of the Paying Agent as provided in the Registry and Paying Agency Agreement. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, the Issuer shall appoint such other leading institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

Payment of Additional Amounts – Taxation

Interest income on the Offer Bonds is subject to a withholding tax at rates of between 10% and 25% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:

- (a) The withholding tax applicable on interest earned on the Offer Bonds prescribed under the Tax Code, as amended, and its implementing rules and regulations as may be in effect from time to time; provided, further, that all Bondholders are required to provide the Issuer through the Bondholder's Selling Agent or PDEX Trading Participant and endorsed to the Registrar and Paying Agent their validly issued tax identification numbers issued by the BIR.
- (b) Gross receipts tax under Section 121 of the Tax Code;
- (c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding;

- (d) Value-added tax under Sections 106 to 108 of the Tax Code, as amended; and
- (e) Any applicable taxes on any subsequent sale or transfer of the Offer Bonds by any holder which shall be for the account of such holder (or its buyer, as the holder and the buyer may have agreed upon).

Documentary stamp tax for the primary issue of the Offer Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

Please see the section on "*Taxation*" in the Prospectus for a more detailed discussion on the tax consequences of the acquisition, ownership and disposition of the Offer Bonds.

Tax-Exempt Status or Entitlement to Preferential Tax Rate

An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate, shall be required to submit the following requirements to the Registrar and Paying Agent, subject to acceptance by the Issuer, as being sufficient in form and substance:

- (a) A BIR-certified true copy of a valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or its entitlement to the preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014, including any clarification, supplement or amendment thereto;
- (b) with respect to tax treaty relief:
 - (i) a non-resident Bondholder may signify its intention to claim preferential tax rate under the relevant tax treaty by submitting to the Issuer the following documents, before the initial interest payment as required under BIR Revenue Memorandum Order ("**RMO**") No. 14-2021, one (1) original copy of the following:
 - i. Duly accomplished valid, current and subsisting BIR Application Form for Treaty Purposes Relief from Philippine Income Tax on Interest (BIR Form No. 0901-I).
 - ii. Tax Residency Certificate ("**TRC**") duly issued by the foreign tax authority relevant to the period in which the income was earned.
 - iii. Duly notarized and consularized, if executed outside of the Philippines, Special Power of Attorney executed by the Bondholder in favor of its authorized representatives (if the Application Form for Treaty Purposes is accomplished by an authorized representative).
 - iv. Authenticated copy of the non-resident Bondholder's Articles or Memorandum of Incorporation / Association, trust agreement, or equivalent document copy confirming its establishment or incorporation, with an English translation thereof if in foreign language, if applicable.
 - (ii) for the avoidance of doubt, the Issuer shall retain sole discretion in determining whether the non-resident Bondholder is entitled to the preferential tax rate based on the documents submitted by the non-resident Bondholder, provided that all the conditions for the availment thereof have been satisfied;
 - (iii) in the event that the Issuer determines that the non-resident Bondholder is not entitled to the preferential tax rate based on the documents submitted in item (i) above and determines that all conditions for the availment thereof have not been satisfied, the Issuer shall apply the regular tax rates;

- (iv) the non-resident Bondholder may apply for tax treaty relief with the BIR in accordance with BIR RMO No. 14-2021 in relation to BIR RMC Nos. 77-2021 and 20-2022. The non-resident Bondholder shall inform the Issuer accordingly, but the preferential tax treaty rate shall not apply until the non-resident Bondholder has provided the Certificate of Entitlement to the Issuer;
 - (v) should the BIR grant the application for tax treaty relief, it is the obligation of the non-resident Bondholder to apply for tax refund with the BIR. The Issuer shall not refund the non-resident Bondholder any amount as a result of the application of the regular tax rate;
 - (vi) the non-resident Bondholder must update its Certificate of Entitlement to Treaty Benefits ("COE") annually, if applicable, as described in BIR RMO No. 14-2021, as further clarified by BIR RMC Nos. 77-2021 and 20-2022. Expired COEs will not be accepted by the Issuer; and
 - (vii) the non-resident Bondholder shall submit its TRC annually to the Issuer as continuing proof of its entitlement to the preferential tax rate. Absent such updated TRC, the Issuer shall apply the regular tax rate;
- (c) a duly notarized undertaking executed by (i) the corporate secretary or any authorized representative of such Applicant or Bondholder, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Bondholder holds, the Offer Bonds for its account, or (ii) the trust officer, if the Applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Bonds pursuant to its management of tax-exempt entities (e.g. Employee Retirement Fund, etc.), declaring and warranting such entity's tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent (1) of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement; (2) if there are any material changes in the factual circumstances of the Bondholder, including but not limited to its character, nature, and method of operation, which are inconsistent with the basis for its income tax exemption; or (3) if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Offer Bonds being ineligible for exemption or preferential rate, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax, provided, that in case of corporate, partnership or trust account investors, such Bondholder shall also submit an original certification from the corporate secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose; and
- (d) such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities; provided, that, the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholders on the Interest payments to such Bondholders.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of Offer Bonds, upon submission of the Application to Purchase to the Joint Lead Underwriters and Joint Bookrunners or Selling Agents (if any) who shall then forward the same to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar upon submission of the account opening documents.

Failure on the part of the Bondholder to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

FINANCIAL RATIO

The Issuer shall procure that the ratio of the Consolidated Gross Liabilities as at the last day of the relevant quarter period to the Consolidated Net Worth as at the last day of the relevant quarter period does not exceed 2.75x to 1.00x.

NEGATIVE PLEDGE

The Issuer covenants and agrees that, unless the Majority Bondholders shall otherwise consent in writing, the Issuer shall not, from the signing date of the Trust Agreement and for as long as the Offer Bonds or any portion thereof remain outstanding, create or have outstanding any Security Interest upon or with respect to, any of the present or future business, agreement, assets or revenues (including any uncalled capital) of the Company to secure any Indebtedness unless the Company, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by it under the Offer Bonds are secured by the Security Interest equally and ratably with the relevant Indebtedness; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided to the satisfaction of the Majority Bondholders;

provided, that the foregoing restriction shall not apply to any Permitted Security Interest as defined in the Trust Agreement and in this Offer Supplement.

EVENTS OF DEFAULT

Each of the following events shall constitute an “Event of Default” under the Offer Bonds and the Trust Agreement:

- (a) the Issuer defaults in the payment when due of any amount payable under the Offer Bonds and the Trust Agreement, unless such failure arises solely as a result of an administrative or technical error or a Disruption Event and payment is made within three Business Days after the date such payment is due (a “**Payment Default**”);
- (b) the Issuer fails to perform, comply with, or violates any material provision, term, condition, covenant or obligation contained in the Offer Bonds, the Trust Agreement and the other Bond Agreements (other than by reason of paragraph (a) above), and any such failure, non-compliance or violation is not remediable or, if remediable, continues unremedied for a period of 30 days (or such longer curing period granted to the Issuer by the Majority Bondholders) from the date after written notice thereof shall have been given to the Issuer by the Trustee;
- (c) any representation or warranty which is made or deemed to be made by the Issuer or any of the directors or officers of the Issuer in the Offer Bonds, Trust Agreement, or any other Bond Agreements or otherwise in connection therewith, or in any certificate delivered by the Issuer thereunder or in connection therewith, shall prove to have been untrue or incorrect in any material respect as of the time it was made or deemed to have been made;
- (d) any Indebtedness of the Issuer and/or any of its Material Subsidiaries, whether singly or in the aggregate, in excess of Fifty Million Dollars (USD50,000,000.00) or its equivalent in other currencies is not paid on its due date or within any applicable grace period or is declared to be due and payable prior to its stated date of payment (except where liability for payment of that Indebtedness is being contested in good faith by appropriate means);
- (e) a decree or final and executory order by a court or other Governmental Authority having jurisdiction over the premises is entered without the consent or application of the Issuer;
 - (i) adjudging the Issuer bankrupt or insolvent;

- (ii) approving a petition seeking a suspension of payments by or a reorganization of the Issuer under any applicable bankruptcy, insolvency or reorganization law;
- (iii) appointing a receiver, liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or of all or substantially all of the business or assets of the Issuer;
- (iv) providing for the winding-up or liquidation of the affairs of the Issuer;
- (v) with a view to the rehabilitation, administration, liquidation, winding-up or dissolution of the Issuer; or
- (vi) taking other action under Applicable Law which is similar to any of the events mentioned in paragraphs (1) to (5) above (inclusive);

provided, that the issuance of any such decree or order shall not be an Event of Default if the same shall have been dismissed or stayed by injunction or otherwise within ninety (90) days from issuance thereof;

(f) the Issuer:

- (i) institutes voluntary proceedings to be adjudicated bankrupt or insolvent or consents to the filing of a bankruptcy or insolvency proceeding against it;
 - (ii) files a petition seeking a suspension of payments by it or its reorganization under any applicable bankruptcy, insolvency or reorganization law or consents to the filing of any such petition;
 - (iii) seeks or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of all or substantially all of its business or assets;
 - (iv) makes an assignment for the benefit of its creditors or admits in writing its inability to pay its debts generally as they become due;
 - (v) files a petition seeking the winding-up or liquidation of its affairs or consents to the filing of any such petition;
 - (vi) takes any other step with a view to its rehabilitation, administration, liquidation, winding-up or dissolution or a suspension of payments by it; or
 - (vii) takes other action under Applicable Law which is similar to any of the events mentioned in paragraphs (1) to (6) above (including, without limitation, any out- of-court agreements, informal restructuring agreements, or rehabilitation plans under the Financial Rehabilitation and Insolvency Act (Republic Act No. 10142), as the same may be amended or replaced from time to time);
- (g) final and executory judgment(s) or order(s) are rendered by a court of competent jurisdiction against the Issuer or its properties or assets from which no appeal may be made for the payment of money which will have a Material Adverse Effect and such judgment or order shall continue unsatisfied or undischarged after ninety (90) days;
- (h) the Issuer shall suspend or discontinue all or substantially all of its business operations, whether voluntarily or involuntarily for a period of thirty (30) consecutive days, except in cases of (i) strike or lockout, (ii) when necessary to prevent business losses, (iii) shutdowns or regular preventive repairs or (iv) closures due to fortuitous events or force majeure, provided that in any such event of strikes, lockouts, shutdowns or repairs, or closures due to fortuitous events or force majeure events, there is no Material Adverse Effect; and
- (i) any event or circumstance that will have a Material Adverse Effect has occurred.

Notice of Default

The Trustee shall, within 5 Business Days after receipt of written notice from the Issuer or the Majority Bondholders of the occurrence of an Event of Default, give to all the Bondholders written notice of any such Event of Default, unless the same shall have been cured before the giving of such notice; provided, that in the case of a Payment Default (as described in paragraph (a) of the “*Description of the Offer Bonds – Events of Default*,” the Trustee shall immediately notify the Bondholders upon the occurrence of such Payment Default.

Consequences of Default

- (a) If any one or more of the Events of Default shall have occurred and be continuing after the lapse of the period given to the Issuer within which to cure such Event of Default, if any, or upon the occurrence of such Event of Default for which no cure period is provided, (i) the Trustee upon the written direction of the Majority Bondholders, by notice in writing delivered to the Issuer, or (ii) the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, may declare the Issuer in default (“**Declaration of Default**”) and declare the principal of the Offer Bonds then outstanding, together with all accrued and unpaid interest thereon and all amounts due thereunder, to be due and payable not later than 5 Business Days from the receipt of the Declaration of Default (“**Default Payment Date**”) with a copy to the Registrar and Paying Agent who shall then prepare a payment report in accordance with the Registry and Paying Agency Agreement. Thereupon, the Issuer shall make all payments due on the Offer Bonds in accordance with the Registry and Paying Agency Agreement.
- (b) All the unpaid obligations under the Offer Bonds, including accrued interest, and all other amounts payable thereunder, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Issuer.

Penalty Interest

In case any amount payable by the Issuer under the Offer Bonds, whether for principal, interest, or otherwise, is not paid on the relevant due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay a penalty fee on the defaulted amount(s) at the rate of 12% per annum (the “**Penalty Interest**”) from the time the amount fell due until it is fully paid in accordance with the Terms and Conditions and the Offer Bonds and the Trust Agreement.

Payments in the Event of Default

Upon the occurrence of any Event of Default, and provided that there has been a Declaration of Default and acceleration of payment of the Offer Bonds by the Majority Bondholders, then in any such case:

- (a) The Issuer will pay the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on such outstanding Offer Bonds with interest at the rate borne by the Offer Bonds on the overdue principal and with Penalty Interest, where applicable, based on the payment report no later than the Default Payment Date. The Issuer also undertakes that it shall give the Trustee written notice of its intention to make any payments under this provision; and
- (b) The Trustee shall have the right to require the Registrar and the Paying Agent, upon demand in writing through the Issuer, to do the following:
 - (i) hold all sums, documents and records held by them in respect of the Offer Bonds on behalf of the Trustee; and/or
 - (ii) deliver all evidences of the Offer Bonds and all sums, documents and records held by them in respect of the Offer Bonds to the Trustee or as the Trustee shall direct in such demand; provided, that such demand shall be deemed not to apply to any documents or records which the Paying Agent or the Registrar is not allowed to release by any law or regulation; and/or

- (iii) subject to the terms of the Registry and Paying Agency Agreement, apply any money received from the Issuer pursuant to this Section in the order of preference provided in the “*Description of the Bonds – Application of Payments*” below.

Application of Payments

Any money collected by the Trustee as a consequence of a Declaration of Default and any other funds held by it, subject to any other provision of the Trust Agreement relating to the disposition of such money and funds or to the Registry and Paying Agency Agreement, shall be applied by the Trustee in the order of preference as follows:

- (a) First: to the pro rata payment to the Trustee, the Registrar and the Paying Agent of the reasonable, actual and documented costs, expenses, fees, and other charges of collection, including reasonable compensation to them, their agents, attorneys, and all reasonable, actual and documented expenses and liabilities incurred or disbursements made by them, without gross negligence or bad faith in carrying out their respective obligations under their respective agreements with the Issuer in connection with the Offer Bonds.
- (b) Second: to the payment of all outstanding interest, including any Penalty Interest, in the order of maturity of such interest, based on the information on Bondholders reflected in the relevant registry account to be provided by the Registrar and the Paying Agent in accordance with the Registry and Paying Agency Agreement.
- (c) Third: to the payment of the principal amount of the Offer Bonds then due and payable based on the information on Bondholders reflected in the relevant registry account to be provided by the Registrar and the Paying Agent in accordance with the Registry and Paying Agency Agreement.
- (d) Fourth: the remainder, if any, shall be paid to the Issuer, its successors, or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Prescription

Claims in respect of principal and interest or other sums payable hereunder shall prescribe unless the claim is made within 10 years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

Remedies

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra-judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, subject to “*Ability to File Suit*.”

No delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from the Issuer hereunder on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such Bondholder previously shall have given to the Trustee written notice of an Event of

Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Offer Bonds in accordance with the provisions on Events of Default (see *Description of the Offer Bonds – Events of Default*); (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in its own name; (iii) the Trustee for 60 days after the receipt of such notice and written request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such notice and written request shall have been given or no waiver of default by the Bondholders has been given, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb or prejudice the rights of the holders of any other such Offer Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

Waiver of Default by the Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or may on behalf of the Bondholders waive any past default except the Events of Default defined as a Payment Default, insolvency default or closure default, and its consequences. In case of any such waiver, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Offer Bonds.

SUBSTITUTION

Substitution of the Offer Bonds is not contemplated.

TRUSTEE; NOTICES

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

Notice to the Trustee

All documents required to be submitted to the Trustee and all other notices, requests and other communications must be in writing and will be deemed to have been duly given only if delivered personally, or by facsimile transmission, or mailed (first class postage prepaid) or emailed to the Trustee at the following address, facsimile number or email address; and addressed to the individuals named below:

To the Trustee:

PHILIPPINE COMMERCIAL CAPITAL, INC. – TRUST AND INVESTMENT GROUP

6th Floor, PCCI Corporate Center
118 L.P. Leviste Street, Salcedo Village, Makati City

Attention: KATHERINE ANNE E. ONGCHANGCO / MA. CARMEN V. PALANCA
Telephone No.: 8284-9700
Fax No.: 8814-0163
Email: katherine.ongchangco@pccigroup.com.ph
Maricar.palanca@pccigroup.com.ph

All such notices, requests and other communications will: (i) if delivered personally to the address as provided above, be deemed given upon delivery; (ii) if delivered by facsimile transmission to the facsimile number as

provided above, be deemed given upon receipt, in readable form; and (iii) if delivered by mail or email in the manner described above to the address as provided above, be deemed given upon receipt and in case of email if received in readable form (in each case regardless of whether such notice, request or other communication is received by any other Person on behalf of such individual to whom a copy of such notice, request or other communication is to be delivered). The Trustee may from time to time change its address, facsimile number or other information for the purpose of notices hereunder by giving notice specifying such change.

Any notice, report or communication received on a non-working day or after business hours in the place of receipt will only be deemed given on the next working day in that place.

Notice to the Bondholders

The Trustee shall send all notices to Bondholders to their mailing address as set forth in the Registry of Bondholders and the relevant records of the Registrar. Except where a specific mode of notification is provided for herein, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) ordinary mail; (iii) by publication for at least once a week for two consecutive weeks in at least two newspapers of general circulation in the Philippines; (iv) personal delivery to the address of record in the Registry of Bondholders; or (v) disclosure through the Online Disclosure System of the PDEX. If notices to Bondholders shall be sent by mail or personal delivery, such notices shall be sent to the mailing address of the Bondholders as set forth in the Registry of Bondholders. All notices shall be deemed to have been received (i) 10 days from posting if transmitted by registered mail; (ii) 15 days from mailing, if transmitted by courier; (iii) on the date of last publication, if notice is made by publication; or (iv) on the date of delivery, for personal delivery; or (v) on the date of disclosure, if notice is made by disclosure through the Online Disclosure System of the PDEX.

A notice to the Trustee is notice to the Bondholders. The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by the Issuer to the PDEX on a matter relating to the Offer Bonds shall be deemed a notice to the Bondholders of said matter on the date of the first publication or the date of the disclosure, as the case may be.

Binding and Conclusive Nature

Except as provided in the Trust Agreement, all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of the Trust Agreement shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer and all Bondholders; and (in the absence as referred to above) no liability to the Issuer, the Paying Agent or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Agreement.

Duties and Responsibilities of the Trustee

- (a) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Agreement. The Trustee shall, in accordance with the terms and conditions of the Trust Agreement:
 - (i) Coordinate with the Issuer, the Sole Issue Manager, the Joint Lead Underwriters and Joint Bookrunners, the Registrar and the Paying Agent in relation to the performance of their respective responsibilities under the Offer Bonds and the relevant Bond Agreements.
 - (ii) Monitor compliance or non-compliance by the Issuer with all its representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement;
 - (iii) Report regularly to the Bondholders any non-compliance by the Issuer with this Agreement (including the Terms and Conditions) and any development with respect to the Issuer of which the Trustee may have knowledge based on official disclosures to PDEX, SEC or other

regulatory agencies that adversely affects the interest of the Bondholders, including any default by the Issuer on any of its obligations of which the Trustee may have knowledge based on official disclosures to PDEX, SEC or other regulatory agencies; *provided*, that for purposes hereof, the Trustee shall, without need of any further act or notice to the Issuer, publish a notice once in a newspaper of general circulation, binding upon all the Bondholders wherever situated or located, that the Bondholders or their duly authorized representatives may obtain a report regarding the Offer Bonds at the principal office of the Trustee upon presentation of sufficient and acceptable identification.

- (iv) Act on behalf of the Bondholders, including calling for and/or attending meetings of the Bondholders;
 - (v) Safekeep (1) all records enumerated in the Trust Agreement, (2) copies of all submissions of the Issuer to the SEC in connection with the procurement and maintenance of the SEC Registration Documents, and (3) such other documents that may be deemed pertinent and as may be reasonably requested by the Trustee in the performance of its functions.
 - (vi) Upon written request by the Issuer, not later than 11:30 a.m. on the succeeding Business Day following the date the Trustee receives such request, send notice of any matter to the Bondholders, other than those matters notice of which is specifically required to be given to the Bondholders by another party under the Offer Bonds and the Bond Agreements.
- (b) The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Agreement. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with the Issuer.
 - (c) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Agreement. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters, will exercise in the management of their own affairs.
 - (d) None of the provisions contained in these terms, the Prospectus and this Offer Supplement shall require or be interpreted to require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Resignation and Change of Trustee

- (a) The Trustee may at any time resign by giving at least 90 days' prior written notice to the Issuer of such resignation.
- (b) Upon receipt of such notice of resignation of the Trustee, the Issuer shall immediately appoint a successor Trustee by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor Trustee. However, notwithstanding the immediately preceding sentence, in cases where an Event of Default shall have occurred and be continuing, it is the Majority Bondholders, not the Issuer, that shall appoint the successor Trustee. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor, or any Bondholder who has been a bona fide holder for at least the immediately preceding six months may, for and in behalf of the Bondholders, petition any court of competent jurisdiction for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor Trustee.

- (c) Subject to Section (f) below, a successor Trustee must possess all the qualifications required under pertinent laws and the Trust Agreement.
- (d) In case at any time the Trustee shall become incapable of acting, or has acquired conflict of interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, or for other causes set out in the Trust Agreement, then the Issuer may within 30 days therefrom remove the Trustee concerned, and appoint a successor Trustee, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor Trustee. If the Issuer fails to remove the Trustee concerned and appoint a successor Trustee, any bona fide Bondholder may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor Trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor Trustee.
- (e) The Majority Bondholders may at any time remove the Trustee for cause, and appoint a successor trustee, by the delivery to the Trustee so removed, to the successor trustee and to the Issuer of the required evidence of the action in that regard taken by the Majority Bondholders.
- (f) Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any of the provisions in the Trust Agreement shall become effective upon the earlier of: (i) the acceptance of appointment by the successor trustee as provided in the Trust Agreement; or (ii) the effectivity of the resignation notice sent by the Trustee under the Trust Agreement; provided, however, that after the effectivity of the resignation notice and, as relevant, until such successor trustee is qualified and appointed, the resigning Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the successor Trustee promptly upon the appointment thereof by the Issuer.

Successor Trustee

- (a) Any successor Trustee appointed shall execute, acknowledge and deliver to the Issuer and to its predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as Trustee in the Trust Agreement. The foregoing notwithstanding, on the written request of the Issuer or of the successor Trustee, the Trustee ceasing to act as such shall execute and deliver an instrument transferring to the successor Trustee, all the rights, powers and duties of the Trustee so ceasing to act as such. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor Trustee all such rights, powers and duties.
- (b) Upon acceptance of the appointment by a successor Trustee, the Issuer shall notify the Bondholders in writing and/or by publication once in a newspaper of general circulation in Metro Manila, Philippines of the succession of such Trustee to the trusteeship. If the Issuer fails to notify the Bondholders within 10 days after the acceptance of appointment by the successor Trustee, the latter shall cause the Bondholders to be notified at the expense of the Issuer.

Reports to the Bondholders

The Trustee shall submit to the Bondholders on or before March 31 each year from the Issue Date until full payment of the Offer Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

- (a) the property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report; and
- (b) any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the Offer Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

The Trustee shall submit to the Bondholders a brief report within 90 days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided, that the remaining unpaid amounts of such advance is at least 10% of the aggregate outstanding principal amount of the Offer Bonds at such time.

Inspection of Documents

Upon due notice to the Trustee, the following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

- (a) Trust Agreement
- (b) Registry and Paying Agency Agreement
- (c) Articles of Incorporation and By-Laws of the Company; and
- (d) Registration Statement of the Company with respect to the Bonds (including the Offer Bonds) with the Prospectus and this Offer Supplement

MEETINGS OF THE BONDHOLDERS

A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or in behalf of the Bondholders of any specified aggregate principal amount of Offer Bonds under any other provisions of the Trust Agreement or under the law and such other matters related to the rights and interests of the Bondholders under the Offer Bonds.

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, on its own accord or upon the written request by the Issuer, or the Majority Bondholders, for purposes of taking any actions authorized under the Trust Agreement. The meeting may be held at such time and at such place as the Trustee shall determine.

Unless otherwise provided in the Trust Agreement, the Trustee shall give notice of every meeting of the Bondholders (which notice must set forth the time, place, and purpose of such meeting in reasonable detail) to the Issuer and each of the registered Bondholders not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting and shall publish such notice once in a newspaper of general circulation; provided, the Trustee shall fix the record date for determining the Bondholders entitled to notice and vote during the meeting, which record date shall not be earlier than forty-five (45) days before the date of the meeting; provided, further, that all reasonable, actual and documented costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within 10 days from receipt of the duly supported billing statement, subject to obtaining prior written consent of the Issuer for reasonable, actual and documented costs and expenses in excess of ₱50,000.00 per occurrence; provided, further, that any meetings of the Bondholders shall be held at such time and place within Metro Manila as the party requesting such meeting may determine.

Failure of the Trustee to Call a Meeting

Failure of the Trustee to call a meeting upon the written request of either the Issuer or the Majority Bondholders within five Business Days from receipt of such request shall entitle the requesting party to send and publish the appropriate notice of Bondholders' meeting and fix the record date for determining the Bondholders entitled to attend and vote in accordance with the provision above. The costs for calling such a meeting shall be for the Trustee's account in case of unjustified failure of the Trustee to call the meeting due to its willful misconduct, fraud, evident bad faith or gross negligence.

Quorum

The presence of Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders based on the list of Bondholders prepared by the Registrar in accordance with the Registry and Paying Agency Agreement (which list shall include all information necessary to the performance of the duties and powers of the Trustee under the Trust Agreement, such as, but not limited to, specimen signatures of the Bondholders' authorized signatories). The Registrar shall provide the Trustee through the Issuer with the foregoing list and information within three (3) Business Days upon receipt of a written request from the Trustee.

Procedure for Meetings

- (a) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Majority Bondholders as provided above in which case the Issuer or the Majority Bondholders calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting. The elected secretary shall take down the minutes of the meeting, covering all matters presented for resolutions by and the results of the votes cast by the Bondholders entitled to vote at the meeting and/or the Person appointed in writing by a public instrument as proxy or agent by any such Bondholder in accordance with the provision below. The elected secretary shall immediately provide the Trustee with a copy of the minutes of the meeting which copy shall be made available at any time to the Issuer and all Bondholders upon receipt of written request.
- (b) Any meeting of the Bondholders may be adjourned from time to time for a period or periods not to exceed in the aggregate one year from the date for which the meeting shall originally have been called, and the meeting so adjourned may be held without further notice. Any such adjournment may be ordered by Persons representing a majority of the aggregate principal amount of the Offer Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

Voting Rights

To be entitled to vote at any meeting of the Bondholders, a Person should be a registered holder of the Offer Bonds as reflected in the Registry of Bondholders, or a Person appointed in writing by a public instrument as proxy or agent by any such Bondholder (and, in case of corporate or institutional Bondholders, duly supported by the resolutions of its board of directors or equivalent body authorizing the appointment of the proxy or agent duly certified by its corporate secretary or an authorized officer) for the meeting. Bondholders shall be entitled to one vote for every ₱10,000.00. The only Persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the Persons entitled to vote at such meeting, the Trustee, and any representative of the Issuer and its legal counsel.

Voting Requirement

Except as provided in "*Description of the Offer Bonds – Amendments*", all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote

of the Majority Bondholders (present or represented in a meeting at which there is a quorum). Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee as if the votes were unanimous.

Role of the Trustee in Meetings of the Bondholders

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations (not inconsistent with the Trust Agreement) as it may deem advisable for any meeting of the Bondholders, with regard to proof of ownership of the Offer Bonds, the appointment of proxies by the Bondholders, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

Evidence Supporting the Action of the Bondholders

Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Offer Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing, or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith, or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

Non-Reliance

Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations hereunder, except for its gross negligence, fraud, evident bad faith or willful misconduct, as determined in a final and executory judgment by a court of competent jurisdiction.

Amendments

The Issuer and the Trustee may, without prior notice to or the consent of the Bondholders or other parties, amend or waive any provisions of the Trust Agreement if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency, provided, in all cases that such amendment or waiver does not adversely affect the interests of the Bondholders, provided, further, that all Bondholders are notified of such amendment or waiver.

With the consent of the Majority Bondholders, the Issuer, when authorized by a resolution of its board of directors or the executive committee of its board of directors, and the Trustee may, from time to time and at any time, enter into an agreement or agreements supplemental to the Trust Agreement for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of the Trust Agreement; provided, that no such supplemental agreement shall:

- (a) without the consent of all Bondholders affected thereby: (x) extend the maturity date of the Offer Bonds; or (y) reduce the principal amount of the Offer Bonds; or (z) reduce the rate or extend the time of payment of interest and principal thereon; or

- (b) impair the right of any Bondholder to (y) receive payment of principal of and interest on the Offer Bonds on or after the due dates therefore or (z) to institute suit for the enforcement of any payment on or with respect to such Bondholder;
- (c) affect the rights of some of the Bondholders without similarly affecting the rights of all the Bondholders;
- (d) make any Offer Bond payable in money other than that stated in the Offer Bond;
- (e) subordinate the Offer Bonds to any other obligation of the Issuer;
- (f) amend or modify the provisions of the Terms and Conditions on Taxation, the Events of Default or the waiver of default by the Bondholders;
- (g) make any change or waiver of the conditions under (i) "*Description of the Offer Bonds – Payment of Additional Amounts – Taxation*", (ii) "*Description of the Offer Bonds – Events of Default*" or (iii) "*Description of the Offer Bonds – Waiver of Default by the Bondholders*"; or
- (h) reduce the percentage of the Bondholders required to be obtained under the Trust Agreement for their consent to or approval of any supplemental agreement or any waiver provided for in the Trust Agreement, without the consent of all the Bondholders.

It shall not be necessary to obtain the consent of the Bondholders (*i.e.*, all the Bondholders or Majority Bondholders, as the case may be) for the purpose of approving the particular form of any proposed supplemental agreement but such consent shall be necessary for the purpose of approving the substance thereof.

Any consent given pursuant to this section shall be conclusive and binding upon all Bondholders and upon all future holders and owners of the Offer Bonds or of any Offer Bonds issued in lieu thereof or in exchange therefor, irrespective of whether or not any notation of such consent is made upon the Offer Bonds.

GOVERNING LAW

The Bond Agreements are governed by and are construed in accordance with Philippine law.

VENUE

Any suit, action, or proceeding against the Issuer with respect to the Offer Bonds or the Bond Agreements or on any judgment entered by any court in respect thereof may be brought in any competent court in the Cities of Makati and/or Mandaluyong, at the option of the plaintiff, and the parties submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment, the Issuer and Bondholders expressly waiving other venue.

WAIVER OF PREFERENCE

The obligations created under the Bond Agreements and the Offer Bonds shall not enjoy any priority of preference or special privileges whatsoever over any indebtedness or obligations of the Issuer. Accordingly, whatever priorities or preferences that the Bond Agreements may have or confer on any person under Article 2244, paragraph 14 of the Civil Code of the Philippines are hereby absolutely and unconditionally waived and renounced. This waiver and renunciation of the priority or preference under Article 2244, paragraph 14 of the Civil Code of the Philippines shall be deemed automatically revoked if it be shown that an indebtedness of the Issuer for borrowed money or any obligation has a priority or preference under the said provision.

DETERMINATION OF THE OFFER PRICE

The Bonds shall be issued at 100% of face value. The Interest Rate of the Bonds is based on the simple average of the applicable BVAL Reference Rate as published on the relevant page of Bloomberg at approximately 5:00 p.m. (Philippine Standard Time), for three (3) consecutive Business Days immediately preceding and ending on the interest rate setting date, plus the relevant credit spread for the Series G Bonds, Series H Bonds, and Series I Bonds.

RISK FACTORS

General Risk Warning

An investment in the Offer Bonds involves a number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of the Offer Bonds. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on the business, financial condition, and results of operations of the Company and cause the market price of the Offer Bonds to decline. All or part of an investment in the Offer Bonds could be lost. Investors deal in a range of investments, each of which may carry a different level of risk.

The means by which the Company intends to address the risk factors discussed herein are principally presented under "The Company — Strengths" beginning on page 105, "The Company — Areas of Strategic Focus" beginning on page 109, "Management" beginning on page 146, "Corporate Governance" on page 159, and "Management's Discussion and Analysis of Financial Position and Results of Operations" beginning on page 200 of this Offer Supplement.

The risk factors discussed in this section are of equal importance and are separated into categories for ease of reference only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to the Company's business, results of operations, financial condition, and prospects.

Prudence Required

This risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. Investors should undertake independent research and study on the trading of these securities before commencing any trading activity. Investors may request publicly-available information on the Offer Bonds and the Issuer thereof from the SEC and PSE.

Professional Advice

An investor should seek professional advice if he or she is uncertain of or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially high-risk securities.

Risk Factors

This Offer Supplement contains forward-looking statements that involve risks and uncertainties. Petron adopts what it considers conservative financial and operational controls and policies to manage its business risks. The Company's actual results may differ significantly from the results discussed in the forward-looking statements. See section "Forward-Looking Statements" of this Offer Supplement. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of Petron, in particular, and those that pertain to the over-all political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below.

Additional considerations and uncertainties not presently known to the Issuer or which the Issuer currently deems immaterial may also have an adverse effect on an investment in the Offer Bonds.

Investors should carefully consider all the information contained in this Offer Supplement including the risk factors described below, before deciding to invest in the Offer Bonds. The Company's business, financial condition and results of operations of the Company could be materially and adversely affected by any of these risk factors.

Risks Relating to the Company's Business and Operations

Volatility of the price of crude oil and petroleum products may have a material adverse effect on the Company's business, results of operations and financial condition.

Petron's financial results are primarily affected by the relationship, or margin, between the prices for its refined petroleum products and the prices for crude oil that is the main raw material for these refined petroleum products. Crude oil accounted for approximately 39%, 43% and 34% of Petron's total cost of goods sold in 2022, 2023, and 2024, respectively.

Many factors influence the price of crude oil, including changes in global supply and demand for crude oil, international economic conditions, global conflicts or acts of terrorism, weather conditions, domestic and foreign governmental regulation, price wars among oil producers, and other factors over which Petron has no control.

Russia-Ukraine War and Geopolitical Tensions in the Middle East

Ongoing geopolitical tensions continue to pose significant risks to the global oil market, affecting supply dynamics and price volatility. In particular, the prolonged Russia-Ukraine war and escalating conflicts in the Middle East have disrupted trade routes, constrained supply and heightened market fluctuations.

Sanctions and export controls against Russia have constrained oil exports, tightening global supply and increased oil prices. Meanwhile, the broader Israel-Palestine conflict – intensified by the protracted Israel-Gaza war – has also raised regional instability and uncertainty, especially with increased threats of escalation involving Iran and its allied groups. Houthi attacks in the Red Sea have also forced diversions of tanker routes, increased freight costs and risk of supply chain disruptions in critical oil-producing regions.

These conflicts have intensified volatility in the oil market, causing sharp fluctuations in oil prices and adding inflationary pressures and economic uncertainties worldwide.

Any escalation of the conflict between Russia and Ukraine, in the Middle East, or any other global developments that will threaten supply and demand situation for oil will continue to impact global markets and prices of oil and affect Petron's financial performance.

Global Trade Policy and Tariff Risks

Recent developments in U.S. trade policy have introduced significant macroeconomic uncertainties. U.S. President Donald Trump has been imposing additional tariffs on imports from Canada, Mexico, China, and from all over the world, with some economies like Canada and China responding with retaliatory increases in their own tariffs on U.S. products.

These trade policy swings and resulting trade war have sparked market turmoil, with global stock and oil markets heavily fluctuating day to day. Economists have also raised concerns on possible recession, especially in the U.S., as these tariffs will result in higher cost of goods for U.S. consumers and businesses. These developments causing heightened market volatility and recession fears would further expose the Company to price volatility that may affect the Company's financial performance.

Petron holds approximately two (2) months of crude oil and finished petroleum products inventory in the Philippines and one (1) month for Malaysia. Accordingly, since Petron accounts for its inventory using the first-in-first-out method, a sharp drop in crude oil prices could adversely affect Petron, as it may require Petron to sell its refined petroleum products produced with higher-priced crude oil at lower prices. Petron may not be able to pass crude oil price fluctuations along to its consumers in a timely manner, or at all, due to regulatory restrictions or social and competitive concerns. In rare instances in the past, there were times when the Philippine government intervened to restrict increases in the prices of petroleum products, such as during the aftermath of severe natural disasters, and lasting only for a limited period. Petron, fully cognizant of its social

responsibilities, heeds the government's calls for such price restraints. The national government has likewise been supportive and understanding of Petron's financial well-being, knowing the importance of Petron being able to carry out its mandate to ensure stable and efficient energy supply for the country. Any inability to pass on fluctuations in the price of crude oil may have an adverse effect on Petron's business, results of operations and financial condition. Moreover, even if Petron were able to pass on increases in the price of crude oil to its customers, demand for its products may decrease as a result of such price increases.

Furthermore, a sharp rise in oil prices would increase Petron's requirements for short-term financing for working capital and may result in higher financing costs. Any difficulties in securing short-term financing for working capital, or unfavorable pricing terms, may have a material adverse effect on Petron's financial condition and results of operations.

To minimize Petron's risk of potential losses due to volatility of international crude and product prices, Petron enters into commodity hedging for crude and petroleum products. The Company has a Commodity Risk Management Committee that regularly meets and actively evaluates hedging policies and strategies to protect crude inventories from risks of downward price movements and provide protection from margin contractions. Decisions are guided by the conditions set and approved by management.

Outbreak of any other highly infectious or contagious disease

While the global impact of COVID-19 has significantly receded, a potential outbreak of new highly infectious diseases or any pandemic may become a public health concern that could impact global markets and supply chains. While the Company has numerous initiatives in place to mitigate the adverse impact of any pandemic, the duration and extent of the impact are beyond the control of the Company.

The potential impact on the Company's business, operations, cash flows, and financial condition will depend on several unpredictable factors including, but are not limited to:

- the severity and duration of any pandemic;
- the extent and timeliness of the national and local government's response;
- operational disruptions, including restrictions or closure of offices, plants and other facilities;
- economic measures, fiscal policy changes, or other measures;
- the health of, and effect of any pandemic on, the Company's personnel and the Company's ability to maintain staffing needs to effectively sustain its operations;
- volatility in financial and commodity markets; and
- the pace of recovery.

The above factors and uncertainties, or others of which the Company is not currently aware, may result in adverse impact to the Company's businesses, results of operations, cash flows, and financial condition due to, but not limited to increased price volatility and currency exchange rates, fluctuating demand from destabilization of markets, and decline in business activity and government regulations that may restrict or limit mobility or business operations.

To mitigate these risks, the Company implements various initiatives to strengthen financial position and profitability such as optimizing refinery operations, prudent expense management, re-prioritizing capital expenditures to critical and necessary, sustained implementation of dealer sales support programs and enhancing hedging programs to manage oil price volatility and currency exchange risk. The Company also actively monitors and assesses the market for any developments that could affect its operations for timely and proactive responses to emerging challenges.

The extent to which any future outbreak of any other contagious disease impacts the Company will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of the pandemic in the Philippines, Malaysia and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals, which are highly uncertain and cannot be predicted. To the extent that a pandemic adversely affects the business and financial results of the Company, it may also have the effect of heightening many of the other risks described in this Offer Supplement.

The Company relies primarily on a small number of suppliers for a significant portion of its crude oil requirements in each of the Philippines and Malaysia.

Petron acquires crude oil for the Petron Bataan Refinery primarily through its arrangements with its wholly-owned subsidiary Petron Singapore Trading Pte. Ltd. (“**PSTPL**”), which in turn, obtains crude oil from different sources through a combination of term and/or spot purchase contracts. For Petron’s various crude requirements in 2025, PSTPL has term contracts with Saudi Aramco, Kuwait Petroleum Corporation (“KPC”), SOMO, and SIETCO. Pricing is determined through a formula that is linked to international industry benchmarks. The contract with Saudi Aramco is automatically renewed annually unless either the Company or Saudi Aramco elects to terminate the contract upon at least 60 days’ written notice prior to its expiration date. The contracts with KPC and SOMO are from January 1, 2025 to December 31, 2025. The contract with SIETCO is for three (3) years from November 6, 2023. As of the date of this Offer Supplement, none of the supply contracts has been terminated.

The supply of crude oil by Saudi Aramco, KPC, SOMO, and SIETCO on term basis and several other suppliers on a spot basis is subject to a variety of factors beyond Petron’s control, including geopolitical developments in and the stability of the oil-producing countries, government regulations with respect to the oil and energy industry in those regions, weather conditions and overall global economic conditions.

Petron acquires crude oil and condensate for the Port Dickson Refinery from various sources, through a combination of term purchase contracts and spot market purchases. Petron has a term supply contract for Tapis crude oil and Terengganu condensate with Exxon Mobil Exploration and Production Malaysia Inc. (“**EMEPMI**”) and term supply contracts for other Malaysian Crude Oil (MCO) with Shell International Eastern Trading Company (SIETCO), PT Pertamina and PTTEP Sabah Oil Limited, supplemented by other short-term supply contracts and spot crude purchases. The Port Dickson Refinery is able to source suitable crude oil blend to meet monthly optimal crude run. As of March 31, 2025, about 48% of the crude and condensate volume is sourced from EMEPMI, while the balance from other term and spot purchases. Productions are supplemented by imports and local purchases of finished products to meet domestic sales demand for LPG, gasoline and diesel through term and spot arrangements.

A disruption in the operations of Saudi Aramco, KPC, SOMO, EMEPMI, and/or other suppliers or a decision by any of them to amend or terminate their respective contracts with Petron, could impact Petron’s crude oil supply. If Petron’s supply of crude oil were disrupted, Petron would be required to meet any consequent supply shortfall through other suppliers or spot market purchases. Depending on market conditions at the time and timing of the disruption, such purchases from other suppliers or the spot market could be at higher prices than Petron’s purchases from Saudi Aramco, EMEPMI, or other suppliers which would adversely affect Petron’s financial condition and results of operations.

The Petron Bataan Refinery is capable of processing various types of crude oil. Petron’s crude oil optimization strategy includes the utilization of various types of crude oil ranging from light and sweet crude to heavier, more sour alternative crude, to provide additional value to Petron.

The completion of the second phase of Petron’s Refinery Master Plan project at the Petron Bataan Refinery (“**RMP-2**”) has given the Petron Bataan Refinery greater flexibility to use heavier, more sour alternative crude.

The Port Dickson Refinery is designed to process sweet crude oil. Petron’s crude oil optimization strategy for the Port Dickson Refinery includes diversification in processing different types of local as well as regional sweet crude oil. A new diesel hydrotreater process unit was completed in the second quarter of 2021 and allows the Port Dickson Refinery to process other higher sulfur Malaysian and regional crude oils.

If Petron is unable to obtain an adequate supply of crude oil or is only able to obtain such supply at unfavorable prices, its margins and results of operations could be materially and adversely affected.

Petron maintains sufficient inventory that provides ample lead time to source for supply and meet the needs of its clients, based on projected demand.

The Company's business, financial condition and results of operations may be adversely affected by intense competition, increasing presence of electric vehicles (EVs), and cyclicalities in global and regional refining capacities.

Petron faces intense competition from many multinational and local competitors in the sale of petroleum and other related products in the markets in which it operates. Because of the commodity nature of oil products, competition in the Philippine and international markets for refined petroleum products is largely driven by price as adjusted to account for differences in product specifications and transportation and distribution costs. Participants in the retail fuel and LPG sectors in the Philippines continue to rely on aggressive pricing and discounting to expand their market share. On the other hand, Petron's Malaysian operations are mostly subject to government price controls and quotas. As a result, competition in these market sectors is based primarily on product quality, operational cost efficiency, supply chain reliability and customer value creation.

Petron's competitiveness hinges on its ability to manage costs, improve the productivity of its service station network, increase and maintain efficiency at its refineries and terminal operations, effectively hedge against fluctuations in crude oil prices, maximize utilization of its assets and operations and comply with and obtain additional quotas from the Malaysian government. If Petron is unable to compete effectively, its financial condition and results of operations, as well as its business prospects, could be materially and adversely affected.

In addition, the Philippine oil industry is affected by ongoing smuggling and illegal trading of petroleum products. These illegal activities have resulted in decreases in sales volume and sales price for legitimate oil market participants in the Philippines. Petron's ability to compete effectively will depend to a degree on the proper enforcement of Philippine regulations by the Philippine government, which is beyond its control.

The growing popularity and rising pressure to increase the presence of EVs all over the world also pose a risk to the fuels marketing business. Several countries, including the Philippines and Malaysia, have already implemented policies and programs to encourage and incentivize the use of EVs, and transition away from the use of fossil fuels and traditional vehicles. This could result in reduced demand for gasoline and diesel, which will adversely impact Petron's revenues. While it may take a longer time for EVs to proliferate in the Philippines and Malaysia due to infrastructure limitations, Petron continues to monitor market developments, pursue and evaluate investments in EV charging stations, and strengthen Petron's non-fuel businesses, to mitigate potential impact of increasing fleet share of EVs in the industry.

Furthermore, the global and regional refining industry has historically experienced periods of tight supply, resulting in increased prices and margins, as well as periods of substantial capacity additions, resulting in oversupply and reduced prices and margins. Any downturn in prices or margins resulting from existing or future excess industry capacity could have a material adverse impact on Petron's business, financial condition and results of operations.

Petron strengthens and expands its retail and distribution network to improve its presence in both growing and high potential markets. In addition, Petron continues to invest in building brand equity to ensure consistent market recognition.

Any significant disruption in operations or casualty loss at the Company's refineries could adversely affect its business and results of operations and result in potential liabilities.

Petron's operation of its refineries could be adversely affected by many factors, including accidents, breakdown or failure of equipment, interruption in power supply, human error, fires, explosions, release of

toxic fumes, engineering and environmental problems, natural disasters and other unforeseen circumstances and problems. These types of disruptions could result in product run-outs, facility shutdowns, equipment repair or replacement, increased insurance costs, personal injuries, loss of life and/or unplanned inventory build-up, all of which could have a material adverse effect on the business, results of operations and financial condition of Petron.

Petron has insurance policies that cover property damage, marine cargo, third-party liability, personal injury, accidental death and dismemberment, sabotage and terrorism, machinery breakdown and business interruption to mitigate the potential impact of these risks. However, these policies do not cover all potential losses, and insurance may not be available for all risks or on commercially reasonable terms.

In 2019, the Petron Bataan Refinery suffered damages from an earthquake that hit the Province of Bataan. The facility suffered damage which entailed additional costs to the Company. Petron was able to claim and receive compensation from its Industrial All Risk (IAR) Insurance which minimized the impact of the additional costs to the Company's financial position.

There can be no assurance that operational disruptions will not occur in the future or that insurance will adequately cover the entire scope or extent of the losses or other financial impact on Petron.

The fuel business in Malaysia is regulated by the Malaysian government, and the Company is affected by Malaysian government policies and regulations relating to the marketing of fuel products.

As in many countries, the fuel business in Malaysia is regulated by the government. The Malaysian government regulates the retail pricing structure through the automatic pricing mechanism (“**APM**”), pursuant to which it mandates (i) the retail prices of certain refined petroleum products, and (ii) the product cost build-up. The APM covers (a) sales of formulated unleaded gasoline fuel with an octane index of 95 and 97 (“Mogas 95” and “Mogas 97”), (b) diesel to retail customers as well as to selected commercial logistics, transportation and fisheries sectors, and (c) LPG to retail customers. This regulated environment provides stability to Petron’s Malaysian operations in such sectors. Effective March 30, 2017, the Malaysian government implemented a managed float system under which the Malaysian government fixes the government-mandated retail prices of RON 95 and RON 97 petroleum and diesel on a weekly basis based on the Mean of Platts Singapore (“**MOPS**”). If government mandated prices are lower than the fuel products’ total built-up cost per the APM, Petron receives subsidies from the Malaysian government. Conversely, if government mandated prices are higher than the fuel products’ total built-up cost per the APM, Petron pays duties to the Malaysian government.

Effective June 10, 2024, the Malaysian government implemented a targeted subsidy on Diesel fuel across Peninsular Malaysia wherein diesel prices were first increased to RM3.35 per liter for Euro 5 B10 and B20 and RM3.55 per liter for Euro 5 B7 from the previously capped retail price of RM2.15 and RM2.35 per liter, respectively. Subsequently, the diesel prices in Peninsular Malaysia are floated and updated weekly. Under this diesel subsidy rationalization program, the Malaysian government set subsidised diesel fuel prices for eligible sectors in logistics, land public transportation and fisheries, whereas eligible private owners of diesel-powered vehicle receive RM200 monthly cash subsidy. This adjustment aims to reduce the financial burden on the government and ensures that subsidies are more effectively targeted towards those in need. While higher prices have temporarily impacted the local retail demand for diesel, Petron was able to improve diesel sales volume in its Commercial sector resulting from the market demand correction and change in purchasing channels post-implementation of the targeted subsidy program. Further, the Company remains committed in implementing various marketing programs to sustain and increase its retail sales volume and improve customer loyalty. Meanwhile, retail diesel remains priced at RM2.15 per liter in Sabah, Sarawak and Labuan.

Effective January 1, 2025, following the implementation of targeted subsidy on Diesel, the government increased the APM for oil companies’ diesel sales to retail, mini-stations and fisheries sector by additional 4.71 sen/liter in Peninsular Malaysia and 1 sen/liter for Sabah and Sarawak.

During the tabling of Budget 2025 in October 2024, the Malaysian government announced to switch the existing blanket fuel subsidy for Mogas 95 with a targeted subsidy by mid-2025, with the same objectives as the diesel targeted subsidy program. The Mogas 95 targeted subsidy mechanism is still being refined by the Government as of March 31, 2025.

In addition, the sale of retail and partial commercial diesel in Malaysia is subject to a quota system that applies to oil companies and eligible users and customers to ensure that subsidized diesel is not sold illegally to customers who are not entitled to the subsidies. Diesel sales that exceed the volumes permitted under Petron's or its customers' quotas are not eligible for government subsidies.

Petron keeps itself updated on government policies and regulations pertaining to the oil industry in Malaysia in order to identify potential regulatory risks and proactively respond to these risks.

Compliance with and renewal of licenses, permits and other authorizations and continued compliance with safety, health, environmental and zoning laws and regulations may adversely affect the Company's results of operations and financial condition.

Petron is required to maintain licenses, permits, and other authorizations for the operations of its businesses. These licenses, permits, and other authorizations contain various requirements that must be complied with to keep the same valid. If Petron fails to meet the terms and conditions of any of the licenses, permits or other authorizations necessary for operations, these operations may be suspended or terminated.

Petron currently leases foreshore areas in Rosario, Cavite; Alangan, Limay, Bataan; Maunlad, Puerto Princesa; La Paz, Iloilo; Culasi, Roxas City; and Barrio Pampanga Sasa, Davao City, whose applications are all pending with the DENR. Petron continues to enjoy possession and use of the foreshore areas and has been paying the occupancy fees to the DENR. However, there is no assurance that the applications for the foreshore lease agreements would be approved by the DENR and the Company will be able to use the premises. To mitigate this risk, Petron is working with the DENR to process the applications of the foreshore lease and, in the interim, and is annually paying occupancy fees.

There can be no assurance that Petron will continue to be able to renew the necessary licenses, permits, and other authorizations as necessary or that such licenses, permits, and other authorizations will not be revoked. If Petron is unable to obtain or renew them or is only able to do so on unfavorable terms, this could have an adverse effect on Petron's business, financial condition, and results of operations.

While Petron believes that it has, at all relevant times, materially complied with all applicable laws, rules and regulations and that all requirements, permits, and approvals are obtained in a timely manner, there is no assurance that changes in laws, rules or regulations or the interpretation thereof by relevant government agencies, will not result in Petron having to incur substantial additional costs or capital expenditures to upgrade or supplement its existing facilities, or being subject to fines and penalties.

Petron has incurred, and expects to continue to incur, operating costs to comply with applicable safety, health, environmental and zoning laws and regulations. Programs were implemented to comply with government-mandated health and safety regulatory guidelines, such as: (a) compliance by the Petron Bataan Refinery, terminal operations, and Petron's headquarters with Republic Act No. 11058 Occupational Safety and Health ("OSH") Compliance Binder; (b) compliance with mandatory eight (8)-hour OSH seminars; (c) implementation of Contractor Safety Management which establishes a guideline to Contractors on the minimum Health and Safety requirements that should be complied with prior to commencement and during execution of any work activities within Petron's facilities/premises, among others. In addition, Petron has made, and expects to continue to make, capital expenditures on an ongoing basis to comply with safety, health, environmental and zoning laws and regulations. The submission of technical position paper and the lobbying efforts of CTSG-Environment through Technical Working Groups of Industry Association have contributed to the issuance of Department Administrative Order No. 2021-19 relaxing the effluent standards for parameters of concern: Ammonia, Sulfate, Phosphate, Boron, Dissolved Copper and Fecal Coliform. Wastewater discharge from Petron Bataan Refinery is compliant with Clean Water Act effluent standards without the need to upgrade its wastewater treatment facility. There can be no assurance that Petron will be in compliance with applicable laws and regulations or will not become involved in future litigation or other proceedings or be held responsible in any future litigation or proceedings relating to safety, health, environmental and zoning matters, the costs of which could be material.

In addition, safety, health, environmental and zoning laws and regulations in the Philippines and Malaysia have become increasingly stringent. There can be no assurance that the adoption of new safety, health,

environmental and zoning laws and regulations, new interpretations of existing laws, increased governmental enforcement of safety, health, environmental and zoning laws or other developments in the future will not result in Petron being subject to fines and penalties or having to incur additional capital expenditures or operating expenses to upgrade or relocate its facilities. For example, the implementation of Euro IV standards in the Philippines in 2016 and of various Euro 4M and Euro 5 standards phased from 2015 through 2027 in Malaysia require Petron to make capital expenditures to meet these standards. Petron has complied with the Euro IV standards in the Philippines and has completed the construction of a new diesel hydrotreater process unit in the Port Dickson Refinery to comply with Euro 5 diesel regulations, as mandated by the Malaysian government beginning April 1, 2021. If Petron fails to complete its planned refinery upgrades or enhancements on time, it may have to import additional products in the spot market to blend with its own production to ensure compliance with the relevant standards, which could have a material adverse effect on Petron's financial condition and results of operations.

In addition, if the measures implemented by Petron to comply with applicable laws, regulations and standards are not deemed sufficient by governmental authorities, compliance costs may significantly exceed current estimates, and expose Petron to potential liabilities, including administrative penalties. If Petron fails to meet safety, health and environmental requirements, it may be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against Petron and damage to its reputation, as well as orders that could limit or affect its operations. There is no assurance that Petron will not become involved in future litigation or other proceedings relating to safety, health and environmental matters. Litigation or other proceedings are inherently unpredictable and may be time-consuming and disruptive to Petron's business and operations, regardless of the merits of the claims. There is no assurance that Petron will not be held responsible in any such future litigation or other proceedings, the costs of which could be material. Environmental compliance and remediation costs at sites on which Petron's facilities are located or other locations and related litigation and other proceedings could materially and adversely affect Petron's financial condition and results of operations.

The Company is also exposed to transition risks associated with the evolving regulatory landscape for carbon emissions. The introduction of carbon pricing mechanisms could significantly increase the Company's costs, potentially impacting its profitability.

Petron maintains a strong compliance culture and monitors government policies and regulations to enable Petron to identify potential regulatory risks and proactively respond to such risks.

Failure to respond quickly and effectively to product substitution or government-mandated product formulations may adversely affect the Company's business and prospects.

Any potential increase in oil prices and environmental concerns could make it more attractive for Petron's customers to switch to alternative fuels such as compressed natural gas and electric vehicles for transport and liquefied natural gas for power. Additionally, increasing biofuels content in gasoline and diesel effectively displaces refinery-produced products.

For instance, the Philippine government has announced the implementation of the increase in coco methyl ester ("**CME**") content of biodiesel from 2% to 3%, beginning October 1, 2024, and further increase to 4% by 2025 and 5% by 2026. In addition, the government also targets to increase ethanol content in gasoline from the current 10% to 20% by 2040.

In Malaysia, PME content in diesel was increased from 10% to 20% in Langkawi, Labuan and Sarawak in 2020. Planned increase from 10% to 20% in Sabah and Peninsular Malaysia was temporarily put on hold indefinitely from previous timeline of 2021 due to the pandemic and changes in the Malaysian Government's funding priorities.

If Petron does not respond quickly and effectively to product substitutions or government mandated product formulations in the future, its business and prospects may be adversely affected.

To ensure adherence to government product substitution requirements, Petron monitors developments in

government policies and coordinates with regulators.

The Company's business strategies require significant capital expenditures and financing, and are subject to a number of risks and uncertainties, and its financial condition and results of operations may be adversely affected by its debt levels.

Petron's business is capital intensive. Specifically, the processing and refining of crude oil and the purchase, construction and maintenance of machinery and equipment require substantial capital expenditures. Petron's ability to maintain and increase its sales, net income and cash flows could be impacted by the timely and successful completion and execution of its planned capital expenditure projects. Specifically, Petron intends to (i) reap the full benefits of its completed investments such as the new powerplant in the Petron Bataan Refinery, Diesel Hydrotreater and Marine Import Facility in the Port Dickson Refinery, (ii) continue investment in the Petron Bataan Refinery facilities to (a) ensure reliability and efficiency of critical refinery processes, and (b) maximize production of higher-value products; (iii) strategically build new service stations in high-growth or high-volume sites and expand its retail network for its LPG, lubes, and non-fuel segment; (iv) expand and upgrade its logistics capacity and tank truck fleet, and (v) expand Malaysia operations with new service stations, facilities improvements in the Port Dickson Refinery, and construction of new terminals to increase market reach.

If Petron fails to complete its planned capital expenditure projects on time or within budget or at all, or to operate its facilities at their designed capacity, it may be unable to achieve the targeted growth in sales and profits, and its business, results of operations and financial condition could be adversely affected. Furthermore, there can be no assurance that the Petron Bataan Refinery will run at the expected capacity or achieve the expected production profile, or that there will be sufficient demand and logistical support for Petron's production. Any of the foregoing factors could adversely affect Petron's business, financial condition and results of operations.

In addition, Petron has incurred a substantial amount of indebtedness to finance its capital expenditure projects. Petron's ability to complete its planned capital expenditure projects and meet its debt servicing obligations will depend in part on its ability to generate sufficient cash flows from its operations and obtain adequate additional financing. There can be no assurance that Petron will be able to generate sufficient cash flows from its operations or obtain adequate financing for its planned capital expenditure projects or to meet its debt servicing obligations, on acceptable terms or at all. Failure by Petron to finance and successfully implement its planned capital expenditure projects could adversely affect its business, financial condition and results of operations.

Petron judiciously monitors and prioritizes capital expenditure projects and ensures costs are within budget and progress is on track. Petron likewise practices prudent financial management.

Changes in applicable taxes, duties and tariffs could increase the Company's operating costs and adversely affect its business, results of operations and financial condition.

Petron's operations are subject to various taxes, duties and tariffs.

The tax and duty structure of the oil industry in the Philippines has undergone some key changes in recent years. For example, duties for the import of crude oil and petroleum products into the Philippines were increased on January 1, 2005 from 3% to 5%, and these duties were subsequently reduced to 0% with effect from July 4, 2010 (except for certain types of aviation gas). Furthermore, the Philippine government imposed an additional 12% VAT on the sale or importation of petroleum products in 2006.

On January 1, 2018, Republic Act No. 10963, also known as the TRAIN Law, took effect. The TRAIN Law is the first package under the Comprehensive Tax Reform Program ("CTRP") of the Philippine government. The TRAIN Law 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 ₱2.65- ₱2.00-₱1.00 per liter ("li") per year for premium unleaded gasoline, ₱2.50-₱2-₱1.50/li per year for diesel and fuel oil, ₱1.00- ₱1.00-₱1.00/kg per year for LPG, and ₱0.33-₱0-₱0/li per year 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 means of transportation. 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. The cost for the fuel marker was subsidized by the government in the initial year of implementation and eventually passed on to oil companies effective September 2020.

The second package of the tax reform program, the CREATE Act (Republic Act No. 11534), was signed into law on March 26, 2021 and took effect on April 11, 2021. The CREATE Act lowers the corporate income tax and provides for rationalization of fiscal incentives that may be granted by investment promotion agencies (such as the Authority of the Freeport Area of Bataan) to qualified registered business enterprises. Under the CREATE Act, the corporate income tax rate for domestic corporations and resident foreign corporations shall be reduced to 25% effective July 1, 2020 and effective on January 1, 2021 for non-resident foreign corporations; domestic corporations, resident foreign corporations no longer have an option to be taxed at 15% on gross income; and the rate of the MCIT is lowered to 1% from July 1, 2020 to June 30, 2023.

As part of the rationalization of tax incentives, the CREATE Act provides that (i) any law to the contrary notwithstanding, the importation of petroleum products by any person shall 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, shall be exempt from payment of applicable duties and taxes, provided 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 BOC and the BIR to ensure that crude oil shall not be lifted from the refinery without payment of appropriate duties and taxes.

On 28 November 2024, Republic Act 12066 or CREATE MORE Act took effect. Under the CREATE MORE Act, the following key provisions were introduced, among others:

- International carriers of Philippine or foreign registry directly importing petroleum products, on their use or consumption outside the Philippines are exempt from excise tax;
- Importation of fuel, goods, and supplies used for international shipping or air transport operations is VAT-exempt, regardless of whether the importer is engaged in both domestic and international operations, as long as the imports are used solely for international operations;
- Those engaged in the (1) export of goods and services; (2) engaged in e-commerce; and (3) those under the jurisdiction of the Large Taxpayer Services shall be required to issue electronic invoices. This is, however, dependent on the BIR's establishment of a system which is capable to store and process the required data;
- Removal of the minimum creditable withholding tax rate and reduction of the maximum rate to 15%;
- The BIR's processing period for excise tax refund claims is set at 90 days from the date of filing; and
- Increase in the investment threshold requiring Fiscal Incentives Review Board (FIRB) approval to Php15 billion and above.

The House of Representatives passed a CMEPA bill (the Capital Markets Efficiency Promotion Act) (H.B. No. 9277). Early this year, the Senate approved on final reading its own version of the CMEPA bill (S.B. No. 2865). The changes were later approved by the Bicameral Conference Committee on February 5, 2025.

There is no copy of the Bicom version currently available but the following are the key amendments in the Senate version: (i) lowering of the Stock Transaction Tax from 0.6% to 0.1% of the gross selling price or gross value in money; (ii) lowering the DST due from the original issuance of shares from 1% to 0.75% of the par value and introduces DST exemption on the original issuance of certificate, redemption, and disposition of Unit Investment Trust Funds (UITFs) and mutual funds; (iii) exclusions from Gross Income of “gains from the redemption of shares or units of participation in mutual funds and UITFs” to the list of items excluded from gross income and exempt from taxation; (iv) removal of the preferential tax rates and exemptions on long-term deposits and investments so that the interest income on long-term deposits and investments, like other types of deposits, will be subject to a final tax of 20%; and (v) changes to the definition of “shares” to a descriptive one, leaving less room for interpretation and the definition of the term “passive income”.

On June 1, 2018, the Malaysian government withdrew the Goods and Services Tax (“GST”). The GST was replaced with a Sales and Services Tax (“SST”) on September 1, 2018.

Under the GST tax mechanism, businesses charged and collected GST on all taxable goods and services supplied to consumers and subsequently claimed the amount of GST paid on the business inputs by offsetting against the output tax.

Under the SST tax regime, however, selected operating expenses are subject to SST with no claiming mechanism. This could therefore increase operation cost. Petron has thus applied for some exemption (importation of machinery and selected raw materials) under the Sales Tax Exemption Order to reduce such cost.

There can be no assurance that any future tax changes in the Philippines or Malaysia would not have a material and adverse effect on Petron’s business, financial condition and results of operations. Petron maintains a strong compliance culture and monitors government policies and regulations to enable Petron to identify potential regulatory risks and proactively respond to such risks.

The Company may be adversely impacted by the fluctuations in the value of the Philippine Peso and the Malaysian Ringgit against the U.S. dollar.

The substantial majority of the Company’s revenues are denominated in either Philippine Pesos or Malaysian Ringgit, while the substantial majority of its expenses, including crude oil purchases and foreign currency denominated debt service costs, are in U.S. dollars. In the year ended December 31, 2022, 2023, and 2024, approximately 43%, 45%, and 43%, respectively, of the Company’s revenues were denominated in Philippine Pesos, approximately 33%, 31%, and 28%, respectively, of its revenues were denominated in Malaysian Ringgit, while approximately 81%, 74%, and 75%, respectively, of its cost of goods sold were denominated in U.S. dollars. In addition, as of December 31, 2024, 26% of the Company’s outstanding debt was denominated in U.S. dollars. The Company’s financial reporting currency is the Philippine Peso, and therefore depreciation of the Philippine Peso relative to the U.S. dollar would result in increases in the Company’s foreign currency denominated expenses as reflected in its Philippine Peso financial statements, and could also result in foreign exchange losses resulting from the revaluation of foreign currency denominated assets and liabilities, including increases in the Philippine Peso amounts of the Company’s U.S. dollar-denominated debt obligations, thereby adversely affecting the Company’s results of operations and financial condition. In addition, there can be no assurance that the Company could increase its Philippine Peso or Ringgit-denominated product prices to offset increases in its crude oil or other costs resulting from any depreciation of the Philippine Peso or the Ringgit, as applicable. From January 1, 2022 to March 31, 2025, the value of the Philippine Peso against the U.S. dollar fluctuated from a low of ₱50.89 to a high of ₱59.00. In the same period, the value of the Malaysian Ringgit against the U.S. dollar fluctuated from a low of RM4.1100 per U.S. dollar to a high of RM4.7960 per U.S. dollar. While the Company uses a combination of natural hedges, which involve holding U.S. dollar-denominated assets and liabilities, and derivative instruments to manage its exchange rate risk exposure, its exchange rate exposures are not fully protected. There can be no assurance that the value of the Philippine Peso or the Malaysian Ringgit will not decline or continue to fluctuate significantly against the U.S. dollar, and any significant future depreciation of the Philippine Peso or the Malaysian Ringgit could have a material adverse effect on the Company’s margins, results of operations and financial condition.

The Company undertakes hedging of foreign exchange risk to manage its exposure to foreign currency denominated liabilities and the risk posed by foreign exchange fluctuations in the cost of its imported petroleum products.

The Company depends on experienced, skilled and qualified personnel and management team, and its business and growth prospects may be disrupted if it is unable to retain their services.

The Company depends on experienced, skilled and qualified personnel for the management and operation of its business. Loss or shortage of such experienced, skilled or qualified personnel may lead to operating challenges and may incur additional costs in hiring and training new personnel given the high investment in technical trainings and long learning curve needed to train such personnel. Increasing competition in sourcing talents also poses an added challenge as companies vie to attract and employ people with the desired competencies. Inability to identify and train replacement employees (including the transfer of significant internal historical knowledge and expertise to new employees), the limited qualified talent in the labor market, and rising cost of contract labor may adversely affect the Company's ability to manage and operate its business. The loss of a significant number of qualified personnel, if not well-managed, may disrupt and affect the entire Company's operations, outputs, and financials.

In addition, the Company significantly relies on, and will likely continue to rely on, the continued individual expertise and collective contributions of its management team. The Company recognizes that these key personnel may separate from the Company at any point (e.g., by retirement or resignation, among others); thus, a sound management succession plan is in place. However, the inability to retain and engage members of its management team or failure of the succession plan to materialize could have a material adverse effect on the overall operation of its business.

To mitigate this risk, the Company ensures that its compensation and benefit packages for its management, officers, staff and rank-and-file are comprehensive, relevant, and at par with industry standards. Promotions and pay raises are given to select employees as recognition of their outstanding work performance. In addition, performance appraisals are conducted regularly to ensure the alignment of employees' outputs towards the Company's corporate objectives and targets.

The Company's controlling shareholders may have interests that may not be the same as those of other shareholders.

San Miguel Corporation ("SMC"), directly and indirectly, holds an effective 71.78% of the Company's outstanding common equity as of March 31, 2025. See "Ownership and Corporate Structure" of this Offer Supplement. SMC is not obligated to provide the Company with financial support. The interests of SMC may differ from those of the other shareholders. SMC may direct the Company in a manner that is contrary to the interests of the shareholders. There can be no assurance that conflicts of interest between SMC and the other shareholders will be resolved in favor of the Company's shareholders. If the interests of SMC conflict with the interests of the Company, the Company could be disadvantaged by the actions that SMC chooses to pursue.

The Company has adopted and consistently implemented appropriate corporate governance procedures and policies consistent with Philippine law and industry best practices to reduce or eliminate conflict of interest.

In addition, while the Company expects to benefit from its ongoing relationship with SMC and its subsidiaries and affiliates through their global reach and relationships, there can be no assurance that SMC will allow the Company to have access to such benefits.

The Company may fail to integrate acquired businesses properly, which could adversely affect the Company's results of operations and financial condition.

From time to time, the Company considers selective opportunities to expand both domestically and outside the Philippines through strategic acquisitions consistent with its focuses on increased production of diesel, gasoline, jet fuel, kerosene and LPG ("White Products"), expansion of its sales network and logistics capability, and the creation of operational synergies. However, there can be no assurance that the Company

will be able to integrate its acquisitions fully in line with its strategy. Any failure to do so could have a material adverse effect on the business, results of operations and financial condition of the Company. To mitigate such risk, the Company conducts a thorough due diligence to identify any challenges and risks before any acquisition, and also develops a detailed integration plan with a dedicated team working on the project and its successful transition and integration. After any acquisition, the Company also continues to closely monitor and review the financial and operational performance of the acquired business and ensure smooth transition and integration.

If the number or severity of claims increases, or if it is required to accrue or pay additional amounts because the claims prove to be more severe than its recorded liabilities, the Company's financial condition and results of operations may be materially and adversely affected.

The Company's refining of crude oil and marketing and distribution of refined petroleum products in the Philippines and Malaysia are subject to inherent risks, such as equipment defects, malfunctions, failures or misuse, which could cause environmental pollution, leaks or spills, personal injury or loss of life, as well as damage to and destruction of the environment, which could result in liabilities that exceed the Company's insurance coverage and have a material adverse effect on its financial condition and results of operations. The Company could also be adversely affected by business interruptions caused by war, terrorist activities, mechanical failure, human error, political action, labor strikes, fire and other circumstances or events.

The Company uses a combination of reinsurance and purchased insurance to cover its properties and certain potential liabilities. The Company's insurance coverage includes property, marine cargo and third-party liability, as well as personal injury, accidental death and dismemberment, sabotage and terrorism, machinery breakdown and business interruption. One of the main insurance policies of the Company, the Industrial All Risk (the "IAR") policy, covers the Petron Bataan Refinery for material damages and machinery breakdown. All insurance policies relating to the Company's Philippine operations are written by Petrogen Insurance Corporation ("Petrogen"), formerly a wholly-owned subsidiary. In January 2021, SMC made a ₱3.00 billion equity investment in Petrogen, enabling Petrogen to expand its insurance business. For its Malaysian operations, the Company purchases insurance from Malaysian insurance companies, consistent with Malaysian law. The Company estimates the liabilities associated with the risks retained by it, in part, by considering historical claims, experience and other actuarial assumptions which, by their nature, are subject to a degree of uncertainty and variability. Among the causes of this uncertainty and variability are unpredictable external factors affecting future inflation rates, discount rates, litigation trends, legal interpretations and actual claim settlement patterns.

The Company regularly reviews and updates its insurance policies to ensure it is reasonably protected from foreseeable events and risks.

Existing or future claims against the Company, its subsidiaries, associates or joint ventures, or directors or key management may have an unfavorable impact on the Company.

From time to time, the Company, its subsidiaries, associates or joint ventures, or directors or key management may be subject to litigation, investigations, claims and other legal proceedings. For a description of certain legal proceedings, see "Business—Legal Proceedings" of this Offer Supplement. Legal proceedings could cause the Company to incur unforeseen expenses, occupy a significant amount of management's time and attention, and negatively affect the Company's business operations and financial position. Further, legal proceedings could continue for a prolonged period of time and be time-consuming with unpredictable outcomes and it is difficult for the Company to predict the possible losses, damages or expenses arising from such legal proceedings. An unfavorable outcome in these or other legal proceedings could have a material adverse effect on the Company's business, financial position, results of operations and cash flows. With respect to the ongoing legal cases, while the final outcomes of these legal proceedings are not certain, the Company believes it has strong legal grounds in each of these legal proceedings. In certain cases, the Company has made provisions in its financial statements for possible liabilities arising from adverse results of these legal proceedings.

Changes in applicable accounting standards may impact the Company's businesses, financial condition and results of operations.

The PFRS Council issues, from time to time, new standards and amendments to existing standards and interpretations. There can be no assurance that the Company's financial condition, results of operations or cash flows will not appear to be materially worse under the new standards. Furthermore, any failure to successfully adopt the new standards may adversely affect the Company's results of operations or financial condition.

The Company evaluates and studies the impact (if any) of these new standards upon pronouncements of governing bodies. Disclosures of these standards are included in the annual and quarterly notes to financial statements of the Company. Annual trainings and guided simulations are conducted for the concerned personnel prior to the adoption of such standards to ensure proper compliance. Necessary updating and changes in accounting policies and procedures are also undertaken as part of preparation and implementation.

Risks Relating to the Philippines and Malaysia

The Company's business and sales may be negatively affected by slow growth rates and economic instability in the Philippines and Malaysia, as well as globally.

The Company derives substantially all of its revenues and operating profits from sales of its products in the Philippines and Malaysia. In 2022, 2023, and 2024, the Company derived approximately 64%, 66%, and 69%, respectively, of its sales from its Philippine operations and approximately 36%, 34%, and 31%, respectively, of its sales from its Malaysian operations. The Company's product demand and results of operations have generally been influenced to a significant degree by the general state of the Philippine and Malaysian economies and the overall levels of business activity in the Philippines and Malaysia, and the Company expects that this will continue to be the case in the future. The Philippines and Malaysia have both experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine Peso or the Malaysian Ringgit, as applicable, and the imposition of exchange controls. The Company cannot assure prospective investors that one or more of these factors will not negatively impact Philippine or Malaysian consumers' purchasing power, which could materially and adversely affect the Company's financial condition and results of operations.

In the past, the Philippine and Malaysian economies and the securities of Philippine companies have been influenced, to varying degrees, by economic and market conditions in other countries, particularly other countries in Southeast Asia, as well as investors' responses to those conditions. The uncertainty surrounding the global economic outlook could cause economic conditions in the Philippines and/or Malaysia to deteriorate. Any downturn in the Philippine or Malaysian economies may negatively affect consumer sentiment and general business conditions in the Philippines or Malaysia, as applicable, which may lead to a reduction in demand for the Company's products and materially reduce the Company's revenues, profitability and cash flows. Moreover, there can be no assurance that current or future Philippine and Malaysian government policies will continue to be conducive to sustaining economic growth.

Political instability, acts of terrorism or military conflict or changes in laws or government policies in the Philippines or Malaysia could have a destabilizing effect and may have a negative effect on the Company.

The Philippines has, from time to time, experienced political and military instability, including acts of political violence. In the last few decades, there has been political instability in the Philippines, including extra-judicial killings, alleged electoral fraud, impeachment proceedings against two former presidents and two chief justices of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by previous administrations. In addition, several officials of the Philippine government are currently under investigation or have been indicted on corruption charges stemming from allegations of misuse of public funds, extortion, bribery, or usurpation of authority. In early 2025, high-profile impeachment proceedings were also initiated against a sitting vice president, while ongoing legal actions under the International Criminal Court

(ICC) continue to involve a former president in connection with alleged human rights violations committed during their term, drawing national attention and further underscoring the country's persistent political turmoil. There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy. Additionally, the mid-term national and local election, in which 12 senators, representatives of the House of Representatives and local officials will be elected, is set on 12 May 2025. Results of the mid-term national and local election may result to developments that may impact the Company's operations.

No assurance can be given that the future political or social environment in the Philippines will be stable or that current and future governments will adopt economic policies conducive for sustaining economic growth. An unstable political or social environment, whether due to the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the business, operations, and financial condition of Petron. A major deviation from the policies of the immediate past administration or fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. Any potential instability could have an adverse effect on the Philippine economy, which may impact the Company's businesses prospects, financial condition, and results of operations.

The Philippines has also been subject to a number of terrorist attacks and the Armed Forces of the Philippines has been in conflict with groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines. In addition, bombings have taken place in the Philippines, mainly in cities in the southern part of the country. For example, in May 2017, the city of Marawi in Lanao del Sur, Mindanao, was assaulted by the Maute Group, terrorists who were inspired by pledged allegiance to the Islamic State of Iraq and Syria ("ISIS"). Due to the clash between the Philippine government forces and the terrorists and the risk of the armed conflict spilling over to other parts of Mindanao, martial law was declared in the entire island of Mindanao, Philippines. In October 2017, the city was declared liberated from the terrorists. Despite this, the Philippine Congress extended the imposition of martial law in Mindanao until the end of 2019, citing persistent threats of terrorism and rebellion and to ensure the total eradication of ISIS-inspired terrorists in the country. The martial law in Mindanao was lifted on January 1, 2020, while the state of national emergency was lifted on July 25, 2023. An increase in the frequency, severity or geographic reach of these terrorist acts could destabilize the Philippines, and adversely affect the country's economy. These armed conflict and terror attacks could lead to further injuries or deaths by civilians and members of the military, which could destabilize parts of the country and adversely affect the country's economy. The Philippine legislature passed the Anti-Terrorism Act of 2020 (Republic Act No. 11479), which has drawn criticism from, and sparked protests by, various sectors because of its controversial provisions on warrantless arrests and its broad definition of terrorist acts, which may be used to target government critics.

In Malaysia, the threat of political instability remains after the resignation of Mahathir Mohamad as Prime Minister in early 2020. There has been no political party or coalition controlling the strong majority with the replacement Prime Minister constantly being threatened by a vote of no confidence. Mistrust of the government was further intensified with the worsening pandemic situation that the country previously experienced.

In August 2021, the sitting prime minister, Muhyiddin Yassin, also resigned and his deputy Prime Minister, Ismail Sabri Yaakob, was appointed as the new prime minister. The new Prime Minister is the third after the general election in 2018. During the last general election in November 2022, no single party or political coalition gained simple majority to form a government. Anwar Ibrahim having the highest seats under the Pakatan Harapan coalition was appointed as the Prime Minister and formed the Unity Government after gaining support from other coalitions namely Barisan Nasional and political parties from Sabah and Sarawak. With frequent changes in the government, different priorities in terms of regulations affecting the industry have been endorsed or rescinded.

The Company's Corporate Affairs Department in Malaysia works either individually or together with other oil industry players to constantly engage and collaborate with relevant government agencies to prevent potential negative implication to the oil industry due to changes in government regulations.

Territorial and other disputes with neighboring states may disrupt the Philippine economy and business environment.

Competing and overlapping territorial claims by the Philippines, China and several Southeast Asian nations (such as Vietnam, Brunei and Malaysia) over certain islands and features in the West Philippine Sea (South China Sea) have for decades been a source of tension and conflicts. China continues to assert broad claims historic rights to nearly all of the West Philippine Sea based on its so-called “nine-dash line” and in recent years dramatically expanded its military presence in the sea which has raised tensions in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the international arbitration tribunal based at the Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea (UNCLOS). In July 2016, the tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the “nine-dash line” claim of China is invalid. Despite such ruling, enforcement of the Philippines’ sovereign rights over its exclusive economic zone remains a challenge. In recent years, confrontations between Chinese and Philippine vessels – including dangerous maneuvers, water cannon incidents, and the blocking of Philippine resupply missions to outposts in the West Philippine Sea – have escalated. Tensions intensified in early 2025 following a series of standoffs and the Philippines’ announcement of expanded patrols with key allies such as the United States, Japan, and Australia under enhanced defense cooperation agreements.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has taken steps to exercise control over the disputed territory. In such event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected.

Any deterioration in the Philippine economy as a result of these territorial disputes, including a significant depreciation of the Philippine Peso or increase in interest rate, may adversely affect consumer sentiment and lead to a reduction in consumer spending generally. This, in turn, could materially and adversely affect Petron’s financial condition and results of operations, and its ability to implement its business strategy and expansion plans.

The occurrence of natural or man-made catastrophes or electricity blackouts may materially disrupt the Company’s operations.

The Philippines and Malaysia have experienced a range of major natural or man-made catastrophes including typhoons, volcanic eruptions, earthquakes, tsunamis, mudslides, fires, droughts and floods related to El Niño and La Niña weather events. Natural catastrophes may cause significant damage to facilities which could further increase costs, disrupt the Company’s ability to produce or distribute its products and impair the economic conditions in affected areas, as well as the overall Philippine and Malaysian economies. The Philippines and Malaysia have both experienced electricity blackouts resulting from insufficient power generation, faulty transmission lines and other disruptions, such as typhoons or other tropical storms. These types of events may materially disrupt the Company’s business and operations and could have a material adverse effect on the Company’s financial condition and results of operations. The Company has insurance policies that cover business interruption and material damage to its facilities caused by natural catastrophes. There can be no assurance that the insurance coverage that the Company maintains for these risks will adequately compensate the Company for all damages and economic losses resulting from natural or man-made catastrophes or electricity blackouts, including possible business interruptions.

Investors may face difficulties in enforcing judgments against the Company

The Company is organized under the laws of the Philippines and most of its assets are located in the Philippines and Malaysia. It may be difficult for investors to effect service of process outside the Philippines upon the Company with respect to claims pertaining to the Offer Bonds. Moreover, it may be difficult for investors to enforce in the Philippines or Malaysia judgments against the Company obtained outside the Philippines or Malaysia, as applicable, in any actions pertaining to the Offer Bonds, particularly with respect

to actions for claims to which the Company has not consented to service of process outside the Philippines or Malaysia, as the case may be. In addition, substantially all of the directors and senior management of the Company are residents of the Philippines, and all or a substantial portion of the assets of these persons are or may be located in the Philippines. As a result, it may be difficult for investors to effect service of process outside of the Philippines upon such persons or to enforce against them judgments obtained in courts or arbitral tribunals outside the Philippines.

While the Philippines is a party to the United Nations Convention on the Enforcement and Recognition of Arbitral Awards, it is not a party to any international treaty relating to the recognition or enforcement of foreign judgments. Philippine law provides that a final and conclusive judgment of a foreign court is enforceable in the Philippines through an independent action filed in accordance with the relevant procedures set forth in the Rules of Court of the Philippines to enforce such judgment, and without re-trial or re-examination of the issues, only if (i) the court rendering such judgment had jurisdiction in accordance with its jurisdictional rules; (ii) the other party had notice of the proceedings; (iii) such judgment was not obtained by collusion or fraud or based on a clear mistake of fact or law; and (iv) such judgment was not contrary to public policy, public order, law, morals or good customs in the Philippines.

A judgment obtained against the Company in a court of a reciprocating country (as listed in the First Schedule of the Reciprocal Enforcement of Foreign Judgments Act 1958 (Revised 1972) of Malaysia (the “**Enforcement Act**”)) in respect of any sum payable by the Company may be recognized and enforced by the courts of Malaysia upon registration of the judgment with the courts of Malaysia under the Enforcement Act within six years after the date of the judgment, or, where there have been proceedings by way of appeal against the judgment, after the date of the last judgment given in those proceedings, so long as the judgment: (i) is not inconsistent with public policy in Malaysia; (ii) was not given or obtained by fraud or duress or in a manner contrary to natural justice; (iii) is not directly or indirectly for the payment of taxes or other charges of a like nature or of a fine or other penalty; (iv) was of a court of competent jurisdiction of such jurisdiction and the judgment debtor being the defendant in the original court received notice of those proceedings in sufficient time to enable it to defend the proceedings; (v) has not been wholly satisfied; (vi) is final and conclusive between the parties; (vii) could be enforced by execution in the country of that original court; (viii) is for a fixed sum; (ix) is not preceded by a final and conclusive judgment by a court having jurisdiction in that matter; and (x) is vested in the person by whom the application for registration was made.

Under current Malaysian law, any judgment obtained for a fixed sum against the Company in a court of a foreign jurisdiction with which Malaysia has no arrangement for reciprocal enforcement of judgments, after due service of process, may, at the discretion of the courts of Malaysia, be actionable in the courts of Malaysia by way of a suit on a debt if such judgment is final and conclusive. However, such action may be met with defenses, including, but not limited to, defenses based on the conditions listed above. A money judgment by the courts of a non-reciprocating country may be recognized by Malaysian courts and be enforced by way of summary judgment without re-examination of the issues in dispute provided that the judgment: (i) is not inconsistent with public policy in Malaysia; (ii) was not given or obtained by fraud or duress or in a manner contrary to natural justice; (iii) is not directly or indirectly for the payment of taxes or other charges of a like nature or of a fine or other penalty; (iv) was of a court of competent jurisdiction of such jurisdiction; (v) has not been wholly satisfied; (vi) is final and conclusive between the parties; and (vii) is for a fixed sum.

If foreign exchange controls were to be imposed, the Company’s ability to access foreign currency to purchase raw materials and equipment and to service foreign currency denominated debt obligations could be adversely affected.

Generally, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. The Monetary Board of the BSP, with the approval of the President of the Philippines, has statutory authority, in the imminence of or during a foreign exchange crisis or in times of national emergency, to: (i) suspend temporarily or restrict sales of foreign exchange; (ii) require licensing of foreign exchange transactions; or (iii) require delivery of foreign exchange to the BSP or its designee banks. The Philippine government has, in the past, instituted restrictions on the conversion of Pesos into foreign currency and the use of foreign exchange received by Philippine residents to pay foreign currency obligations.

There are foreign exchange policies in Malaysia that support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The foreign exchange policies in Malaysia are issued by Bank Negara Malaysia (“**BNM**”), which is the central bank of Malaysia, governed by the Financial Services Act 2013 (“**FSA**”) and the Islamic Financial Services Act 2013 (“**IFSA**”). Currently, there are (i) Rules Applicable to Non-Residents; and (ii) Rules Applicable to Residents. Under the Rules Applicable to Non-Residents issued by the BNM, there is no restriction for non-residents to invest in Malaysia in Ringgit or foreign currency assets either as direct or portfolio investments, and non-residents are free to repatriate any amount of funds in Malaysia at any time, including divestment proceeds, profits, dividends, or any income arising from the investment in Malaysia, subject to the applicable reporting requirements and any withholding tax. Repatriation, however, must be made in a foreign currency.

The Company purchases some critical raw materials, particularly crude oil, and some technically advanced equipment from abroad and needs foreign currency to make these purchases. In addition, the Company has incurred and may continue to incur foreign currency denominated obligations. There can be no assurance that the Philippine government or the Malaysian Foreign Exchange Administration will not impose economic or regulatory controls that may restrict free access to foreign currency in the future. Any such restrictions imposed in the future could severely curtail the Company’s ability to purchase crude oil, materials and equipment from outside the Philippines or Malaysia in U.S. dollars and its ability to make principal and interest payments in U.S. dollars on its foreign currency-denominated obligations, which could materially and adversely affect its financial condition and results of operations. Nevertheless, the Company does not foresee any such rescission of previously established access to foreign currency in the near future.

RISKS RELATING TO THE OFFER BONDS

The Offer Bonds may not be a suitable investment for all investors

Each potential investor of the Offer Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Offer Bonds, the merits and risks of investing in the Offer Bonds and the information contained in this Offer Supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offer Bonds and the impact the Offer Bonds will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Bonds, including where the currency for principal or interest payments is different from the potential investor’s currency; (iv) understand thoroughly the terms of the Offer Bonds and be familiar with the behavior of any relevant financial markets; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic conditions, interest rate, foreign exchange rate, Issuer’s credit risk, and other factors that may affect its investment and its ability to bear the applicable risks.

Each investor should have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Bonds.

An active or liquid trading market for the Offer Bonds may not develop

The Offer Bonds are a new issue of securities for which there is currently no trading market. Even if the Offer Bonds are listed on the PDEX, trading in securities such as the Offer Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets, and the overall market for debt securities among other factors, which may affect liquidity. Although the Offer Bonds are intended to be listed on PDEX as soon as reasonably practicable, no assurance can be given that an active trading market for the Offer Bonds will develop and, if such a market were to develop, the Joint Lead Underwriters and Joint Bookrunners are under no obligation to maintain such a market. The liquidity and the market prices for the Offer Bonds can be expected to vary with changes in market and economic conditions, the financial position and prospects of the Company, and other factors that generally influence the market prices of securities.

The Company has no control over this risk as active trading of the Offer Bonds is highly dependent on the Bondholders.

The Issuer may be unable to redeem the Offer Bonds

Upon maturity, the Issuer will be required to redeem all of the Offer Bonds. At such event, the Issuer may not have sufficient cash on hand and may not be able to arrange financing to redeem the Offer Bonds in time, or on acceptable terms, or at all. The ability to redeem the Offer Bonds in such event may also be limited by the terms of other debt instruments. The failure by the Issuer to repay, repurchase or redeem tendered Offer Bonds would constitute an event of default under the Offer Bonds, which may also constitute a default under the terms of other indebtedness of the Issuer.

The Issuer has a very strong business franchise in the Philippines. It has a robust recurring cash flow and maintains a low debt-equity ratio and a high level of liquidity in its balance sheet. The Issuer believes that it has sufficient resources which will allow it to service the principal and interest of the Offer Bonds.

Holders of the Offer Bonds may not be able to reinvest at a similar return on investment

Prior to the relevant maturity dates of the Offer Bonds, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), any series of the outstanding Offer Bonds on the relevant Optional Redemption Dates (see “Description of the Offer Bonds” on page 43 of this Offer Supplement). Subject to the specific terms and conditions of the Offer Bonds, in the event that the Company exercises this early redemption option, all Offer Bonds will be redeemed and the Company would pay the amounts to which Bondholders would be entitled. Following such redemption and payment, there can be no assurance that investors in the redeemed Offer Bonds will be able to re-invest such amounts in securities that would offer a comparative or better yield or terms, at such time.

The Bondholder may face possible gain or loss if the Offer Bonds are sold at the secondary market

As with all fixed income securities, the Offer Bonds’ market values move (either up or down) depending on the change in interest rates. The Offer Bonds when sold in the secondary market are worth more if interest rates decrease since the Offer Bonds have a higher interest rate relative to the market. Likewise, if the prevailing interest rate increases, the Offer Bonds are worth less when sold in the secondary market. Therefore, holders may either make a gain or incur a loss when they decide to sell the Offer Bonds.

The Offer Bonds may not be able to retain its credit rating

There is no assurance that the rating of the Offer Bonds will be retained throughout the life of the Offer Bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

The Offer Bonds have no preference under Article 2244(14) of the Civil Code

No other loan or other debt facility currently or to be entered into by the Issuer shall have preference of priority over the Offer Bonds as accorded to public instruments under Article 2244(14) of the Civil Code of the Philippines, and all banks and lenders under any such loans or facilities that are notarized have waived the right to the benefit of any such preference or priority. However, should any bank or Bondholder hereinafter have a preference or priority over the Offer Bonds as a result of notarization, then the Issuer shall, at the Issuer’s option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Offer Bonds as may be practicable.

There can be no guarantee that the Offer Bonds will be listed on the PDEX

Purchasers of the Offer Bonds will be required to pay for such Offer Bonds prior to the listing date of the Offer Bonds. There can be no guarantee that listing will occur on the anticipated listing date. Delays in the admission and the commencement of trading of the Offer Bonds in the PDEX may occur. If the PDEX does not admit the Offer Bonds, the market for the Offer Bonds will be illiquid and bondholders may not be able to trade the Offer Bonds. This may materially and adversely affect the value of the Offer Bonds.

Risks Related to Statements made in this Offer Supplement.

Certain information contained herein is derived from unofficial publications.

Certain information in this Offer Supplement relating to the Philippines, Malaysia and the industry in which the Company's business operates, including statistics relating to market size and market share, is derived from various internal surveys, market research, government data, private publications and/or the Company's internal assumptions and estimates. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable. However, there is no assurance that such information is accurate, complete, up-to-date or consistent with information compiled within or outside the Philippines or Malaysia. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and neither the Company nor the Joint Lead Underwriters and Joint Bookrunners make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

CAPITALIZATION

The following table sets forth the consolidated capitalization of the Issuer as of December 31, 2024 and as adjusted to give effect to the Offer. This table should be read in conjunction with the Issuer's audited consolidated financial statements as of December 31, 2024 included in this Offer Supplement.

	As of December 31, 2024		
	Actual (Audited)	Adjusted¹ for Base Size of ₱25 Billion	Adjusted² for maximum Offer Size of ₱32 Billion
(in ₱ millions)			
Short-term liabilities			
Short-term loans	138,906	138,906	138,906
Current portion of long-term debt - net	29,418	29,418	29,418
Total short-term debt	168,324	168,324	168,324
Long-term liabilities			
Long-term debt – net of current portion	88,025	113,025	120,025
Total long-term liabilities	88,025	113,025	120,025
Equity			
Equity Attributable to Equity Holders of the Parent:			
Capital stock	9,502	9,502	9,502
Additional paid-in capital	57,698	57,698	57,698
Capital securities	34,555	34,555	34,555
Retained earnings	33,715	33,715	33,715
Equity reserves	(19,350)	(19,350)	(19,350)
Treasury stock	(21,003)	(21,003)	(21,003)
Total Equity Attributable to Equity Holders of the Parent	95,117	95,117	95,117
Non-controlling interests	9,093	9,093	9,093
Total Equity	104,210	104,210	104,210
Total capitalization ³	360,559	385,559	392,559

Notes:

¹Adjusted amount as December 31, 2024 includes gross proceeds of ₱25,000.00 million of the base Offer.

²Adjusted amount as December 31, 2024 includes gross proceeds of ₱32,000.00 million of the maximum Offer.

³Total capitalization is the sum of debt and equity.

USE OF PROCEEDS

The gross proceeds of the Offer shall be ₱25,000,000,000.00 or, should the Oversubscription Option be exercised in full, ₱32,000,000,000.00. The Company estimates that the net proceeds from the Offer after deducting from the gross proceeds the underwriting and selling fees, taxes, listing fees, and other related fees and expenses shall amount to approximately ₱24,682.14 million or ₱31,600.01 million in the event the Oversubscription Option is exercised in full.

ESTIMATED EXPENSES FOR THE OFFER*

Total expenses for the Base Offer and the resulting net proceeds are estimated to be as follows:

	In ₱ millions
Estimated Gross proceeds from the Base Offer	25,000.00
Less:	
Underwriting and selling fees for the Offer Bonds being sold by the Company	100.00
Taxes to be paid by the Company	193.12
Philippine SEC filing and legal research fee	8.47
Listing application fee	0.30
Listing maintenance fee	0.54
Rating fee	5.63
Trustee fees	0.21
Registry and paying agency fees	0.59
Estimated legal and other professional fees**	
Issuer's Counsel	3.00
Independent Auditors	3.00
Other professional fees	2.00
Estimated other expenses for publication, marketing, and out-of-pocket expenses of the underwriters and professional advisors	1.00
TOTAL	₱ 317.86
Estimated Net Proceeds from the Offer	₱ 24,682.14

* The "Estimated expenses for the Offer" will not cover fees payable to the Sole Issue Manager and Joint Lead Underwriters and Joint Bookrunners' legal counsel, SyCip Salazar Hernandez & Gatmaitan. The Joint Lead Underwriters and Joint Bookrunners have not engaged any advisors other than SyCip Salazar Hernandez & Gatmaitan.

** The "Estimated legal and other professional fees" includes the fees for legal counsels and independent auditor engaged in relation to the Offer, which refers to (1) the fees for the Issuer's legal counsel Picazo Buyco Tan Fider Santos & Dee, including fees for the legal opinion delivered by De Guzman Mayuga in respect of the material permits and licenses of the Company; (2) fees for the independent auditor, R.G. Manabat & Co. (KPMG); and (3) fees for the engagement of other professional advisors as may be required for the Offer.

Additional estimated fees, commissions and expenses assuming the oversubscription option is fully exercised:

	In ₱ millions
Estimated Gross proceeds from the Oversubscription Option	7,000.00
Less:	
Underwriting fees for the Offer Bonds being sold by the Company	28.00
Taxes to be paid by the Company	54.07
Registry and paying agency fees	0.06
TOTAL	₱ 82.13
Estimated Net Proceeds from the Offer	₱ 6,917.87

Aside from the foregoing one-time costs, Petron expects the following annual expenses related to the Offer Bonds:

1. The Issuer will be charged by the PDEX for the first annual maintenance fee in advance upon approval of the listing and thereafter, the Issuer will pay PDEX an annual maintenance listing fee amounting to ₱540,000.00 per annum;
2. The Issuer will pay an annual retainer fee to the Trustee amounting to ₱200,000.00 per annum;
3. After the Issue Date, a Paying Agency fee amounting to about ₱256,250.00 is payable every Interest Payment Date. The Registrar will charge a monthly maintenance fee based on the face value of the Offer Bonds and number of Bondholders; and
4. The Issuer will pay an annual monitoring fee of ₱280,000.00 (inclusive of VAT) to PhilRatings.

USE OF PROCEEDS

The net proceeds of the Offer shall be used for (i) repayment of the Series D Bonds that will mature on October 19, 2025 and Series E Bonds that will mature on October 12, 2025; (ii) repayment of existing debt; (iii) repayment of short term loans used to fund working capital requirements; and (iv) general corporate purposes.

Redemption of Series D Bonds and Series E Bonds

The Company will use up to ₱6.8 billion from the net proceeds of the Offer to fully pay the Series D Bonds that will mature on October 19, 2025. The Series D Bonds were issued on October 19, 2018 with a fixed interest rate of 8.0551% p.a. with a term of seven years.

The Company will use up to ₱9.0 billion from the net proceeds of the Offer to fully pay the Series E Bonds that will mature on October 12, 2025. The Series E Bonds were issued on October 12, 2021 with a fixed interest rate of 3.4408% p.a. with a term of four years.

Repayment of Existing Debt

Amortizations of the following peso bilateral long-term loans of the Company:

Lender	Amount
<i>Metropolitan Bank & Trust Company</i>	
• Interest rate: 6.1701% p.a.	₱500.00 million
• Payment date: August 28, 2025	
<i>China Banking Corporation</i>	
• Interest rate: 6.4920% p.a.	₱2,375.00 million
• Payment date: September 8, 2025	
<i>China Banking Corporation</i>	
• Interest rate: 6.8672% p.a.	₱625.00 million
• Payment date: September 8, 2025	
<i>BDO Unibank, Inc.</i>	
• Interest rate: 7.4206% p.a.	₱312.50 million
• Payment date: September 15, 2025	
<i>Land Bank of the Philippines</i>	₱312.50 million
• Interest rate: 7.5496% p.a.	

- Payment date: September 16, 2025

China Banking Corporation

- Interest rate: 7.1663% p.a. ₱250.00 million
- Payment date: November 19, 2025

BDO Unibank, Inc.

- Interest rate: 7.4206% p.a. ₱312.50 million
- Payment date: December 15, 2025

Land Bank of the Philippines

- Interest rate: 7.5496% p.a. ₱312.50 million
- Payment date: December 16, 2025

TOTAL	₱5,000.00 million

Any shortfall from the net proceeds of the Offer allotted for payment of any of the foregoing bilateral long-term loans will be financed from the Company's internally generated funds.

Repayment of Short-Term Loans Used to Fund Working Capital Requirements

Management will use up to ₱5,500.00 million from the net proceeds of the Offer to repay short term loans which will be availed by the Company after the date of this Offer Supplement, which short-term loans are expected to mature after Issue Date. The short-term loans will be used by the Company for its working capital requirements, such as, but not limited to purchases of crude oil, corporate office overhead, administrative expenses and other costs shouldered by the Issuer in the normal course of business operations not specifically related to any single project.

Payments of the following peso short-term loans of the Company:

Lender	From Net Proceeds of Base Offer	From Net Proceeds Assuming Oversubscription is Exercised in Full
Sumitomo Mitsui Banking Corporation		
• Interest rate: 5.97% p.a.	₱1,000.00 million	₱1,000.00 million
• Payment date: July 8, 2025		
Sumitomo Mitsui Banking Corporation		
• Interest rate: 5.97% p.a.	₱1,500.00 million	₱1,500.00 million
• Payment date: July 8, 2025		
ING Bank		
• Interest rate: 6.35% p.a.	₱1,382.14 million	₱2,800.00 million
• Payment date: July 9, 2025		
Asia United Bank	-	₱200.00 million
• Interest rate: 6.00% p.a.		

- Payment date: July 11, 2025

TOTAL	₱3,882.14 million	₱5,500.00 million

General Corporate Purposes

The Company will likewise use ₱5,300.01 million from the net proceeds of the Offer for general corporate purposes which include, but are not limited to, expenses related to business development, general working capital requirements, purchases of crude oil, corporate office overhead, administrative expenses and other costs shouldered by the Issuer in the normal course of business operations not specifically related to any single project.

In summary, the net proceeds of the Offer shall be used as follows (listed below in order of priority):

Purpose	Estimated Amount of the Net Proceeds from the Base Offer In ₱ millions	Estimated Amount of the Net Proceeds from the Base Offer and Oversubscription Option In ₱ millions	Estimated Timing of Disbursement
Repayment of the Series D Bonds due 19 October 2025	6,800.00	6,800.00	October 19, 2025
Repayment of the Series E Bonds due 12 October 2025	9,000.00	9,000.00	October 12, 2025
Repayment of existing debt	5,000.00	5,000.00	August to December 2025
Repayment of Short-Term Loans used to Fund working capital requirements	3,882.14	5,500.00	July to December 2025
General Corporate Purposes (to include purchases of crude oil)	-	5,300.01	July to December 2025
TOTAL	₱24,682.14	₱31,600.01	

Any shortfall from the net proceeds of the Offer allotted to any of the foregoing will be financed from the Company's internally generated funds.

UNDERTAKING ON THE USE OF PROCEEDS

The proposed use of proceeds described above represents best estimates of the use of the net proceeds of the Offer Bonds based on our current plans and expenditures. Other than as described above, no part of the net proceeds from the Offer Bonds shall be used to acquire assets outside of the ordinary course of business or finance the acquisition of other businesses, or to reimburse any officer, director, employee or shareholder of the Company for services rendered, assets previously transferred, money loaned or advanced, or otherwise, or repay any of our debt obligations with any of the Joint Lead Underwriters and Joint Bookrunners.

Pending the above and the estimated timing of disbursement of the use of proceeds, the Company intends to invest the net proceeds from the Offer in short-term liquid investments including, but not limited to, short-term government securities, bank deposits and money market placements which are expected to earn prevailing

market rates. In the event such investments should incur losses, any shortfall will be financed from the Company's internally generated funds.

The actual amount and timing of disbursement of the net proceeds from the Offer Bonds for the uses stated above will depend on various factors which include, among other things, changing market conditions or new information regarding the cost or feasibility of our expansion projects. The cost estimates may change as the Company develops its plans, and actual costs may be different from the budgeted costs. To the extent that the net proceeds from the sale of the Offer Bonds are not immediately applied to the above purposes, we will invest the net proceeds from the sale of the Offer Bonds in interest-bearing short-term demand deposits and/or money market instruments.

In the event that there is any change in the Company's development plan, including *force majeure*, market conditions and other circumstances, the Company will carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is better for the Company's and its shareholders' interest taken as a whole. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans. In the event of any substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC and the Bondholders, through disclosure in PDEX, at least 30 days before such deviation, adjustment or reallocation is implemented.

PLAN OF DISTRIBUTION

The Offer Bonds shall be the second and final tranche to be issued under the ₱50,000,000,000.00 fixed rate bonds shelf registration of Petron. The Company shall issue the Offer Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Joint Lead Underwriters and Joint Bookrunners. The Offer does not include an international offering.

A total of up to ₱32,000,000,000.00 worth of Offer Bonds will be issued as the second tranche from the shelf registration. If the oversubscription option is fully exercised, the entire ₱32,000,000,000.00 will be considered taken down from the shelf registration. Otherwise, only the actual amount issued will be deemed taken down, and any portion of the Oversubscription Option Bonds that is not taken up or exercised will revert to the shelf registration or be treated as unissued.

JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS

PNB Capital, BankCom, BDO Capital, Chinabank Capital, First Metro, LandBank, and PCCI Capital, pursuant to an Issue Management and Underwriting Agreement with Petron dated June 19, 2025 (the “**Underwriting Agreement**”), have agreed to act as the Joint Lead Underwriters and Joint Bookrunners to distribute and sell the Offer Bonds in the principal amount indicated below at the Issue Price. Subject to the fulfillment of the conditions provided in the Underwriting Agreement, each Joint Lead Underwriter and Joint Bookrunner has committed to underwrite the following amounts on a firm basis:

PNB Capital	-	₱7,500,000,000.00
BDO Capital	-	₱5,000,000,000.00
BankCom	-	₱4,000,000,000.00
Chinabank Capital	-	₱3,000,000,000.00
First Metro	-	₱2,500,000,000.00
LandBank	-	₱2,000,000,000.00
PCCI Capital	-	₱1,000,000,000.00
TOTAL	-	₱25,000,000,000.00

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to Petron of the net proceeds of the Offer Bonds. For further discussion, please refer to “*Withdrawal of the Offer*” on page 99 of this Offer Supplement.

Petron will pay the Joint Lead Underwriters and Joint Bookrunners an underwriting fee of 0.40% on the final aggregate principal amount of the Offer Bonds issued, which is inclusive of any commissions and fees to be paid to any Selling Agents and in accordance with the terms of the Underwriting Agreement.⁵ Underwriting fees will amount to ₱100.0 million on the base issue of ₱25,000,000,000.00. Should the Oversubscription Option be exercised in full, a total of ₱128.0 million underwriting fees will be paid for the entire ₱32,000,000,000.00 issuance.

For the purpose of complying with their respective commitments under the Underwriting Agreement, the Joint Lead Underwriters and Joint Bookrunners have, under such terms and conditions not inconsistent with the provisions of the Underwriting Agreement, particularly the underwriting commitment of the Joint Lead Underwriters and Joint Bookrunners, entered into agreements with and have appointed the Selling Agents for the sale and distribution to the public of the Offer Bonds; provided, that the Joint Lead Underwriters and Joint Bookrunners shall remain solely responsible to the Issuer in respect of their obligations under the Underwriting Agreement entered into by them with the Issuer, and except as otherwise provided in the Underwriting Agreement, the Issuer shall not be bound by any of the terms and conditions of any agreements entered into by the Joint Lead Underwriters and Joint Bookrunners with the Selling Agents, if any.

⁵ PNB Capital will not receive a separate fee in relation to its role as Sole Issue Manager. PNB Capital, together with the other Joint Lead Underwriters and Joint Bookrunners, shall only receive underwriting and selling fees.

The Joint Lead Underwriters and Joint Bookrunners are duly licensed by the SEC to engage in underwriting or distribution of the Offer Bonds. The Sole Issue Manager, and the Joint Lead Underwriters and Joint Bookrunners may, from time to time, engage in transactions with and perform services in the ordinary course of its business for Petron, its parent company, SMC, or other members of the SMC Group.

BankCom, one of the Joint Lead Underwriters and Joint Bookrunners, is an affiliate of SMC. Petron is a wholly owned subsidiary of SMC. Other than the foregoing, the Joint Lead Underwriters and Joint Bookrunners have no direct relations with Petron in terms of material ownership by either of their respective major stockholder/s, and have no right to designate or nominate any member of the Board of Directors of Petron.

There is no arrangement for the Joint Lead Underwriters and Joint Bookrunners to return to Petron any unsold Offer Bonds from the Base Offer.

Overview of the Joint Lead Underwriters and Joint Bookrunners

PNB Capital, a wholly-owned subsidiary of the Philippine National Bank, offers a spectrum of investment banking services including loan syndications and project finance, bond offerings, private placements, public offering of shares, securitization, financial advisory and mergers and acquisitions. It was incorporated on July 30, 1997 and commenced operations on October 8, 1997. PNB Capital is licensed by the Philippine SEC to operate as an investment house with a non-quasi-banking license. PNB Capital is authorized to buy and sell, for its own account, securities issued by private corporations and the Philippine Government. As of December 31, 2024, total assets of PNB Capital were at ₱2.17 billion while total capital was at ₱2.13 billion.

BDO Capital was incorporated in the Philippines in December 1998. BDO Capital is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment. BDO Capital has been registered and authorized to act as an investment house since 1999 under the Investment Houses Law or Presidential Decree No. 129. It is duly licensed by the SEC to operate as an investment house and was licensed by the SEC to engage in underwriting or distribution of securities to the public. BDO Capital is licensed by the SEC as an Investment House Engaged in Dealing Government Securities and a Mutual Fund Distributor under Certificate of Registration (C.R.) No.: 01-2008-00219 issued on 29 December 2014. Said license was renewed on 29 November 2022. As of December 31, 2024, it had ₱5.4 Billion and ₱5.0 Billion in consolidated resources and capital, respectively. It has an authorized capital stock of ₱1.10 Billion, of which approximately ₱1.00 Billion represents its paid-up capital.

BankCom, an affiliate of SMC since 2008, is a publicly-listed universal bank. On December 23, 2021, BankCom received its authority to operate as a universal bank under Monetary Board Resolution No. 1798, allowing BankCom to engage in investment banking activities. Subsequently, BankCom established its Investment Banking Group (IBG) in March 2022. On August 11, 2022, BankCom received its secondary license from the SEC to act as an Underwriter of Securities (certificate of registration no. 01-2008-00179). With these developments, BankCom's IBG can now undertake end-to-end publicly listed capital markets transactions, including the arrangement, issue management, and underwriting of debt and equity securities. IBG is likewise responsible for the arrangement, syndication, and placement of privately issued securities, such as syndicated loans and project finance facilities. IBG may also engage in financial advisory activities, including restructuring, mergers, and acquisitions.

Chinabank Capital is the wholly-owned investment banking subsidiary of China Banking Corporation. It was registered and licensed as an investment house on 27 November 2015, with SEC Company Registration No. CS201522558 and SEC Investment House License No. CR 01-2015-00279 (renewed on 19 November 2024), as a result of the spin-off of China Banking Corporation's Investment Banking Group. The firm offers a full suite of investment banking solutions that enable clients to achieve their fundraising objectives and strategic goals. The company's services include arranging, managing and underwriting debt and equity transactions, such as bond offerings, corporate notes issuances, initial public offerings, and follow-on offerings of common and preferred shares, private placement of securities, structured loans, project finance,

real estate investment trusts, and asset securitizations. Chinabank Capital provides financial advisory services to its clients, such as deal structuring, valuation exercises, and execution of mergers, acquisitions, divestitures, joint ventures, recapitalizations, and other corporate transactions. As of 31 December 2024, it had ₱4.06 billion and ₱4.00 billion in assets and capital, respectively.

First Metro is a leading investment bank in the Philippines with sixty-two years of service in the development of the country's capital markets. It is 99.3% owned by Metropolitan Bank & Trust Company and is the investment banking arm of the Metrobank Group, one of the largest financial conglomerates in the country. First Metro is licensed by the Securities & Exchange Commission under SEC Company Registration No. 0000023269 and Investment House License No. CR-01-2008-00211 to engage in underwriting and distribution of securities to the public. First Metro offers a wide range of services, from debt and equity underwriting to loan syndication, acquisition and project finance, and financial advisory, government securities and corporate debt trading, equity brokering, online trading, asset management, and research. First Metro brings proven expertise in deal origination, structuring, and execution. As of December 31, 2024, its total assets stood at ₱16.30 billion, while total equity amounted to ₱15.70 billion.

LandBank is a government financial institution organized and existing pursuant to Republic Act No. 3844, otherwise known as the Agricultural Land Reform Code, as amended. Established in 1963, LandBank operates as a universal bank, providing a wide range of financial services to support the growth of the agriculture sector, rural communities, and other priority sectors of the economy such as infrastructure and utilities; power; micro, small and medium enterprises; healthcare and education; and environment and natural resources management, among others. Present in all 82 provinces in the country, LandBank is the largest development financial institution in the Philippines that promotes financial inclusion, digital transformation, and sustainable national development. LandBank is licensed by the SEC as an Investment House Engaged in Dealing Government Securities under Certificate of Registration (C.R.) No.: 01-2008-00243. As of December 31, 2023, LandBank's total assets amounted to ₱3,301,493,797,168.00, with total equity of ₱281,909,069,595.00.⁶

PCCI Capital was incorporated on July 25, 1980 and is one of the oldest investment banks in the country. PCCI Capital has established a solid track record and expertise in the Philippine capital markets and consequently obtained a license to operate as a trust entity, investment house and securities dealer. PCCI Capital obtained its investment house license on July 31, 1986. PCCI Capital, which obtained its investment house license on 31 July 1986, boasts a wide-ranging portfolio, excelling in the buy and sell activities of government securities and those of other corporations, participating in syndicate undertakings, and is identified by CR number 01-2008-00232. PCCI Capital maintains its prominence in the financial industry, underlined by its latest Investment House-Government Securities Eligible Dealer (IH-GSED) license renewed on 23 November 2023, making it a seasoned and trusted expert in the public bond and preferred shares market.

SALE AND DISTRIBUTION

The distribution and sale of the Offer Bonds shall be undertaken by the Joint Lead Underwriters and Joint Bookrunners and the Selling Agents who shall sell and distribute the Offer Bonds to third party buyers/investors. Nothing herein shall limit the rights of the Joint Lead Underwriters and Joint Bookrunners and the Selling Agents from purchasing the Offer Bonds for their own respective accounts.

There are no persons to whom the Offer Bonds are allocated or designated. The Offer Bonds shall be offered to the public at large and without preference.

The obligations of each of the Joint Lead Underwriters and Joint Bookrunners will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Joint Lead Underwriters and Joint Bookrunners. Unless otherwise expressly

⁶ LandBank's Audited Financial Statement for the year ending December 31, 2024 is not yet available.

provided in the Underwriting Agreement, the failure by a Joint Lead Underwriter and Joint Bookrunner to carry out its obligations thereunder shall neither relieve the other Joint Lead Underwriters and Joint Bookrunners of their obligations under the same Underwriting Agreement, nor shall any Joint Lead Underwriter and Joint Bookrunner be responsible for the obligation of another Joint Lead Underwriter and Joint Bookrunner.

OFFER PERIOD

The Offer Period shall commence at 9:00 a.m. on June 24, 2025 and end at 5:00 p.m. on June 30, 2025, or such other date as may be mutually agreed by the Company and the Joint Lead Underwriters and Joint Bookrunners.

APPLICATION TO PURCHASE

The procedure set out in this section and the succeeding sections should be read together with the more detailed procedure and other conditions set out in the Application to Purchase.

Applicants may purchase the Offer Bonds during the relevant Offer Period by submitting to the Joint Lead Underwriters and Joint Bookrunners or the Selling Agents properly completed Applications to Purchase, together with two signature cards, and the full payment of the purchase price of the Offer Bonds in the manner provided in the said Application to Purchase.

Corporate and institutional applicants (including Trust Accounts) must also submit, in addition to the foregoing:

- (a) an original notarized certificate of the corporate secretary or an equivalent officer of the Applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Offer Bonds indicated in the Application to Purchase and (ii) designating the signatories, with their specimen signatures, for the said purposes;
- (b) copies of its Articles of Incorporation and By-Laws and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);
- (c) two (2) duly accomplished PDTC signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies) (whose authority(ies) and specimen signatures will be submitted to the Registrar);
- (d) BIR Certificate of Registration showing the Applicant's Tax Identification Number ("**TIN**");
- (e) identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and
- (f) such other documents as may be reasonably required by any of the Underwriters or the Registrar in the implementation of its internal policies regarding "know your customer" and anti-money laundering.

Individual applicants must also submit, in addition to accomplished Applications to Purchase and its required attachments:

- (a) identification document ("**ID**") of the Applicant which shall consist of any one of the following valid IDs bearing a recent photo, and which is not expired: Passport, Philippine Identification Card

(PhilID), Driver's License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Voter's ID, Barangay Certification, Government Service Insurance System e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman's Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, e.g., Armed Forces of the Philippines, Home Development Mutual Fund, Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Integrated Bar of the Philippines ID, company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age);

- (b) two duly accomplished PDTC signature cards containing the specimen signature of the Applicant;
- (c) validly issued TIN issued by the BIR; and
- (d) such other documents as may be reasonably required by any of the Joint Lead Underwriters and Joint Bookrunners, Selling Agent or the Registrar in implementation of its internal policies regarding "know your customer" and anti-money laundering.

The Applicant understands that the Registrar will not issue a Registry Confirmation nor will any Bondholder be allowed to sell or transfer the Offer Bonds until such Bondholder shall have submitted to the Registrar all the documents required for the issuance of such Offer Bonds.

An Applicant who is claiming exemption from any applicable tax, or entitlement to preferential tax rates shall, in addition to the requirements set forth above, be required to submit the following requirements to the relevant Joint Lead Underwriter and Joint Bookrunner or Selling Agent (together with their respective Applications to Purchase), subject to acceptance by the Issuer as being sufficient in form and substance:

- (a) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or entitlement to the preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;
- (b) with respect to tax treaty relief, Application Form for Treaty Purposes (BIR Form 0901-I) and Tax Residency Certificate ("**TRC**") duly issued by the foreign tax authority relevant to the period in which the income was earned, and the relevant provision of the applicable tax treaty as required under BIR Revenue Memorandum Order No. 14-2021, in relation to BIR Revenue Memorandum Circular Nos. 77-2021 and 20-2022 and (i) one (1) original of the duly notarized and consularized, if executed outside of the Philippines, Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the Application Form for Treaty Purposes is accomplished by an authorized representative); (ii) one (1) authenticated copy of the nonresident Bondholder's Articles or Memorandum of Incorporation / Association, trust agreement, or equivalent document copy confirming its establishment or incorporation, with an English translation thereof if in foreign language; (iii) one (1) original of the Certificate of Non-Registration of Company duly issued by the SEC; and (iv) confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines to support the applicability of a tax treaty relief;
- (c) an original of the duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Bondholder holds, the Offer Bonds for its account; or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Bonds pursuant to its management of tax-exempt entities (i.e., Employee Retirement Fund, etc.), declaring and warranting such entity's tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer and the Registrar and the Paying Agent of any suspension, revocation,

amendment or invalidation (in whole or in part) or revocation of the tax exemption certificate, certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and

- (d) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities, which, for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder.

Failure on the part of the Bondholder to submit the aforementioned document(s) within the time prescribed shall result in the application of the regular tax rates.

The Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder.

The Purchase Price for each Offer Bond is payable in full upon submission of the duly executed Application to Purchase. Payments of the Purchase Price shall be made in the form of either:

- (a) A Metro Manila clearing cashier's/manager's or corporate check or personal check drawn against a bank account with a BSP-authorized agent bank located in Metro Manila and dated as of the date of submission of the Application to Purchase covering the entire number of the Offer Bonds covered by the same Application. Checks should be made payable to the relevant Joint Lead Underwriter and Joint Bookrunner, or Selling Agent to whom such Application was submitted;
- (b) Through the RTGS facility of the BSP to the Joint Lead Underwriter and Joint Bookrunner or Selling Agent to whom such Application was submitted; or
- (c) Via the appropriate debit or payment instructions made out to the relevant Joint Lead Underwriter and Joint Bookrunner or Selling Agent to whom such Application was submitted.

All payments must be made or delivered to the Joint Lead Underwriter and Joint Bookrunner or Selling Agent (if any) to whom the Application to Purchase is submitted.

Completed Applications to Purchase and corresponding payments must reach the Joint Lead Underwriter and Joint Bookrunner or the Selling Agent (if any) prior to the end of the Offer Period, or such earlier date as may be specified by the Joint Lead Underwriter and Joint Bookrunner. Acceptance by the Joint Lead Underwriter and Joint Bookrunner or the Selling Agent (if any) of the completed Application to Purchase shall be subject to the availability of the Offer Bonds and the acceptance by Petron. In the event that any check payment is returned by the drawee bank for any reason whatsoever or the nominated bank account to be debited is invalid, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase shall be deemed revoked.

MINIMUM PURCHASE

A minimum purchase of ₱50,000.00 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of ₱10,000.00.

ALLOTMENT OF THE OFFER BONDS

If the Offer Bonds are insufficient to satisfy all Applications to Purchase, the available Offer Bonds shall be allotted at the discretion of the Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer and subject to the Issuer's right of rejection.

ACCEPTANCE OF APPLICATIONS

Petron and the Joint Lead Underwriters and Joint Bookrunners reserve the right to accept or reject applications to purchase the Offer Bonds, and in case of oversubscription, allocate the Offer Bonds available to the Applicants in a manner they deem appropriate.

REJECTION OF APPLICATIONS

The Joint Lead Underwriters and Joint Bookrunners shall accept, reduce or reject Applications to Purchase on behalf of the Issuer in accordance with the following provisions and the allocation plan. Reasons for rejection may include the following:

- (a) Applications may be rejected if (i) the Purchase Price is unpaid; (ii) payments are insufficient or where checks, as applicable, are dishonoured upon first presentation; (iii) the applications are not received by the Joint Lead Underwriters and Joint Bookrunners on or before the end of the Offer Period; (iv) the number of Offer Bonds subscribed is less than the minimum amount of subscription; (v) the applications do not comply with the terms of the Offer; (vi) Applicants are not eligible investors; (vii) the Underwriting Agreement is suspended, terminated or cancelled on or before the Listing Date; (viii) after exercising due diligence, judgment and care and upon reasonable determination of the Joint Lead Underwriters and Joint Bookrunners, the Joint Lead Underwriters and Joint Bookrunners have reasons to believe that (1) there exists a legal restriction prohibiting the acceptance or consummation of the transactions in respect of an Application to Purchase; (2) the Application to Purchase and/or the documentary requirements therefor are not in order or are not in accordance with the form prescribed and the terms therein; or (3) the Applicant has misrepresented or supplied false information in the Application to Purchase; or (ix) such other grounds as may be agreed upon in writing by the Issuer and the Joint Lead Underwriters and Joint Bookrunners.
- (b) Applications may be reduced if the Offer is oversubscribed, in which case the number of Offer Bonds covered by the applications shall be reduced *pro rata*.

In the event an Application to Purchase is rejected or the amount of Offer Bonds applied for is scaled down for a particular Applicant, the relevant Joint Lead Underwriter and Joint Bookrunner or the Selling Agent shall notify the Applicant concerned that his/her application has been rejected or that the amount of Offer Bonds applied for is scaled down.

REFUNDS

If any application is rejected or accepted in part only, the application money or the appropriate portion thereof shall be returned without interest to such Applicant through the relevant Joint Lead Underwriter and Joint Bookrunner with whom such Application to Purchase the Offer Bonds was made.

Refunds shall be made, at the option of each Joint Lead Underwriter and Joint Bookrunner or the Selling Agent, either (i) through the issuance of check(s) payable to the order of the relevant Applicant and crossed "Payees' Account Only" and mailed or delivered, at the risk of the Applicant, to the address specified in the Application to Purchase, or (ii) through the issuance of instructions for automatic credit payments to the accounts of the relevant Applicants, as indicated in their respective Applications to Purchase.

WITHDRAWAL OF THE OFFER

The Company reserves the right to withdraw the offer and sale of the Offer Bonds at any time before the commencement of the Offer Period, in which event the Company shall make the necessary disclosures to the SEC and the PDEX.

The Company may, by prior written notice to the Sole Issue Manager and each of the Joint Lead Underwriters and Joint Bookrunners, also withdraw the offer and sale of the Offer Bonds at any time on or after the commencement of the Offer Period and prior to the Issue Date, if any of the following events occur, in which case the Underwriting Agreement shall be deemed terminated, namely:

- (1) (i) An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or (ii) occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or (iii) occurrence of any change in local, national or international financial, political, economic or stock market conditions, any of which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Bonds in the manner contemplated by the SEC order declaring effective the Registration Statement, or the Permit to Sell Securities (the “**Approvals**”) and this Offer Supplement, or would have a material adverse effect on the Philippine economy, on the securities or other financial or currency markets of the Philippines, or on the distribution, offer and sale of the Offer Bonds in the Philippines, rendering it, in the reasonable determination of the Issuer after consultation with the Joint Lead Underwriters and Joint Bookrunners, impracticable to proceed with the Offer in the manner contemplated by the Approvals and this Offer Supplement;
- (2) An order revoking, cancelling, suspending, preventing, terminating or imposing a condition that is not acceptable to the Issuer, the offer, sale, distribution, listing or issuance of the Offer Bonds by any court or Governmental Authority having jurisdiction on the matter, including the SEC and the PDEX;
- (3) Suspension, cancellation, revocation, or termination of any of the Approvals or the imposition of a condition in respect of the issuance and/or validity of the Approvals that is not acceptable to the Issuer;
- (4) Trading in the PDEX is closed or suspended for at least three (3) consecutive trading days other than due to weekends or declared holidays, or in such manner or for such period as will render impracticable the listing and trading of the Offer Bonds on the Issue Date or such other date as may be approved by the PDEX;
- (5) There is a change or impending change in any Philippine law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order issued, made, or adopted by any Governmental Authority which (i) materially and adversely affects: (a) the ability of the Issuer to engage in the business it is presently engaged in; (b) the capacity and due authorization of the Issuer to offer and issue the Offer Bonds and enter into the transaction documents in connection with the Offer; (c) any of the features of the Offer Bonds, including the taxes on fees or costs in connection with the Offer, or (ii) renders illegal the performance by the Issuer and/or any of the Joint Lead Underwriters and Joint Bookrunners of their respective obligations hereunder;
- (6) Any significant, adverse, and unforeseeable change or development in the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Bonds unsuitable for offering to the public;
- (7) The Issuer is compelled through an official order, decree, or ruling issued by any competent court or Governmental Authority to stop its operations, which is not remedied within five (5) Business Days from receipt by the Issuer of a formal notice of such decision by such competent court or Governmental Authority (as the case may be);

- (8) The Issuer shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or the Issuer shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; and such receiver, trustee or similar officer shall be appointed; or the Issuer shall initiate or institute (by petition, application or otherwise), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation, corporate rehabilitation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted against the Issuer; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part of the Issuer's assets; or any event occurs which under the laws of the Philippines or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;
- (9) A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;
- (10) The commencement or the threatened commencement in writing by any entity, person or regulatory body of any public action, court proceeding, litigation, arbitration or other similar proceeding against the Joint Lead Underwriters and Joint Bookrunners in connection with or with respect to the issuance or sale by the Issuer of the Offer Bonds or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;
- (11) Any court, arbitral tribunal, or Governmental Authority which has jurisdiction on the matter issues an order restraining or prohibiting the Joint Lead Underwriters and Joint Bookrunners, or directing them to cease, from performing their underwriting obligations which makes it impossible for the Joint Lead Underwriters and Joint Bookrunners to perform their underwriting obligations due to conditions beyond their control;
- (12) Unavailability of PDTC's facilities used for the Offer and/or listing prior to or on the target Issue Date and such unavailability effectively prevents the ability of the Issuer and the Joint Lead Underwriters and Joint Bookrunners to fully comply with the listing requirements of the PDEX, if the impact of such unavailability on the listing of the Offer Bonds remains unresolved after discussions between the Issuer and the Joint Lead Underwriters and Joint Bookrunners in good faith; and
- (13) Any force majeure event which, in the reasonable judgment of the Issuer, may have a material or adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

After the commencement of the Offer Period, the Offer shall not be withdrawn, cancelled, suspended, or terminated solely by reason of the (i) Issuer's or the Joint Lead Underwriters and Joint Bookrunners' inability to sell or market the Offer Bonds or (ii) the refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Joint Bookrunners, or any other entity/person to take up any Offer Bonds remaining after the Offer Period.

Notwithstanding the acceptance of any Application, the Offer Bonds will be issued only upon listing of such Offer Bonds on the PDEX, and provided that the Underwriting Agreement shall not have been terminated or cancelled, on or before the Issue Date, in accordance with the provision of the said agreement. Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Bonds prior to the Issue Date pursuant to this section, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Bonds on Issue Date.

PAYMENTS

The Paying Agent shall open and maintain a Payment Account, which shall be operated solely and exclusively by the said Paying Agent in accordance with the Registry and Paying Agency Agreement, provided that beneficial ownership of the Payment Account shall always remain with the Bondholders. The Payment Account shall be used exclusively for the payment of the principal and interest on each Interest Payment Date.

The Paying Agent shall maintain the Payment Account for 6 months from Maturity Date or date of early redemption. Upon closure of the Payment Account, any balance remaining in such Payment Account shall be returned to the Issuer and shall be held by the Issuer in trust and for the irrevocable benefit of the Bondholders with unclaimed interest and principal payments.

UNCLAIMED PAYMENTS

Any payment of interest on, or the principal of the Offer Bonds which remain unclaimed after the same shall have become due and payable, shall be held in trust by the Paying Agent for the Bondholders at the latter's risk and shall be dealt with in accordance with the relevant provisions of the Registry and Paying Agency Agreement.

PURCHASE AND CANCELLATION

The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEX Rules, as may be amended from time to time, without any obligation to make *pro rata* purchases from all Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Offer Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

SECONDARY MARKET

Petron intends to list the Offer Bonds in the PDEX. Petron may purchase the Offer Bonds at any time without any obligation to make *pro rata* purchases of Offer Bonds from all Bondholders.

REGISTRY OF BONDHOLDERS

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing each of the Series G Bonds, Series H Bonds, and Series I Bonds sold in the Offer shall be issued to and registered in the name of the Trustee for the benefit of the Bondholders.

Legal title to the Offer Bonds shall be shown in the Registry of Bondholders to be maintained by the Registrar. The names and addresses of the Bondholders and the particulars of the Offer Bonds held by them and of all transfers of Offer Bonds shall be entered into the Registry of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry of Bondholders.

THE COMPANY

Overview

Petron Corporation was incorporated under the Corporation Code of the Philippines and registered with the SEC on December 22, 1966. On September 13, 2013, the SEC approved the extension of the 50-year corporate term of the Company to 2066. As a general rule under the Revised Corporation Code, which took effect on February 23, 2019, corporations with certificates of incorporation prior to the effectivity of the Revised Corporation Code, and which continue to exist, shall have perpetual existence. By operation of law therefore, Petron shall now have perpetual existence. As at March 31, 2025, it has a market capitalization of ₱20.95 million.

Petron is the only integrated oil refining and marketing company in the Philippines and is a leading player in the Malaysian market. The Company has a combined refining capacity of 268,000 barrels per day (“bpd”). The Company refines crude oil and markets and distributes refined petroleum products in the Philippines and Malaysia.

In the Philippines, the Company operates the country’s only refinery, the Petron Bataan Refinery, located in Bataan, which has a production capacity of 180,000 bpd, capable of supplying approximately 40% of the country’s total fuel requirements. The Company had a retail market share of 39.2%⁷ of the Philippine oil market for the period ended June 30, 2024.

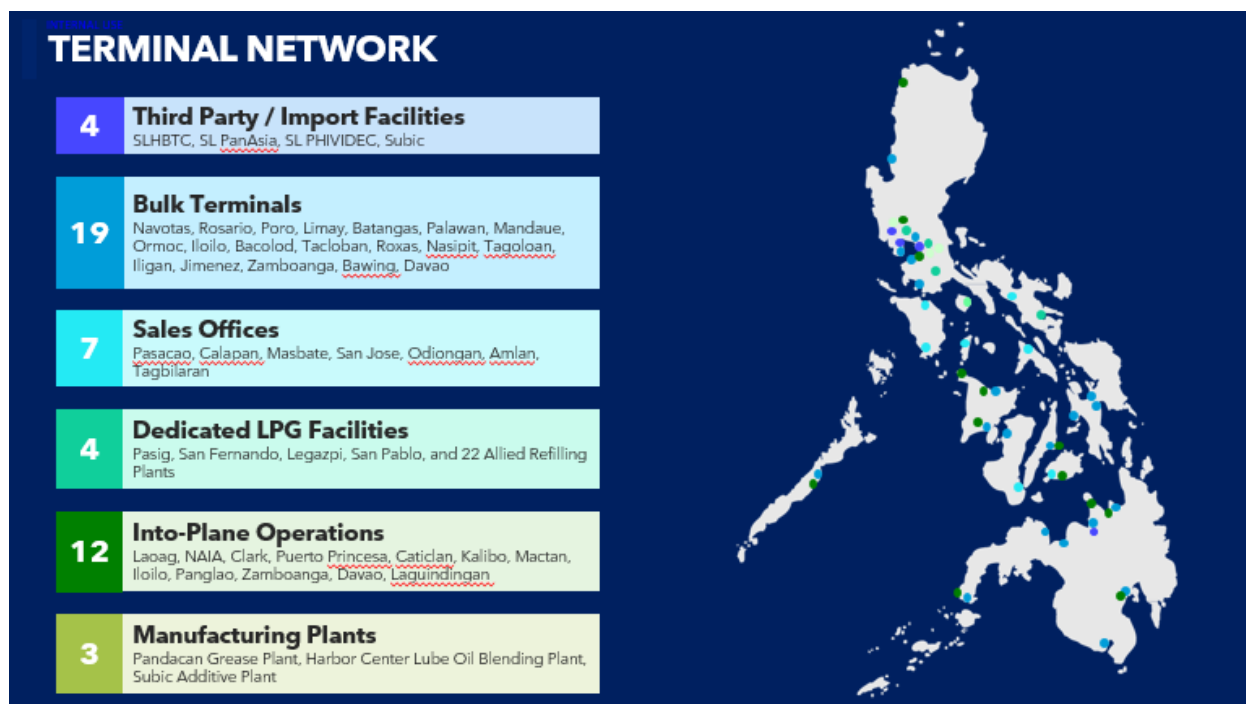
The Petron Bataan Refinery processes crude oil into a range of white petroleum products such as gasoline, diesel, LPG, jet fuel, kerosene, naphtha, and petrochemical products such as benzene, toluene, mixed xylene and propylene. The completion of Phase 2 of the Refinery Master Plan (“**RMP-2**”), a US\$2 billion project for the Petron Bataan Refinery, enabled the Company to convert Black Products into more valuable White Products⁸, and to increase the Company’s production of petrochemicals. The project also made the Company the first and only oil company in the Philippines capable of locally producing Euro IV-standard fuels.

From the Petron Bataan Refinery, the Company moves its products, mainly by sea, to terminals and airport installations situated throughout the Philippines, representing the most extensive distribution network for petroleum products in the Philippines. The network comprises 13 terminals in Luzon, 6 in Visayas and 8 in Mindanao, as well as 4 airport installations in Luzon, 5 in Visayas and 3 in Mindanao. Through this nationwide network, the Company supplies its various petroleum products such as gasoline, diesel, and LPG to its customers as well as jet fuel to international and domestic carriers.

The map below shows the geographic reach of the Company’s terminals, airport installations, and manufacturing plants in the Philippines as of March 31, 2025:

⁷ Market share is derived from Company estimates based on Company information and data from the Philippine Department of Energy for the period ended June 30, 2024.

⁸ Black Products refer to fuel oil and asphalts. White Products refer to diesel, gasoline, jet fuel, kerosene and LPG.



Through its network of around 1,800 retail service stations in the Philippines as of March 31, 2025, representing approximately 15% of the country's total service station count, the Company sells gasoline, diesel, and kerosene to private motorists and to the public transport sector. Approximately 49% of service stations are CODOs and 51% are DODOs. CODOs are company-owned-dealer-operated stations where Petron's investments include civil works, site development and station hardware (i.e. canopies, pumps, signages, etc.). The Company usually owns or leases the land and owns the building and equipment while dealers provide the working capital and other minor station equipment. DODOs, on the other hand, are dealer-owned-dealer-operated stations where the dealers provide the civil works, site development, working capital and station equipment. The dealers also assume ownership or lease of the land. Under this arrangement, Petron provides the station hardware. Regulation of CODOs and DODOs are generally similar. Pricing is dictated more by logistics and competition rather than the classification of a station.

As of March 31, 2025, the Company's LPG distribution network includes about 2,200 branch and franchise stores where the Company sells its LPG brands *Petron Gasul* and *Fiesta Gas* to households and other consumers. Meanwhile, the Company's Lubes distribution network includes about 49 car care centers, and about 1,650 service stations selling lubes.

The Company actively pursues initiatives to improve customer service and promote customer loyalty. As of March 31, 2025, the extent of the Company's programs includes more than 620,000 Petron Fleet Cards and more than 1.45 million Petron Value Cards (including Petron Super Driver Cards) in the Philippines. In Malaysia, as of March 31, 2025, the Company's programs include more than 173,000 Petron Fleet Cards, more than 3,000 Petron Super Driver Cards, and approximately 2.2 million active PMILES cardholder/member accounts.

The Company owns a fuel additives blending plant (the "**Subic Plant**") in the Subic Bay Freeport Zone in the Philippines, with a capacity of 12,000 metric tons per year.

The Company diversified into petrochemicals and in 2000 added a mixed xylene recovery unit to the Petron Bataan Refinery and a propylene recovery unit in 2008. Its benzene-toluene extraction unit became operational in May 2009. On July 1, 2014, the Company acquired and took over from PPI, an indirect subsidiary of the Company, the operations of the polypropylene plant in order to enhance the overall

efficiency of its petrochemical operations. The polypropylene plant is located in Mariveles, Bataan and is owned by RIHL, an indirect subsidiary of the Company. The polypropylene plant has an installed production capacity of 225,000 metric tons of various polypropylene resin annually.

The Company entered the Malaysian market in March 2012 through the purchase of ExxonMobil's downstream oil business in Malaysia. For the period ended December 31, 2024, the Company ranked third in the Malaysian retail market with more than 21% market share based on Company estimates using its internal assumptions and calculations and industry data from a third-party market research consultant appointed by Malaysian retail market participants to compile industry data. The Company also covers the industrial segment in Malaysia, selling diesel and gasoline to mini-stations and power plants, as well as to manufacturing, plantation, transportation and construction sectors. The Company owns and operates the Port Dickson Refinery in Malaysia, which has a crude oil distillation capacity of 88,000 barrels per day, and produces a range of petroleum products, including LPG, naphtha, gasoline, jet fuel, diesel and LWSR. As of March 31, 2025, the Company had 10 product terminals, a PME plant, a network of about 810 retail service stations, and about 320 Treats convenience stores in Malaysia. The Company has presence in the aviation segment with a 20% ownership of a multi-product pipeline to Kuala Lumpur International Airport. The joint venture through which the Company owns its interest in the multi-product pipeline also owns a fuel terminal, the Klang Valley Distribution Terminal.

The Company's products are primarily sold to customers in the Philippines and Malaysia. The Company also exports various petroleum products and petrochemical products, including LSWR, naphtha, mixed xylene, benzene, toluene and propylene, to other customers in the Asia-Pacific region. The Company's revenues from these export sales amounted to ₱43,222 million or 5% of total sales, as of December 31, 2024.

In 2022, 2023, and 2024, the Company's sales were ₱857,638 million, ₱801,027 million, and ₱867,966 million, respectively, and net income was ₱6,925 million, ₱10,112 million, and ₱8,471 million, respectively.

The Company's common shares are listed for trading on the PSE under the symbol "PCOR", while its preferred shares are listed and traded on the same exchange under the symbols "PRF3B", "PRF4A", "PRF4B", "PRF4C", "PRF4D", and "PRF4E".

The Company's US\$550,000,000 senior perpetual capital securities are listed on the Singapore Exchange Securities Trading Limited under the name "PETRON CORP US\$550M5.95%PCS".

In Malaysia, the Company's common shares for its subsidiary Petron Malaysia Refining & Marketing Bhd. are listed for trading on the Bursa Malaysia under the symbol "PETRONM."

Strengths

The Company believes that its principal competitive strengths include the following:

The Only Refinery in the Philippines

Since the closure of the Shell Tabangao Refinery in the second half of 2020, the Petron Bataan Refinery has become the only oil refinery in the country. It has a total crude oil distillation capacity of 180,000 barrels per day. Being the only oil refiner in the Philippines, the Company benefits from refining margins while providing supply security to the domestic market.

Over the years, the Company has developed and maintained a strong core base of high-quality petroleum products and has consistently made significant investments in upgrading its facilities. The Company has also focused on increasing production of higher-margin fuel products and petrochemicals while minimizing production of low-margin fuel products. In the Philippines, the investment in RMP-2 allowed the Company to produce Euro IV-standard fuels and convert black products into white products.

The Company also completed constructing new facilities and structures on its existing power plant to replace some of its old generators, increase steam production, and expand power generation capacity from 140 MW to 184 MW. This is expected to generate power that would be more than enough for its internal consumption. The Company sells excess power to the grid. With the completion of the new power plant facilities, it is expected that the use of fuel oil at the Refinery will be eliminated, thereby allowing it to convert this fuel oil previously used as refinery fuel into high-value products. In addition, the Company invested in the expansion of its polypropylene plant to increase capacity from 160,000 MT to 225,000 MT annually.

Market leadership in the Philippine downstream oil sector

With a retail market share of 39.2% of the Philippine oil market as of June 30, 2024, the Company believes it is the leader in the Philippine oil industry.

The Company has an extensive network across the country, providing accessible and reliable fuel supply for motorists, industries, and businesses, and solidifying its position as a market leader in the country's fuel industry. As of June 30, 2024, Petron continues to be the market leader, with the single biggest total market share of 24.9%. The Company also estimates its retail market share at 39.2%, and believes that it is the market leader in industrial and LPG segments as well.

The Company retails gasoline, diesel, and kerosene to motorists and the public transport sector. Its wide range of world-class fuel includes *Blaze 100 Euro 6*, *XCS*, *Xtra Advance*, *Turbo Diesel* and *Diesel Max*. The Company also sells its LPG brands, *Gasul* and *Fiesta Gas*, to households and other consumers through its extensive dealership network, numbering approximately 2,200 branch and franchise stores as of March 31, 2025. The Company also manufactures lubricants and greases through its blending plant in Manila and sells these products through its service stations and various lubes outlets.

Logistically advantaged supply position in the Philippines

In the Philippines, the Company transports its products from the Petron Bataan Refinery to its fuel terminal facilities throughout the Philippines. The Petron Bataan Refinery remains the only petroleum refinery in the country.

The Company's extensive logistics network includes 27 terminals and 12 airport installations and reaches most key points in the Philippines. Given the challenges of distribution across the Philippine archipelago, this capability plays a significant role in securing Petron's leading position in the Philippines. From Bataan, products are moved mainly by sea to terminals located across the archipelago. Through its robust distribution network, the Company fuels strategic industries such as power generation, manufacturing, mining, and agribusiness, among others. The Company also supplies jet fuel to international and domestic carriers at key airports in the Philippines.

The Company also benefits from the Corporate Recovery and Tax Incentives for Enterprises Act ("**CREATE**") signed into law on March 26, 2021. As part of Republic Act No. 11534 or the CREATE Act, local petroleum refineries are exempted from paying taxes and duties upon crude importation but will be subject to applicable taxes and duties on finished petroleum products upon lifting of refined petroleum products from the refinery. The Company believes that the CREATE Act allows it to be more competitive as domestic petroleum refineries will now pay taxes upon lifting of finished petroleum products from the refinery, similar to importers of refined fuel which pay taxes upon importation of finished products. Furthermore, the recently enacted CREATE Maximize Opportunities for Reinvigorating the Economy (MORE) Act includes key provisions that may impact the Company, including:

- Removal of the minimum creditable withholding tax rate and reduction of the maximum rate to 15%;
- Reduction of the BIR's processing period for excise tax refund claims to 90 days from the date of filing; and
- Increase in the investment threshold requiring Fiscal Incentives Review Board (FIRB) approval to Php15 billion and above.

Operations in markets with favorable industry dynamics

The Company operates as an integrated oil refining and marketing company in the Philippines and Malaysia, both of which the Company believes have favorable oil industry dynamics.

The Philippine economy continuously grows with a steady 5.7% expansion in 2024, up from 5.5% in 2023, despite headwinds from extreme weather events, geopolitical tensions, and subdued global demand. Malaysia's economy is also expanding, posting a stronger growth of 5.1% in 2024, up from 3.6% in 2023, driven by strong domestic demand, a pickup in exports amid a technology upcycle, and increasing tourist arrivals.

Looking ahead, the IMF projects that the Philippine economy will gain further momentum in 2025, with growth expected to reach 6.1%, driven by strong domestic consumption and a pre-election boost ahead of the May polls. Malaysia is also forecasted to continuously grow, albeit at a slower pace of around 5%, despite the uncertainties in global trade. Both economies continue to benefit from increasing oil demand in the domestic and regional markets, amidst a slower penetration of vehicle electrification.

The Philippines operates under a free market scheme with movements in regional prices and foreign exchange reflected in the pump prices on a weekly basis. Malaysia, on the other hand, operates under a regulated environment where pump prices are set by the government, and an automatic pricing mechanism ("APM") is in place which provides stable returns to fuel retailers. Under this program, if government-mandated prices are lower than the fuel products' total built-up cost per the APM, Petron will claim the difference from the Malaysian government as subsidies. Conversely, if government-mandated prices are higher than the fuel products' total built-up cost per the APM, Petron will pay duties to the Malaysian government. Effective June 10, 2024, the Malaysian government implemented targeted diesel subsidy for Peninsular Malaysia, which involves the setting of the diesel fuel price to align with market price and provision of subsidies to targeted groups. Additionally, in early 2025, the Malaysian government approved an increase in diesel allowances and margins by 4.71 sen per liter for Peninsular Malaysia and 1 sen per liter for East Malaysia. This adjustment is part of the government's efforts to ensure continued viability of fuel retail operations, following subsidy reforms and higher global oil prices.

Expanded product offering driving non-fuel retail volumes

The Company's network of service stations in the Philippines and Malaysia offers differentiated and comprehensive services to customers. Beyond just a petroleum station, the Company's service station provides a one-stop service experience to travelers on the road, offering amenities such as Treats convenience stores, restaurants, and specialty shops. These convenience stores, restaurants and specialty shops help generate non-fuel revenues and improve traffic in the service stations. As of March 31, 2025, the Company has around 1,800 retail service stations in the Philippines representing approximately 15% of the country's total service station count. As of March 31, 2025, the Company's LPG distribution network includes about 2,200 branch and franchise stores where the Company sells its LPG brands *Petron Gasul* and *Fiesta Gas* to households and other consumers. Meanwhile, the Company's Lubes distribution network includes about 49 car care centers, and about 1,650 service stations selling lubes.

In Malaysia, the Company's retail business markets fuel, LPG and Lubes through a dealer network comprising about 810 retail service stations located throughout Peninsular and East Malaysia as of March 31, 2025. The Company has about 320 Treats convenience stores, generating non-fuel income and improving traffic in the service stations.

Since 2013, the Company has partnered with the Royal Malaysia Police ("RMP") to set up a Go-To Safety Point ("GTSP") at Petron stations in Malaysia. The GTSP is set up at service stations to allow the public to seek temporary shelter and to enable immediate reach out to the relevant authorities such as RMP, Fire & Rescue Department, ambulance etc. during emergencies. Thus, motorists can enjoy the Company's products and services in a safer and more secure environment.

Enhanced loyalty card program in the Philippines and successful rollout of the Petron App

The Company also offers loyalty programs that complement its retail business, such as the Petron Value Card in the Philippines and the Petron Miles Privilege Card (“**PMILES**”) in Malaysia. The Company continues to upgrade existing loyalty programs and offer new and diverse programs to cater to customers’ unique needs. Some of the benefits of the Petron Value Card program include 24-hour free towing and roadside assistance, reward points for every purchase and complimentary annual personal accident insurance coverage. PMILES is a loyalty card aimed at ensuring customers enjoy better value, rewards and privileges. PMILES goes beyond fuel, as customers are able to redeem instant fuel and mart items, enjoy partner offers through points conversion, promo codes and discounts across a wide range of products and services. Some of PMILES loyalty program partners include Aeon, Baskin Robbins, Grab, Ikea, Lazada, Shopee, among others.

As of March 31, 2025, the extent of the Company’s programs includes more than 620,000 Petron Fleet Cards and more than 1.45 million Petron Value Cards (including Petron Super Driver Cards) in the Philippines. In Malaysia, as of March 31, 2025, the Company’s programs include more than 173,000 Petron Fleet Cards, more than 3,000 Petron Super Driver Cards, and approximately 2.2 million active PMILES cardholder/member accounts.

On the digital front, the Company launched the Petron mobile application (the “**Petron App**”) in 2016 as a companion for the everyday Filipino motorist. The Petron App provides value-added services to the Company’s customers and increases interaction by cross-selling into non-fuel retail offerings, tie-ups with other merchants and insurance products, among others. In addition, contactless payment solutions through Maya are now offered in about 1,300 service stations nationwide as of March 31, 2025. Marketing programs that increase customer brand awareness, coupled with digital offerings such as online orders and pick-ups at service stations nationwide, increase customer frequency and, in turn, increase fuel sales as well as non-fuel sales.

With the extensive network of its loyalty card program and the Petron App, the Company believes that these programs have been able to foster brand loyalty and have enabled the Company to make more informed marketing decisions to cater to the needs of its customers.

Using transactional data, post-campaign analyses were conducted to categorize cardholders into segments based on their purchase behaviors to launch strategic promotional activities, product offerings, and targeted loyalty programs with the objective of increasing throughput, up-selling higher value products, and reactivating dormant accounts.

Historical carded volume is used in projecting baseline numbers to implement customer programs, forecast incremental sales and gain insights on actual campaign results.

Established position in the Malaysian downstream oil sector

The Company has an established position in the Malaysian downstream oil sector that provides geographic diversification to its portfolio, an additional platform to expand its business and stability to its operations.

The Company’s network of service stations and distribution infrastructure in Malaysia facilitate the capture of a growing share of the market. It includes about 810 service stations, about 320 Treats convenience stores, and 10 product terminals as of March 31, 2025. The Company also has a presence in the aviation segment with a 20% ownership of a multi-product pipeline (“**MPP**”) to Kuala Lumpur International Airport (“**KLIA**”). The Joint venture through which the Company owns its interest in the MPP also owns a fuel terminal, the Klang Valley Distribution Terminal (“**KVDT**”).

The Company’s fuel supply in Malaysia comes from its Port Dickson Refinery and domestic and import purchases. The Port Dickson Refinery processes crude oil acquired from various sources. The Company has completed the construction of its diesel hydrotreater process unit, allowing the Port Dickson Refinery

to comply with the Euro 5 specification for diesel (10 ppm sulfur) mandated by the Malaysian government effective April 2021. Furthermore, the Company has also completed constructing a new marine import facility in 2021 which generates freight cost and demurrage cost savings through decongestion of existing jetty.

The Malaysian government regulates the retail pricing structure through the APM, pursuant to which it mandates (i) the retail prices of certain refined petroleum products and (ii) the product cost built-up. The APM covers (a) sales of formulated unleaded gasoline fuel with an octane index of 95 and 97 (“**Mogas 95**” and “**Mogas 97**”), (b) diesel to retail customers, as well as to the selected commercial logistics, transportation and fisheries sectors, and (c) LPG to retail customers. This regulated environment provides stability to Petron’s Malaysian operations in such sectors. Effective March 30, 2017, the Malaysian government implemented a managed float system under which the Malaysian government fixes the government-mandated retail prices of RON 95 and RON 97 petroleum and diesel on a weekly basis based on the Mean of Platts Singapore. If government-mandated prices are lower than the fuel products’ total built-up cost per the APM, Petron will claim the difference from the Malaysian government as subsidies. Conversely, if government-mandated prices are higher than the fuel products’ total built-up cost per the APM, Petron will pay duties to the Malaysian government. This regulated environment provides stability to Petron’s Malaysian operations in such sectors.

Effective June 10, 2024, the Malaysian government implemented a targeted subsidy on Diesel fuel across Peninsular Malaysia wherein diesel prices were first increased to RM3.35 per liter for Euro 5 B10 and B20 and RM3.55 per liter for Euro 5 B7 from the previously capped retail price of RM2.15 and RM2.35 per liter, respectively. Subsequently, the diesel prices in Peninsular Malaysia are floated and updated weekly. Under this diesel subsidy rationalization program, the Malaysian government set subsidized diesel fuel prices for eligible sectors in logistics, land public transportation and fisheries, whereas eligible private owners of diesel-powered vehicle receive RM200 monthly cash subsidy. This adjustment aims to reduce the financial burden on the government and ensures that subsidies are more effectively targeted towards those in need. The targeted diesel subsidy program has changed and corrected local market demand and purchasing patterns in Peninsular Malaysia. Retail diesel in Sabah, Sarawak and Labuan, however, remains priced at RM2.15 per liter. Effective January 1, 2025, following the implementation of targeted subsidy on Diesel, the government has increased the APM for oil companies’ diesel sales to retail, mini-stations and fisheries sector by additional 4.71 sen per liter in Peninsular Malaysia and 1 sen per liter for Sabah and Sarawak.

Experienced management team and employees and strong principal shareholder in San Miguel Corporation

The Company has an experienced team of managers with substantial relevant experience in refining operations and development of service stations. In addition, the Company has a team of employees skilled in managing the various aspects of its business, including a highly experienced management team at the Petron Bataan Refinery, a focused sales and marketing team, which includes a group that has years of experience in service station engineering and construction, and a research and development team that has overseen years of product development and production process improvement. The Company is also committed to the development of its employees by adopting ongoing training and development programs to ensure that operations will be run by well-equipped and capable employees. The average tenure of employees in the Company is approximately 8.7 years for the Philippines and 8.8 years for Malaysia as of March 31, 2025.

SMC, which became the controlling shareholder of the Company in 2010, directly and indirectly, holds an effective 71.78% of the Company’s outstanding common equity. See “*Ownership and Corporate Structure.*” SMC is among the largest and most diversified Philippine conglomerates, which has market-leading businesses in various sectors, including beverages, food, packaging, energy, fuel and oil, infrastructure and property, and investments in car distributorship and banking services.

The Company believes that it benefits from its relationship as a key material subsidiary of SMC, primarily by realizing synergies, including the provision of fuels for SMC’s expanding power generation business,

SMC's infrastructure business and its various production facilities as well as cross-marketing opportunities with SMC's consumer and energy-related businesses. The Company also believes that SMC's strong balance sheet and international reach and relationships increase its leverage and bargaining power with suppliers and financial institutions as well as enhance its sources of funding for its capital expenditure projects.

Areas of Strategic Focus

The Company's principal strategies are set out below:

Optimize Refinery Operations and Maximize Refining Margins

Maximize production of high margin refined petroleum products and petrochemicals

After the significant investments in upgrading the facilities in the refinery, the Company will continue to optimize operations and maximize the benefits from its upgraded facilities and further improve production of high-margin petroleum products and petrochemicals.

Ensure reliability and efficiency of refinery operations

The Company continuously improves the operational efficiency and profitability of its refineries in both Philippines and Malaysia. This includes implementation of scheduled maintenance turnarounds for reliable and efficient refining operations. The Company is also enhancing its crude optimization program by evaluating the ideal crude mix that will yield the best product value while minimizing costs. The Company is also expanding its crude oil supply sources beyond its key suppliers, strengthening its supply chain resilience and enhancing flexibility in its operations.

Volume Growth and Sustainable Margins

Maximize volume growth and further increase market share in the downstream oil markets in the Philippines and Malaysia

The Company intends to leverage on its leading market position and extensive retail and distribution network in the Philippines and Malaysia to maximize its revenue and margin potential.

The Company believes that the downstream oil markets in the Philippines and Malaysia are still underserved and have strong potential for growth. To capture this growth and further strengthen its market position, the Company will embark on: (i) implementing competitive pricing programs to sustain volume growth; (ii) strategically expanding its retail outlets for fuels, and LPG to improve accessibility and availability to its customers; (iii) improving productivity of existing service station and other sales networks; (iv) expanding lubes distribution network by putting up more sales channels such as new lubes outlets, sales centers and car care centers, and penetrating non-traditional outlets such as auto parts and repair shops; (v) continuing to strengthen and expand its non-fuel businesses by improving the *Treats* convenience stores and leasing additional service station spaces to food chains, coffee shops and other consumer services or franchising those establishments to provide "value conscious" customers with a one-stop full-service experience; and (vi) intensifying its dealer and sales personnel training to further improve customer service experience.

These initiatives will support the Company's growing retail business and continuing service station network expansion.

Improve Supply Chain Reliability and Efficiency

The Company also intends to further enhance efficiencies and reduce distribution costs through supply chain improvements and enhancements to its existing facilities through: (i) expanding receiving and storage facilities and improving existing facilities to support volume growth; and (ii) reducing distribution costs through tank optimization at our terminals and expansion of company truck fleet and rationalization of the terminal network.

Continue to pursue, implement and build on environmental, corporate and social responsibility initiatives

The Company intends to continue to pursue, implement and build on its various environmental, corporate and social responsibility initiatives. Sustainability at Petron is integrated in its business. Sustainability is completely aligned with Petron's business model, its mission, and corporate culture, and aims to benefit the communities that Petron serves. Through its corporate social responsibility ("**CSR**") arm, Petron Foundation, Inc. ("**PFI**"), the Company fuels initiatives that address national concerns in essential areas of education, environment, health and human services, and livelihood in partnership with its host communities, national government agencies and local government units, like-minded organizations, and employee volunteers. For example, for the school year 2024 to 2025, the Company had 2,467 scholars from elementary to college under its "*Tulong Aral ng Petron*" program, bringing its total number of scholars to over 18,000 since 2002.

In addition, the Company has an active carbon footprint management program through production efficiencies, carbon capturing, and the promotion of energy efficiencies with the installation of LEDs, solar panels and rainwater harvesting facilities in Petron stations and terminals. The Company also continues its reforestation and circular economy initiatives as well as social development initiatives undertaken in all of Petron facilities nationwide.

Moreover, 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 ₱49.34 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 ₱50.63 million.

Corporate History and Milestones

Certain key dates and milestones for the Company's business are set forth below.

- 1957** Standard Vacuum Oil Company was granted a concession to build and operate the refinery in Limay, Bataan owned by the Bataan Refining Corporation.
- 1961** The Petron Bataan Refinery commenced commercial operations with a capacity of 25,000 barrels per day.
- 1998** The lubricant oil blending plant in Pandacan, Manila was modernized, replacing facilities that were built in 1968.
- 2000** The mixed xylene plant in the Petron Bataan Refinery commenced operations, marking the Company's entry into the petrochemicals market.
- 2008** The petrofluidized catalytic cracking ("**PetroFCC**") unit in the Petron Bataan Refinery commenced operations, enabling the Company to convert fuel oil into higher value products such as LPG, gasoline and diesel.

The propylene recovery unit in the Petron Bataan Refinery commenced operations, enabling

the recovery of propylene from the LPG produced by the PetroFCC unit.

The fuel additives blending plant in the Subic Freeport Zone commenced operations, making the Company the exclusive blender of Innospec's additives in the Asia Pacific region.

- 2009** Debottlenecking of the Company's continuous catalyst regeneration reformer unit and its mixed xylene plant was completed, enabling the recovery of more mixed xylene.

The benzene-toluene extraction unit in the Petron Bataan Refinery commenced operations, enabling the Company to produce benzene and toluene.

- 2010** The Company acquired a 40% stake in PAHL, the ultimate parent company of PPI, which was diluted to 33% when PAHL issued new shares to another investor in June 2010. PPI operated a polypropylene plant located in Mariveles, Bataan in the Philippines from 2011 until its polypropylene business was acquired by the Company on July 1, 2014.

The Company acquired a 35% stake in MNHPI, forming a joint venture between the Company and Harbour Centre Port Terminal, Inc.

In the fourth quarter of 2010, the Company commenced construction of the RMP-2, a USD2 billion project designed to enable the Petron Bataan Refinery to further enhance its operational efficiencies, convert its fuel oil production into production of more White Products, increase the Company's production of petrochemicals, and produce Euro-IV standard fuels.

- 2011** PPI commissioned a rehabilitated polypropylene plant in Mariveles, Bataan.

- 2012** The Company acquired 65% of the voting shares of Esso Malaysia Berhad ("**Esso Malaysia**") from ExxonMobil International Holdings Inc. The Company subsequently acquired an additional 8.4% of the voting shares of Esso Malaysia in May 2012 pursuant to a mandatory takeover offer. In July 2012, Esso Malaysia was renamed "Petron Malaysia Refining & Marketing Berhad".

The Company's acquisition of ExxonMobil's downstream oil business in Malaysia extended its portfolio of oil refining and marketing businesses outside the Philippines.

The Company converted certain loans that it had extended to PAHL to additional equity, increasing its stake in PAHL to 45.9%.

- 2013** The Company sold to SMC Powergen Inc. the cogeneration power plant located in the Petron Bataan Refinery.

- 2014** The Company acquired the polypropylene business of PPI and took over the operations of the polypropylene plant, which is leased from PPI's parent, RIHL.

The Company completed RMP-2 in the fourth quarter of 2014.

- 2015** The Company completed commissioning of RMP-2 in the fourth quarter of 2015.

The Company increased its stake in PAHL to 47.25%.

- 2016** The Company declared commercial operations of RMP-2 in January 2016.

The Company took over the retail operations of PMC. The Company increased its stake in PAHL to 100%.

The Company acquired from SMC Powergen Inc. the cogeneration power plant.

2017 In March 2017, the Company introduced Blaze 100 EURO 6 gasoline. Petron Blaze is the first premium plus gasoline in the Philippines with 100 octane and the first local fuel to surpass Euro 6 fuel standards.

In October 2017, the Company completed the sale of its 10,449,000 shares in MNHPI (equal to 34.83% of MNHPI's outstanding shares) to International Container Terminal Services, Inc.

2020 In September 2020, the Company sold all its shares in Petrofuel Logistics, Inc. to San Miguel Integrated Logistics Services, Inc.

In December 2020, the Company entered into a Registration Agreement with the AFAB pursuant to which the Petron Bataan Refinery complex was approved as a FAB registered enterprise. In the same month, NVRC also entered into a FAB Expansion Area Agreement with the AFAB.

2021 In February 2021, the Securities and Exchange Commission approved the increase in the capital stock of Petrogen from PHP750 million to PHP2.25 billion, out of which 1,494,973 shares were issued to SMC, making Petrogen 25.06% owned by Petron and 74.94% owned by SMC.

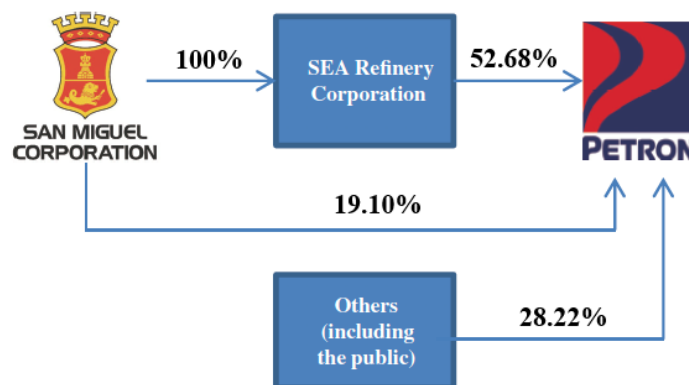
2022 The Company acquired 100% of the authorized capital stock of Mema Holdings, Inc. Mema owns 100% of Weldon Offshore Strategic Limited, Inc. which, in turn, owns 100% of Petrofuel Logistics Inc. ("PLI"). PLI undertakes the fuel-hauling and logistics services as well as into-plane operation requirements mainly for Petron.

Phase 3 of the power plant was completed.

2025 On March 4, 2025, the Board of Directors approved the common share buy-back program of the Company covering an aggregate of about 620 million common shares. Pursuant to this buy-back program, the Company bought back 459,156,097 common shares on March 18, 2025.

Ownership and Corporate Structure

The Company is a publicly listed company jointly owned by SEA Refinery, SMC and others, including the general public. The chart below sets forth the ownership structure of the Company's common shares as of April 30, 2025 following the buyback by the Company of 459,156,097 common shares on March 18, 2025 pursuant to the common share buy-back program of the Company which was approved by its Board of Directors on March 4, 2025.



SEA Refinery is a Philippine company wholly-owned by SMC.

SUBSIDIARIES, ASSOCIATES AND HOLDING COMPANIES

The table below sets forth the Company's equity interest in its primary operating subsidiaries, associates and holding companies as of the date of this Offer Supplement, as well as their principal businesses and places of incorporation. The Company has an insurance subsidiary, Ovincor, which was established to support the insurance requirements of the Company and its allied business partners, including contractors, suppliers, haulers and dealers. Petrogen was a subsidiary of the Company until February 2021 when the Company's interest in Petrogen decreased from 100% to 25.06% while SMC's interest totaled 74.94% following SMC's infusion of a ₱3,000 million equity investment into Petrogen. The Company also has a logistics and into-plane service provider subsidiary, PLI. In July 2023, PLI issued shares at an aggregate issue value of ₱2,500 million, in addition to the shares with an aggregate issue value of ₱1,534 million that it issued in October 2022, and purchased into-plane assets to support its business of providing logistics and freight forwarding services for the hauling, carriage, transportation, forwarding, and/or storage, and into-plane operation requirements mainly of the Company. The Company also has marketing and trading subsidiaries and interests in realty companies to support its core business.

Name of Company	Place (Date) of Incorporation/ Form of Organization	Company's Equity Interest	Principal Business
Overseas Ventures Insurance Corporation Ltd. (" Ovincor ")	Bermuda (1995)/ exempt company	100%	Reinsurance
Petron Freeport Corporation (" PFC ")	Philippines (2003)/ company	100%	Wholesale or retail sale of fuels, operation of retail outlets, restaurants and convenience stores, and the manufacture of fuel additives
Petron Singapore Trading Pte. Ltd. (" PSTPL ")	Singapore (2010)/ company	100%	Procurement of crude oil, trading of petroleum and petrochemical products, vessel chartering and risk management

Name of Company	Place (Date) of Incorporation/ Form of Organization	Company's Equity Interest	Principal Business
Petron Oil & Gas International Sdn Bhd ("POGI")	Malaysia (2011)/ company	100% indirect interest	Investment holding
Petron Malaysia Refining & Marketing Bhd ("PMRMB")	Malaysia (1960)/ company	73.4% indirect interest (the other 26.6% is owned by the public)	Manufacturing and marketing of petroleum products in Peninsular Malaysia
Petron Fuel International Sdn. Bhd. ("PFISB")	Malaysia (1961)/ company	100% indirect interest	Marketing of petroleum products in Peninsular Malaysia
Petron Oil (M) Sdn. Bhd. ("POMSB")	Malaysia (1969)/ company	100% indirect interest	Marketing of petroleum products in East Malaysia
New Ventures Realty Corporation ("NVRC")	Philippines (1995)/ company	85.55% (the other 14.45% is owned by PCERP)	Purchase and sale of properties suitable for use as service station sites, bulk plants or sales offices
Petrofuel Logistics, Inc. ("PLI")	Philippines (2010)/ company	100% indirect interest	Providing logistics services such as freight forwarding services and into-plane refueling and other allied services

For the years ended December 31, 2022, 2023, and 2024, the Company's subsidiaries' contribution to total revenue were ₱426,904 million or 50%, ₱365,071 million or 46%, and ₱406,796 million or 47%, respectively.

PRODUCTS

The Company's core products are categorized into (i) Fuels; (ii) Lubricants and Greases; and (iii) Petrochemicals. The Company also produces other refinery products.

Fuels

Product Name	Product Type	Description
<i>The Philippines</i>		
Petron Gasul	LPG	A premium LPG product used as fuel for cooking, lighting and industrial applications. Sold in 2.7-kg, 11-kg, 22-kg and 50-kg cylinders and in bulk.
Fiesta Gas	LPG	An economy LPG product used as fuel for cooking, lighting and industrial applications. Sold in 170 g, 2.7-kg, 11-kg, 22-kg and 50-kg cylinders.

Product Name	Product Type	Description
Petron Gaas	Kerosene	Water-white kerosene used as fuel for stoves, lamps and other domestic uses.
Petron Blaze 100 Euro 6	Gasoline	A 100-octane and Euro-6 level premium plus gasoline that meets European fuel quality standards for Euro-6 technology vehicles. It also meets Euro 6b emission standards.
Petron XCS	Gasoline	A 95-octane premium gasoline which contains a complete combustion additive system that delivers excellent engine response, enhanced power and acceleration, and improved fuel economy. It meets and exceeds Euro IV-PH standard for premium grade gasoline.
Petron XTRA Advance	Gasoline	A 91-octane regular gasoline formulated to provide better engine protection, corrosion control, better power, and improved fuel economy.
Petron Turbo Diesel	Diesel	An advanced diesel designed for high performance diesel engines. It is designed to provide excellent engine protection, improved fuel economy, and maximum power for today's modern diesel engines.
Petron Diesel Max	Diesel	A regular diesel fuel formulated with robust multi-functional additive system for optimum engine protection, better power, and improved fuel economy.
Petron Aviation Gasoline	Jet Fuel	A low-lead, high-octane aviation gasoline for aircraft with reciprocating engines.
Petron Jet A-1	Jet Fuel	A highly purified kerosene-type aviation fuel used by aircraft with turbo prop and turbojet engines. It has good combustion characteristics suitable for low-temperature operation at high altitude.

Product Name	Product Type	Description
<u>Malaysia</u>		
Petron Blaze 100	Gasoline	Malaysia's first 100-octane premium grade gasoline that meets Euro 4M and MS 118-3:2011 standards. It provides optimum performance in terms of power, acceleration, and combustion efficiency.

Product Name	Product Type	Description
Petron Blaze 97	Gasoline	A 97-octane high-performance premium gasoline that contains a special blend of multi-functional additive, combustion enhancer and friction modifier, resulting in excellent engine cleaning action, enhanced power and acceleration, and improved fuel economy. It meets Euro 4M and MS 118-3:2011 standards.
Petron Blaze 95	Gasoline	A 95-octane regular gasoline formulated with advanced additive technology to provide optimum engine performance that meets Euro 4M and MS 118-3:2011 standards.
Petron Turbo Diesel Euro 5	Diesel	A premium plus diesel fuel with 7% PME that meets Euro 5 and MS 123-3:2019 specifications. It is formulated with an advanced additive technology that provides excellent power and improved fuel economy. It also provides better ignition quality, quicker engine start-up and smoother engine run.
Petron Diesel Max Euro 5	Diesel	A premium diesel fuel with 7%, 10% or 20% PME that is specially formulated to provide improved fuel economy and reduced exhaust emissions. It meets Euro 5 and MS 123-3:2019 specifications or MS 123-5:2020 specifications.
Petron Diesel (Commercial Diesel B7)	Diesel	A high-quality diesel fuel with 7% PME. It is formulated with enhanced cleaning technology that provides improved fuel economy and reduced exhaust emissions. It meets Euro 5 and MS 123-3: 2019 specifications.
Petron Gasul	LPG	A premium LPG product used as fuel for cooking and industrial applications, sold in 12-kg, 14-kg and 50-kg cylinders and in bulk. An additional product line called F-14, which are 14-kg cylinders for forklifts, is also available.
Petron Kerosene	Kerosene	A refined kerosene with clean and efficient burning qualities. It meets the AFQRJOS Checklist, British MoD DEF STAN 091-091 and ASTM D1655 standards.
Petron Jet A-1	Jet Fuel	A highly purified kerosene-type aviation fuel used by aircraft with turbo prop and turbojet engines.
Petron Crude Glycerine	Crude Glycerin	Crude Glycerine is the by-product from PME production. It is an impure form of glycerine and is used as feedstock for the production of Refined Glycerine.

Product Name	Product Type	Description
Petron Refined Glycerine	Refined Glycerin	Petron Refined Glycerine, which is also the by-product from PME production, is USP Grade Glycerine. USP Grade Glycerine refers to the requirement mandated by the U.S. Food and Drug Administration (FDA) regulations to ensure only the highest purity Glycerine is used in the manufacture of pharmaceutical products.

Lubricants and Greases

Automotive oil and lubricant products include the Company's extensive line of automotive oil and lubricants for different types of vehicle engines and road conditions.

Industrial oil and lubricant products include the Company's broad range of oil and lubricants designed for extreme temperatures and operating conditions for various industrial uses.

Marine oil and lubricant products include the Company's broad range of oil designed for lubrication of various types of diesel engines used in the maritime industry.

Greases include the Company's grease products used for the protection of equipment and the reduction of wear on gears and other components of vehicle and industrial engines.

Asphalts include the Company's asphalt products used for road paving, sealing applications, undercoating, waterproofing and rust proofing.

Special products include the Company's products designed for special applications, such as process oils, thermal oils, protective coatings, steel case moulding, tire manufacturing, processing of natural fibers and other non-lubricating applications.

Aftermarket specialties include products such as brake fluid coolants, diesel additives, engine oil and gasoline additives, sprayable grease, car shampoos and multi-purpose sprays.

Petrochemicals

Xylene is used to make polyester fibres, packaging materials, bottles and films.

Propylene is the raw material used for the production of polypropylene.

Polypropylene is used to manufacture food packaging plastics, car bumpers, computer housings, appliance parts and fibres.

Benzene is an aromatic hydrocarbon used to produce numerous intermediate petrochemical compounds, such as styrene, phenol, cyclohexane, alkylbenzenes, and chlorobenzenes, which are used to produce plastics, pharmaceuticals, pesticides and other chemicals. It is also used as a solvent for paints and natural rubber.

Toluene is used as a solvent in paints, inks, adhesives, and cleaning agents, as well as in chemical extractions. It is also used in the chemical synthesis of benzene, urethane foams and other organic chemicals, and in the production of pharmaceuticals, dyes and cosmetic nail products.

Other Refinery Products

LSWR is a low-sulfur bottom/residue from refinery processing that is used as feedstock for chemical plants or as fuel for industrial boilers or heaters.

Naphtha is widely used as a motor gasoline component. It is also used as feedstock in steam crackers to produce olefins. Like some petrochemicals, it is also used as solvent for cleaning applications and also as a diluent in the mining industry.

Molten sulfur and bio-sulphur are by-products of the Petron Bataan Refinery and Port Dickson Refinery, respectively. These are used as precursor to different chemical compounds with a wide variety of applications from sulfuric acid to fertilizers and pharmaceutical drugs.

Petcoke is used in power generation and manufacturing processes as an alternative feedstock to coal.

Scope of Business

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 LPG, gasoline, diesel, jet fuel, kerosene, solvents, asphalts, and petrochemical feedstocks such as mixed xylene, propylene, and toluene.

The major markets in the petroleum industry are Retail, Industrial, LPG and Lube Trades. Petron sells its products to industrial end-users and through a nationwide network of service stations, LPG dealerships, sales centers and other retail outlets. It also supplies jet fuel at key airports to international and domestic carriers.

Petron's business also extends beyond its core fuel business through Treats convenience stores and retail locators, which drive higher foot traffic and customer engagement at service stations.

Keeping its presence in the regional market, the Company also exports petroleum and non-fuel products to Asia-Pacific countries. Exports, which generate dollar inflows for the Company, provide a natural hedge against losses which may arise from fluctuations in the foreign exchange rate.

Petron operates a lube oil blending plant in Tondo, Manila and owns a fuel additives blending plant in Subic Bay Freeport Zone.

All of the Company's permits and licenses are valid and subsisting.

Production Facilities

The Philippines

In the Philippines, the Company owns the Petron Bataan Refinery complex located in Limay, Bataan, which is a 180,000 bpd full conversion refinery. It has its own product piers and offshore berthing facilities, one of which can accommodate very large crude oil carriers, or "VLCCs".

The Petron Bataan Refinery is capable of producing a range of all white petroleum products such as LPG, naphtha, gasoline, kerosene, jet fuel and diesel, with no residual fuel oil production. It also produces petrochemical feedstocks benzene, toluene, mixed xylene, and propylene. In December 2016, the Company acquired the cogeneration power plant from SMC Powergen, Inc., which consists of four turbo generators and four solid fuel fired Circulating Fluidized Bed boilers. With the completion of phase 3 in 2022, the cogeneration power plant now consists of six turbo generators with a combined capacity of 184MW and six solid fuel fired Circulating Fluidized Bed boilers with a combined capacity

of 1,200 tons per hour. This ensures the sufficient and reliable supply of steam and power for the Petron Bataan Refinery. Excess power is exported to the grid.

In addition to the Petron Bataan Refinery, the Company owns a fuel additives blending plant (the **“Subic Plant”**) in the Subic Bay Freeport Zone in the Philippines with a capacity of 12,000 metric tons per year.

Petron also operates a lube oil blending plant in Tondo, Manila. The capacity of the New Lube Oil Blending Plant (**“NLOBP”**) is 90,000,000 liters per year per shift.

Malaysia

In Malaysia, the Company owns a petroleum refinery complex located in Port Dickson, Negeri Sembilan. The Port Dickson Refinery has a crude oil distillation capacity of 88,000 bpd.

The Port Dickson Refinery produces a range of petroleum products, including LPG, naphtha, gasoline, jet fuel, diesel and LSWR. With the exception of naphtha and LSWR, these products are intended to meet domestic demand in Malaysia. The Company exports its naphtha and LSWR to various customers in the Asia-Pacific region under term and spot contracts.

Crude oil for the Port Dickson Refinery is received by means of a single buoy mooring (**“SBM”**) and crude pipeline facilities that are jointly owned with Hengyuan Refining Company Berhad (formerly known as Shell Refining Company (Federation of Malaya) Berhad) through an unincorporated joint venture. Under the joint venture, the Company shares 50% of all SBM operating and capital costs and also pays a levy of one-third of the overhead and administrative charges incurred in connection with the operation of the SBM.

Refining Process and Quality Improvement Initiatives

The Petron Bataan Refinery

The Petron Bataan Refinery has been continuously implementing various programs and initiatives to achieve key performance index targets on reliability, processing efficiency, energy efficiency, safety and environmental protection.

To adapt to ever-changing market conditions, the Refinery implements margin enhancement programs to strategize production of higher value product yields.

On December 28, 2020, Petron Bataan Refinery was approved as a FAB-registered enterprise. With this registration, the Refinery would be more competitive and in a better position to sustain its operation to supply fuel for the nation.

In July 2022, phase 3 of the power plant was completed, adding 44MW to the existing co-gen facility. The project aims to benefit the Company by freeing up fuel oil previously used as refinery fuel for conversion to high-value products instead. Likewise, it will also provide revenues through the generation of incremental power for selling to the grid.

The Petron Bataan Refinery also holds three Integrated Management System (IMS) certifications, demonstrating an unwavering commitment to global standards in Quality (ISO 9001), Environmental (ISO 14001), and Safety management (ISO 45001).

The Port Dickson Refinery

The Port Dickson Refinery uses an Integrated Management System (**“IMS”**) in support of its

operations. Embedded within the IMS are the Petron Operation Integrity Management System (“**POIMS**”), Control Management System (“**CMS**”), and Product Quality Management System (“**PQMS**”). In addition, the Port Dickson Refinery also practices the Loss Prevention System (“**LPS**”), the PDR Reliability System (“**PRS**”) and plant optimization initiatives for improved plant efficiency.

The Port Dickson Refinery adopted IMS in 2019 to align all existing processes under one management system. The POIMS provides a structured approach to the management of risks related to safety, security, health, environment (“**SSHE**”) and operation integrity to comply with local regulations and laws. CMS provides a process for ensuring that Corporate Policies and In-Line Controls are implemented and effectively sustained over time. PQMS provides a work process to ensure high-quality products delivered to customers. The Port Dickson Refinery was awarded with the IMS certification on December 24, 2019.

To increase plant reliability, the Port Dickson Refinery adopted the PRS, which utilizes a risk-based equipment strategy and aims to improve mechanical efficiency through routine work planning, scheduling and execution. The Port Dickson Refinery also continuously seeks improvement in the areas of process optimization, flaring, oil loss and energy conservation through the use of advanced process computer control and an integrated plant information system.

Raw Materials

Philippine Operations

The main raw material used in the Petron Bataan Refinery’s production process is crude oil. The Company’s crude oil optimization strategy includes the utilization of various types of crude oil, ranging from light and sweet crude to heavier, more sour alternative crude.

The Company acquires crude oil for the Petron Bataan Refinery primarily through arrangements with its wholly owned subsidiary PSTPL, which, in turn, obtains crude oil from foreign sources through a combination of term and/or spot purchase contracts. For Petron’s various crude requirements for 2025, PSTPL has term contracts with Saudi Aramco, KPC, SOMO, and SIETCO. Pricing is determined through a formula that is linked to international industry benchmarks. The contract with Saudi Aramco is automatically renewed annually unless either the Company or Saudi Aramco elects to terminate the contract upon at least 60 days’ written notice prior to its expiration date. The contracts with KPC and SOMO are from January 1, 2025 to December 31, 2025. The contract with SIETCO is for three years from November 6, 2023. As of this date, none of the supply contracts has been terminated.

PSTPL has a term contract for the year 2025 to purchase group II base oils (J500 (500N) and J150 (150N)) and avgas. Group II base oil is the company’s main feedstock to produce automotive, industrial, and marine lubricants, while avgas is used for aviation fuel requirements.

PSTPL has a term contract for the year 2025 to purchase Asphalt and LPG. These term contracts are tendered annually and awarded to the most competitive supplier(s). Pricing is calculated using a formula based on an international standard price benchmark for these products.

The Company may import gasoline, diesel, and jet fuel. These imports are necessary if there is higher demand in the Philippines and during maintenance of the Petron Bataan Refinery. The Company ceased producing fuel oil, a lower margin product, upon the completion of the RMP-2. Pricing for products being imported is usually based on Mean of Platts Singapore.

Malaysian Operations

The main raw materials used in the Port Dickson Refinery’s production process are crude oil and condensate. The Port Dickson Refinery is designed to process sweet crude oil. The Company’s crude oil optimization strategy includes diversification in processing different types of local as well as regional

sweet crude oil.

The Company acquires crude oil and condensate for the Port Dickson Refinery from various sources, through a combination of term purchase contracts and spot market purchases. The Company has a term supply contract for Tapis crude oil and Terengganu condensate with Exxon Mobil Exploration and Production Malaysia Inc. (“**EMEPMI**”), and term supply contracts for other Malaysian Crude Oil (MCO) with Shell International Eastern Trading Company (SIETCO), PT Pertamina and PTTEP Sabah Oil Limited, supplemented by other short-term supply contracts and spot crude purchases. As of March 31, 2025, about 48% 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. Petron also utilizes Port Dickson Refinery spare capacity for crude processing arrangement of third parties to optimize utilization and benefits.

A portion of the Petron’s palm oil methyl ester requirements for its bio-diesel mix are sourced from the PME plant acquired by Petron Malaysia Refining & Marketing Bhd in March 2019. The plant is located at Lumut, Perak and has an annual capacity of 78,000 metric tons. Petron purchases the balance of its PME requirements from other Malaysian government-approved local suppliers. PME is the bio-component of the biodiesel mix sold to domestic customers in Malaysia. Petron produces a biodiesel mix comprising 7%/10%/20% PME: 93%/90%/80% diesel for the Retail sector and 7%/10% PME: 93%/90% diesel for the Commercial sector (with exception for electricity power generation and bunkering) mainly for the transportation and subsidized segment, following the Malaysian Biofuel Industry Act of 2007.

A second PME plant is currently being constructed at Port Dickson with an annual rated capacity of 146,000 metric tons to cater for the rest of the PME requirements for the biodiesel sales of Petron in Peninsular Malaysia. The plant is expected to be commissioned in 2026.

Petron also imports LPG, diesel, gasoline, jet fuel and some gasoline blending components into Malaysia to support domestic demand beyond its production level. These imports are purchased through term purchase contracts and in the spot market. Pricing is usually based on Mean of Platts Singapore for diesel, gasoline, jet fuel and some gasoline blending components, or Saudi CP for LPG.

Utilities

The principal utilities required for the Company’s production process are water, electricity and steam.

Water

Deep wells and a seawater desalination plant provide the Petron Bataan Refinery’s water requirements.

The Port Dickson Refinery’s clean water requirements for the process units are sourced from the local municipal water source. Water for fire-fighting purposes is sourced from a lagoon located within the Port Dickson Refinery complex, supplemented by a municipal water storage tank.

Electricity and Steam

The Petron Bataan Refinery’s electricity and steam requirements are sourced from the Petron Bataan Refinery’s existing turbo and steam generators as well as from its cogeneration power plant. The cogeneration power plant was acquired by the Company in December 2016 from SMC Powergen Inc., a subsidiary of SMC and an affiliate of the Company. With the completion of phase 3 in 2022, the cogeneration power plant now consists of six turbo generators with a combined capacity of 184 megawatts and six solid fuel fired Circulating Fluidized Bed boilers with a combined capacity of 1,200 tons per hour.

The Port Dickson Refinery's electricity requirements are purchased from Tenaga Nasional Berhad, the Malaysian national electricity provider, while the Port Dickson Refinery's fired and waste heat boilers supply the steam requirements of the refinery's process units.

Sales and Marketing

The major markets in the petroleum industry are Retail, Industrial, LPG and Lube Trades. Petron sells its products to both industrial end-users and through a nationwide network of service stations, LPG dealerships, sales centers and other retail outlets. It also supplies jet fuel at key airports to international and domestic carriers.

The Company is not dependent on a single customer or a few customers. No single customer of the Company accounts for at least 20% of its sales.

The Philippines

In the Philippines, the Company operates the only integrated oil refinery and is a leading oil marketing company. The Company had a retail market share of 39.2%⁹ of the Philippine oil market for the period ended June 30, 2024.

Retail Service Stations

The Company has a network of around 1,800 retail service stations in the Philippines as of March 31, 2025, according to the Company's estimates. Most of these stations are located in Luzon, where demand is heaviest.

The Company employs two types of service station operating structures in the Philippines: (i) CODO, which are Company-owned-dealer-operated service stations, and (ii) DODO, which are dealer-owned-dealer-operated service stations. For CODOs, the Company buys or leases the land and owns the service station structures and equipment, but third-party dealers operate the CODOs. For DODOs, third-party dealers buy or lease the land, build service station structures according to Company specifications, lease the service station equipment from the Company, and operate the DODOs. As of March 31, 2025, approximately 49% of the Company's retail service stations in the Philippines were CODOs, and approximately 51% were DODOs.

To improve traffic in the Company's service stations and increase potential revenues of the Company's non-fuel business, the Company established Treats convenience stores and leases space to quick-serve restaurants and other consumer service shops in strategic service stations nationwide. The Treats convenience stores were rebranded under the brand name San Mig Food Avenue in 2011 pursuant to an agreement with San Miguel Foods Inc. The convenience stores are operated by dealers through a franchise obtained from San Miguel Foods, Inc. opened stores in Manila under the brand name "*Treats*," with permission from San Miguel Foods, Inc. for the use of the brand name. On March 1, 2021, the Company reacquired the Treats convenience store business from the San Miguel Food Group. The acquisition covered fixed assets in the stores, inventory, and intangible assets such as contracts and the Treats trademarks. On June 29, 2021, the Company acquired additional *Treats* assets from Foodcrave Marketing, Inc. The Treats acquisition optimizes the synergies between the operation of the Petron service stations and the Treats outlets located in the service stations, resulting in operational efficiencies and savings, unified customer marketing programs, maximized exposure of the Treats brand, and the provision of holistic business consulting to dealers on their businesses within the service station. As of March 31, 2025, there are about 50 *Treats* outlets nationwide.

⁹ Market share is derived from Company estimates based on Company information and data from the Philippine Department of Energy for the period ended June 30, 2024.

The Company continues to install the point of sale (“**POS**”) system across its retail network throughout the Philippines. POS systems are used for gaining efficiencies through automating retail transactions and the proper monitoring of actual sales in service stations. As of March 31, 2025, the Company had installed POS terminals in approximately 1,200 retail service stations in the Philippines.

Industrial Sales

The Company believes it is the leading supplier to the Philippine industrial sector, which includes major manufacturing, aviation, marine, and power accounts. The Company had approximately 1,300 direct industrial account customers as of March 31, 2025.

LPG

The Company is a leading market participant in the Philippine LPG market in terms of market share. The Company has set up approximately 2,200 branch and franchise stores through its *Gasul* and *Fiesta Gas* LPG dealers as of March 31, 2025. The Company has commissioned about 21 mini-refilling plants in the Philippines as of March 31, 2025 to broaden the reach of the Company’s LPG products and make them accessible to more Filipinos.

Lubricants, Specialties and Petrochemicals

To augment lubricants and greases sales, the Company has a network of about 49 Car Care Centers, around 43 Petron Lube Distributors, and 14 Key Accounts throughout the Philippines as of March 31, 2025. The Company capitalizes on the strong lubricant distribution network of non-traditional outlets such as automotive and motorcycle parts outlets and automotive repair shops, and expanded LPG-outlet network by utilizing its LPG branch stores as outlets for the Company’s lubricants and specialty products.

The Company exports various petroleum products such as lubricants and petrochemical feedstock, including naphtha, mixed xylene, benzene, toluene and propylene, to customers in the Asia-Pacific region. These products are sold through accredited traders and to end-users under term or spot contracts.

Polypropylene is sold mostly to companies engaged in the manufacture of packaging materials.

Loyalty Programs

The Company actively pursues initiatives to improve customer service and promote customer loyalty. In 2004, the Company launched the Petron Fleet Card, the first microchip-powered card in the Philippines, which is a credit card that offers rebates and discounts on fuel, lubricants and services and provides 24-hour free towing and roadside assistance to cardholders. As of March 31, 2025, more than 620,000 Petron Fleet Cards had been issued in the Philippines. In 2008, the Company launched Petron e-Fuel Card as a promotional item. To maximize patronage of its service stations and related businesses, the Company launched a loyalty program in October 2011 through its Petron Value Card, which offers 24-hour free towing and roadside assistance, rewards points for every purchase and complimentary annual personal accident insurance coverage. In 2014, the Company introduced the Petron Super Driver Card, a variant of the Petron Value Card, to the public utility vehicle sector, specifically targeting the taxi and tricycle markets. As of March 31, 2025, the Company has issued approximately 1.45 million Petron Value Cards (including Petron Super Driver Cards).

Malaysia

The Company’s fuels marketing business in Malaysia is segmented into retail and commercial business.

Retail Business

The retail business markets fuel and its related products through a dealer network comprising about

810 retail service stations located throughout Peninsular and East Malaysia as of March 31, 2025. In Malaysia, the Company uses the CODO and DODO operating structures for its retail service stations. CODO accounted for approximately 54% of the total retail service station network of the Company while DODOs made up the 46% balance. The Company also has about 320 *Treats* convenience stores, generating non-fuel income and improving traffic in the service stations.

To further enhance the customer service experience in Malaysia, the Company launched the “*Fuel Happy*” campaign in 2015 with various marketing activities and events organized to reward and enchant the customers. This was followed by “*Best Day at Petron*” campaign launched in 2017. In 2016, the Company pioneered the country’s first premium fuel with the rollout of Petron Blaze 100. As of March 31, 2025, Blaze 100 is available in more than 110 stations, mainly located in Klang Valley and the southern city Johor Bahru. The Company also offers Petron Turbo Diesel Euro 5, a premium plus diesel fuel with 7% biodiesel mix that meets Euro 5 standards, even prior to the mandatory implementation of Euro 5 diesel standards set by the Malaysian government beginning April 1, 2021. As of March 31, 2025, the Company has more than 360 service stations offering Turbo Diesel Euro 5.

Commercial Business

The Company’s commercial business is divided into three segments: industrial and wholesale fuels, LPG and lubricants and specialties.

Industrial and Wholesale Fuels

The industrial segment sells diesel and gasoline to mini-stations and power plants, as well as to the manufacturing, plantation, transportation, and construction sectors. Petron’s sales of RON 95 gasoline and diesel to mini-stations represented approximately 57% of its industrial sales by volume in 2024. Sales to the mini-stations are priced according to the APM. Many power plants in Malaysia run on natural gas and use diesel as alternative fuel when there are gas curtailments. Petron sells diesel to such power plants on an ad-hoc basis at formulated prices. The pricing of these sales is determined through a formula that is linked to international industry benchmarks. Prices of diesel to the manufacturing, mining, plantation and construction sectors are not regulated by the Malaysian government, and the pricing of these sales is subject to market supply and demand.

The Malaysian wholesale segment consists of sales, primarily of diesel, to Company-appointed distributors, which subsequently sell the Company’s products to industrial customers. As of March 31, 2025, the Company had more than 140 active distributors.

In Malaysia’s aviation sector, Petron is one of the three major jet fuel suppliers at KLIA and KLIA 2 pursuant to a throughput agreement with the Kuala Lumpur Aviation Fuelling System Sdn Bhd, the operator of the KLIA’s storage and hydrant facility.

LPG

The Company markets LPG in 12-kg and 14-kg cylinders for domestic/household sales, and 50-kg cylinders and bulk for commercial use, through redistribution centers, stockists and dealers. LPG redistribution centers are owned by the Company to store and distribute bottled LPG to dealers. Stockists are dealer-owned distribution centers which also distribute bottled LPG to other dealers. Dealers generally collect bottled LPG directly from redistribution centers and stockists for onward sale to domestic and commercial consumers. Prices of 12-kg and 14-kg cylinders for domestic use are regulated under the APM. In April 2019, Petron launched *Petron Gasul* at its service stations, the first “cash and carry” service wherein customers can purchase their LPG cooking gas at the service station. As of March 31, 2025, Petron has more than 200 service stations selling Gasul LPG.

The Company also sells bulk LPG to industrial users through appointed dealers and to resellers. Prices of 14-kg forklift gas, 14-kg commercial gas, 50-kg and bulk LPG are not regulated by the APM. To

further enhance the *Petron Gasul* brand, Petron has identified three Brand Promises to drive the business forward: Safety, Quality and Convenience.

Lubricants and Specialties

The Company established a lubricants and specialties business line in April 2012 to introduce Petron lubricants and greases into the Malaysian market. These products are marketed through a network of appointed distributors in both West and East Malaysia to various industry segments including car and motorcycle workshops, transport and fleet operators, manufacturing, and industrial accounts. Petron's wide range of automotive lubricants is sold through the Company's extensive network of service stations in Malaysia.

The Company exports surplus intermediate products LSWR and naphtha from the Port Dickson Refinery through accredited traders and to end-users under term or spot contracts.

In response to the government's biofuel mandate, Petron acquired a PME plant in Lumut, Perak in March 2019 to help ensure reliable and adequate supply of PME for the Company's needs. Besides PME, the Lumut plant also produces glycerin that is sold to local and overseas consumers as raw material largely for pharmaceutical and cosmetic products like moisturizing skin care products and soaps.

Loyalty Programs

The Company has been actively pursuing initiatives to improve customer service and promote customer loyalty for its Malaysian retail business by offering rebates, points and discounts. As of March 31, 2025, the Company has about 2.2 million active Petron Miles cardholder accounts in Malaysia under its loyalty card program.

Export Sales

In line with the Company's efforts to increase its presence in the regional market, it exports various petroleum and non-fuel products to Asia-Pacific countries such as South Korea, Taiwan, China, Japan, Malaysia, Singapore, India, and Indonesia. Exports, which generate dollar inflows for the Company, provide a natural hedge against losses which may arise from fluctuations in the foreign exchange rate. The Company's revenues from these export sales amounted to ₱40,343 million or 5% of total sales in 2022, ₱47,011 million or 6% of total sales in 2023, and ₱43,222 million or 5% of total sales in 2024.

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

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

Additional Information on Business Segments – Consolidated

The following table presents additional information on the petroleum business segment of the Company as at and for the years ended December 31, 2022, 2023, and 2024:

	Retail	Lube	Gasul	Industrial	Others^a	Total
	(in ₱ millions)					
2022, as restated						
Revenue	395,183 46%	6,403 1%	33,126 4%	156,307 18%	263,693 31%	854,712
Property, plant and equipment ^b	7,920 5%	27 0%	1,566 1%	23 0%	160,880 94%	170,416
Capital expenditures ^b	1,170 9%	4 0%	- 0%	1 0%	12,360 91%	13,535
2023, as restated						
Revenue	367,013 46%	6,462 1%	33,267 4%	146,980 18%	244,310 31%	798,032
Property, plant and equipment ^b	7,880 5%	62 0%	2,079 1%	62 0%	154,868 94%	164,951
Capital expenditures ^b	1,237 25%	34 1%	10 0%	40 1%	3,645 73%	4,966
2024						
Revenue	379,864 44%	7,452 1%	38,568 4%	161,268 19%	277,613 32%	864,765
Property, plant and equipment ^b	8,176 5%	223 0%	2,685 2%	79 0%	154,640 93%	165,803
Capital expenditures ^b	1,086 16%	185 3%	16 0%	56 1%	5,578 80%	6,921

^a Under the "Others" account, revenue includes exports and sale to other oil companies.

^b "Property, plant and equipment" and "Capital expenditures" include assets at the refinery and terminals.

In 2024, diesel and gasoline continue to be the top sales contributors comprising 65% of total revenue, with diesel at 34% and gasoline at 31%. The current contribution of the rest of the products ranges from 1% to 10%.

Distribution

The Philippines

The Company's main storage facility in the Philippines was formerly located in Pandacan, Manila. The reclassification by local authorities of the area occupied by the Pandacan terminal prohibited the continued operation of the Company's facility in Pandacan as a petroleum storage facility and necessitated relocation to other alternative sites in Luzon. The Company ceased its petroleum product storage operations in Pandacan in January 2015.

To serve its domestic markets, the Company maintains 39 terminals and airport installations situated throughout the Philippines, representing the most extensive distribution network for petroleum products in the Philippines. The network comprises 13 terminals in Luzon, 6 in Visayas and 8 in Mindanao, as well as 4 airport installations in Luzon, 5 airport installations in Visayas and 3 airport installations in Mindanao. Terminals have marine receiving facilities, multiple product storage tanks for liquid fuels and LPG, drummed products storage, and warehouses for packaged products such as lubricants and greases. From the Petron Bataan Refinery, refined products are distributed to the various terminals and direct large consumer accounts using a fleet of company-owned and contracted

barges and tankers, and to service stations and industrial accounts through a fleet of company-owned and contracted tank trucks. The barges and tankers are chartered on term or spot contracts from third-party ship owners. From the storage terminals, bulk products are hauled by company-owned and third-party tank trucks to service stations and industrial accounts. Under the terms of the applicable contracts, the third-party owners of the contracted barges, tankers and tank trucks that are used to haul the Company's products are liable for losses and environmental issues that may arise while the products are being transported.

In its Philippine LPG business, the Company has a nationwide network of retail dealerships and outlets. Some service stations carry the Company's LPG products and accessories. The Company has stand-alone LPG operations in its terminals in Pasig City, Legazpi City, San Fernando City in Pampanga and San Pablo City in Laguna.

Lubricants and greases in various packages are transported by container vans to bulk plants and terminals outside Metro Manila. Package trucks owned by third parties are utilized to deliver these lubricants and greases to various customers in Metro Manila and Luzon. Sales counters throughout the Philippines are appointed to sell these products.

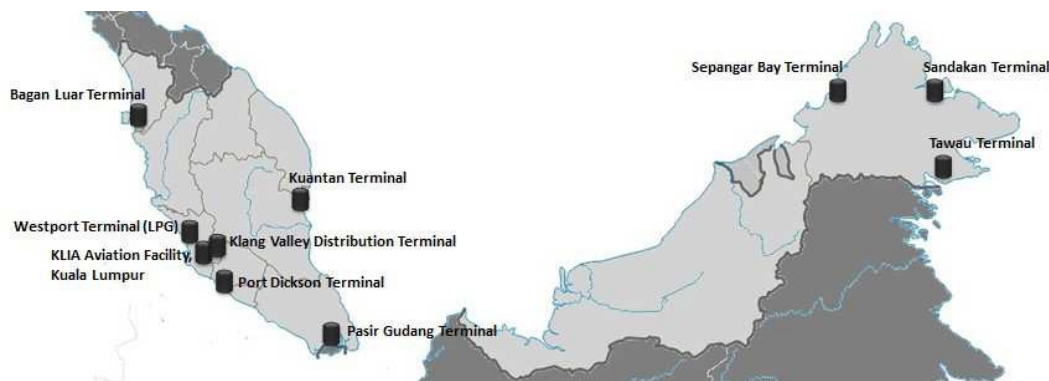
The Company has airport installations at the Ninoy Aquino International Airport ("**NAIA**") and 11 other airports located in major urban centers in the Philippines. These installations provide storage of aviation fuels as well as refueling services for various aircraft. The Company has presence in the airports of NAIA, Puerto Princesa City, Laoag and Clark in Luzon, Mactan, Bohol, Kalibo, Caticlan and Iloilo City in the Visayas, as well as in Davao City, Laguindingan and Zamboanga City in Mindanao via mobile into plane refueling equipment.

Malaysia

Products from the Port Dickson Refinery are distributed to service stations and commercial accounts through tank trucks that lift products via the Port Dickson Terminal's tank truck loading facilities. These loading facilities are connected to the storage tanks inside the refinery. The refinery's produced volume is also sent to Klang Valley Distribution Terminal ("**KVDT**") through a multi-product pipeline. Tank trucks lift products from KVDT for delivery to Petron customers. The other terminals source products through imports from regional suppliers. Products are lifted from the terminals via tank trucks and delivered to service stations and commercial accounts. The Port Dickson terminal is located beside the Port Dickson Refinery, while the other terminals are located near major fuel product market areas.

The map below shows the geographic coverage of the Company's terminals in Malaysia as of March 31, 2025.

Figure 2: Geographic Coverage of Petron's Terminals in Malaysia



Jet fuel is transported from the Port Dickson Refinery to KLIA through a multi-product pipeline (the “**MPP**”), which is jointly owned by Petron through its 20% ownership interest in an unincorporated joint venture with Petronas Dagangan Berhad (“**PDB**”) and Shell Malaysia Trading Sdn Bhd (“**Shell Malaysia**”), each of which has a 40% ownership interest. The MPP is a fungible products pipeline for transporting gasoline, diesel and jet fuel and is operated by PS Pipeline Sdn Bhd, a 50-50 joint venture between PDB and Shell Malaysia.

The joint venture through which Petron owns its interest in the MPP also owns the KVDT, where fuel inventory is commingled. Prior to 2015, Petron only used the MPP to transport jet fuel to KLIA and not for transporting gasoline or diesel to the KVDT. In 2015, Petron successfully completed a project linking the Port Dickson Refinery to the MPP to transport gasoline and diesel products to KVDT. This improved the Company’s logistics and reduced cost of delivery to service stations in the Klang Valley area, a major market.

LPG is bottled at the Port Dickson and Westport terminals. Most redistribution centers and stockists collect bottled LPG directly from the Port Dickson and Westport terminals. Petron has an LPG storage and bottling facility at West Port (part of Port Klang, the principal port facility serving the Klang Valley), which is a 50-50 joint venture between Petron and Boustead Petroleum Marketing Sdn Bhd. Both terminals also load Bulk LPG for industrial customers. Petron had also contracted third-party bottling facilities to expand the reach of its *Gasul* products in Perak and Penang in the north, Kelantan in the east coast and Johor in the south.

Petron entered the Sarawak retail market in February 2017 with an initial six DODO stations, subsequently increasing the number to 13 as of March 31, 2025. These stations are supplied through a sales and purchase term agreement with a local company, Petronesa Trading Sdn Bhd, from independent terminals located in Kuching and Tanjung Manis. In the second half of 2025, a new terminal in Kuching is scheduled to be commissioned by a third-party provider to cater for the supply requirements of Petron in Sarawak.

Capital Expenditure Projects

Petron Bataan Refinery

The Company undertook the upgrade and expansion of the Petron Bataan Refinery in two phases – Phase 1 of the Refinery Master Plan (“**RMP-1**”) was completed in May 2009 while Phase 2 (“**RMP-2**”) attained full commercial operation in January 2016. RMP-1 increased the Petron Bataan Refinery’s capability to convert low-margin fuel oil into White Products such as LPG, gasoline and diesel. RMP-1 also expanded the Company’s venture into production of petrochemical feedstocks such as propylene, benzene, toluene and additional mixed xylene. RMP-2 was a USD2 billion investment project which enabled the Petron Bataan Refinery to further enhance its operational efficiencies, convert all residual fuel oil production into production of more White Products and produce Euro-IV fuels and increase the Company’s production of petrochemicals. With RMP-2, the Petron Bataan Refinery also produces byproduct petcoke, which is used as fuel for its cogeneration power plant, lowering its power and steam costs.

The Company believes that RMP-2 significantly enhanced the Petron Bataan Refinery’s competitiveness with its complexity index higher than most refineries in the region. The Company will continue to make investments in the Petron Bataan Refinery facilities to ensure reliability and efficiency of critical refinery processes and to reduce costs.

The Company completed construction of a new power plant in 2022 that replaced some of its old generators and generated incremental power and steam. In addition, products previously used as refinery fuel are now converted to high-value products.

Other ongoing investments in the Petron Bataan Refinery include the construction of the CME Plant, which is under evaluation as we closely monitor market movements, including the recent increase in the mandated

biodiesel blend and implications on feedstock availability, pricing, and overall project viability. In addition, the Refinery continues to invest in its regular maintenance and scheduled turnarounds of its plants and equipment for reliable and efficient refining operations.

Philippine Retail Network Expansion

To support growing fuel demand in the Philippines, the Company will continue to build service stations in strategic high-growth or high-volume sites. The Company will also continue its retail network expansion programs for its LPG and Lubes segments.

Logistics Expansion and Upgrade

The Company will continue optimizing its storage capacities to improve product supply reliability, support growing demand, and reduce distribution costs. The Company will also continue to invest in more fuel and LPG trucks for more efficient distribution of fuels.

Malaysia Expansion and Improvements

The Company completed construction of a new diesel hydrotreater process unit in Port Dickson Refinery in the second quarter of 2021 to comply with Euro-5 diesel specifications.

The Company will continue to construct new service stations and expand its retail network in Malaysia. Production facilities at the Port Dickson Refinery will also be enhanced to improve operations and efficiencies.

Petron Malaysia will also construct a new PME Plant at the Port Dickson Refinery, targeted for completion by 2025. This will support the increasing PME requirements of Petron Malaysia, in line with the government's plan to increase the PME content in Diesel fuel in the future.

The Company is also constructing a new terminal in Kuching targeted to be completed in the third quarter of 2025, to support Petron's expansion in East Malaysia.

Competition

The Philippines

In the Philippines, the Company operates in a deregulated business environment, selling its products to individual, commercial and industrial customers. The enactment of the Downstream Oil Industry Deregulation Law in 1998 effectively removed the rate-setting function of the Philippine government through what was then known as the Energy Regulatory Board, leaving price-setting to market forces. It also opened the oil industry to free competition.

The Philippine downstream oil industry is deregulated and has seen the entry of approximately 500 other industry market participants as of December 2023, rendering the petroleum business highly competitive. The Company operates the only petroleum refinery in the country. The rest of the industry market participants are importers of finished petroleum products or purchase finished petroleum products from other market participants in the local market. In the Philippines, the Company competes with other industry market participants on the basis of price, product quality, customer service, operational efficiency and distribution network, with price being the most important competitive factor. Providing total customer solutions has increased in importance as consumers became more conscious of value.

The Company participates in the reseller (service station), industrial, LPG and lube sectors through its network of service stations, terminals, dealers and distributors throughout the Philippines. In the reseller sector, competition is most dynamic among the major firms, as seen through the construction

of service stations by Shell, Chevron, Total Philippines, Phoenix Petroleum, Seaoil and other new participants in major thoroughfares. The Company has around 1,800 retail service stations as of March 31, 2025, reaching more customers throughout the Philippines. Participants in the reseller and LPG sectors continue to resort to aggressive pricing and discounting in order to expand their market share. The number of major LPG importers in the Philippines increased from three, prior to deregulation, to about seven, with new entrants having more flexible and bigger import receiving capacities. In the industrial sector, the major market participants continue to invest heavily in order to increase their market share and tap new markets. In the lubricants sector, intense competition among many brands, including global brands such as Castrol, Mobil, Shell and Caltex, continues. Brands compete for limited shelf space, which has led to the penetration of previously unutilized markets, such as auto-dealerships in malls.

The Company is the leader in the Philippine downstream oil industry with a retail market share of 39.2%¹⁰ of the Philippine oil market for the period ended June 30, 2024. Approximately 400 smaller oil market participants, which started operations after the deregulation of the oil industry in 1998, account for the remaining market share. The Company believes that it is the leader in terms of domestic sales volumes based on Company estimates using its internal assumptions and calculations and industry data from the DOE as of June 30, 2024. The Company's retail sales volumes for the years 2022, 2023 and 2024 were approximately 44,000 bpd, 50,000 bpd, and 59,000 bpd, respectively. The Company's non-retail sales volumes (including industrial and LPG) for the years ended 2022, 2023 and 2024 were approximately 95,000 bpd, 108,000 bpd, and 112,000 bpd, respectively.

The Company believes that its competitive advantages include organization, technology, assets, resources and infrastructure. The Company continues to implement initiatives aimed at improving operational efficiencies, managing costs and risks, and maximizing utilization of its assets and opportunities.

Malaysia

In the retail service station business, Petron's Malaysian operations compete with five other main participants in the market, namely, Petronas, Shell, Caltex, BHPetrol, and Five Petroleum. Of these five, only Petronas has refinery operations in Malaysia. Market players compete in terms of product quality, customer service, supply reliability and availability. Pricing of gasoline and diesel at retail service stations is not a competitive factor since the Malaysian government regulates the pricing of these products through the APM.

Petron continues to grow its retail market share to more than 21%, with about 810 service stations in Malaysia as of March 31, 2025. With the Company's customer-centric programs, service station facilities upgrades, continued retail network expansion program, introduction of innovative product lines, and improvements in logistics and refinery capabilities, the Company believes that it is well positioned to compete in the retail segment.

Petron continues to face intense competition in the industrial, aviation and wholesale market segments from other local and multinational oil companies. Petron uses its local production from the Port Dickson Refinery and its strategic terminal locations across Malaysia to remain competitive in these segments. Besides the mini stations, fisheries and some selected transportation sectors, which are governed by the APM, other sectors do not benefit from the subsidies provided for under the APM. Major participants resort to aggressive pricing in these segments in order to expand market share. The aviation market is also very competitive, as the three local refiners offload their jet fuel through the MPP to KLIA. Sales of jet fuel at the other Malaysian airports are supplied by the oil companies having the necessary storage and logistics capability. In the LPG segment, Petron competes with Petronas and NGC Energy Sdn Bhd, among others. The APM applies only for sales of LPG for

¹⁰ Market share is derived from Company estimates based on Company information and data from the Philippine Department of Energy for the period ended June 30, 2024.

domestic/household cylinders and does not cover sales of industrial and bulk LPG. Competition in this market is driven by supply reliability, dealer network efficiency and customer service. Petron, being well established, remains competitive in this segment. Overall, the Company's commercial sales remain competitive as a result of the Company's reliable and steady supply of quality fuel to sectors such as transportation, manufacturing, construction, mining, agriculture, and power generation. Retail sales volumes for the year ended 2022 was approximately 93,000 bpd, and for both years ended 2023 and 2024, approximately 98,000 bpd per year.

The lubricants and specialties market is dominated by traditional global brands as well as established local participants. The Company leverages on its growing network of service stations and lubes distributors to market its products and to enhance brand presence. Price is a major competitive factor in this market. The Company believes that it is well positioned to compete in this market due to its growing brand strength and widening network of distributors as well as national consumer promotion through service station, independent workshops and online platforms.

Employees

As of March 31, 2025, the Company had 3,103 employees, of which 306 are managerial employees and 2,797 are rank and file employees (including professional/technical and supervisory level employees). Approximately 76% of the Company's employees are based in the Philippines, with the remaining 24% based in Malaysia and Singapore. The Company believes that it has a well-trained and experienced pool of employees. As of March 31, 2025, approximately 7% of the Company's employees had worked with it for over 20 years and the average tenure of the Company's employees is approximately 8.7 years in the Philippines, approximately 8.8 years in Malaysia and approximately 3.9 years in Singapore. Within the ensuing 12 months, the Company may require additional hiring of employees to support its business operations. On average, Petron hires around 20 employees per month depending on the prevailing requirements of the Company.

The Company has collective bargaining agreements ("**CBAs**") with three labor unions in the Philippines: (1) Petron Employees Association (PEA) with 180 members is affiliated with the National Association of Trade Unions and has a CBA effective from January 1, 2023 to December 31, 2025; (2) Petron Employees Labor Union (PELU) with 38 members; and (3) the Bataan Refiners Union of the Philippines (BRUP) with 355 members is affiliated with the Philippine Transport and General Workers Organization (PTGWO). Separate negotiations are ongoing with PELU and BRUP, covering the period from January 1, 2025, to December 31, 2027. Approximately 24% of the Company's employees in the Philippines are covered by CBAs as of March 31, 2025. The Company is optimistic that negotiations will be mutually beneficial to all parties.

The Company has CBAs with two labor unions in Malaysia: (1) the National Union of Petroleum and Chemical Industry Workers has 149 members with a CBA effective from January 1, 2023, to December 31, 2025; and the (2) the Sabah Petroleum Industry Workers Union has 8 members with a CBA effective from May 1, 2023, to April 30, 2026. As of March 31, 2025, approximately 22% of the Company's employees in Malaysia were covered by CBAs.

The Company has not experienced any significant strikes or work stoppages for more than 20 years on account of employee relations. The Company considers its relationship with its employees to be good.

In addition to Philippine statutory benefits, the Company provides hospitalization insurance, life insurance, vacation, sick and emergency leaves, and computer, company and emergency loans to its employees. It has also established a savings plan wherein an eligible employee may apply for membership and have the option to contribute 5% to 15% of his or her monthly basic salary. The Company, in turn, contributes a maximum of 5% of the monthly basic salary to a member-employee's account in the savings plan. The Company has adopted the "*Rewarding Excellence through Alternative Pay Program*," a performance incentive program that rewards eligible employees who contribute to the achievement of the Company's annual business goals. The Company has a tax-qualified defined benefit pension plan, PCERP, which

covers all permanent, regular and full-time employees of the Company, excluding its subsidiaries. The control and administration of PCERP are vested in its board of trustees, as appointed by the Board of Directors of the Company. PCERP's accounting and administrative functions are undertaken by the SMC Retirement Funds Office. The annual cost of providing benefits under the plan is determined using the projected unit credit actuarial cost method. As of the Company's latest actuarial valuation date of December 31, 2024, the Company is expected to contribute about PHP494.6 million to its defined benefit plans in 2025.

The benefits in Malaysia are substantially similar to those in the Philippines, with the exception of the savings plan and variable pay scheme. Malaysian employment regulations require employers and employees to contribute to an employees' provident fund (the "**EPF**") to provide for the retirement and other needs of employees in Malaysia. Under present regulations, employees contribute a minimum of 11% of their monthly salary to the EPF via payroll deductions. Employers are required to contribute a minimum amount equivalent to 12% to 13% of a managerial, professional and technical ("**MPT**") employee's monthly salary to the EPF. Under collective agreements entered into by the Company with its non-MPT employees in Malaysia, the Company contributes up to 16% of the salaries to the EPF. The Malaysian government does not require employers to make contributions to the EPF with respect to foreign workers. However, if foreign employees opt to contribute, the Company will make the commensurate employers' contribution.

The Company employs experienced, skilled, and qualified personnel for the management and operation of its business and prioritizes programs that will ensure the retention and continuous engagement of its talent. The Company's attrition rate is still lower than the industry average. The Company ensures that manpower for critical positions is adequately maintained. The Company has an established succession planning program supported by a structured mentoring program for identified replacements of retiring employees to ensure leadership strength and technical knowledge preservation necessary for continued business operation. Promising or high-potential employees are given the opportunity to accelerate their development in the early stages of their careers through a structured coaching program to prepare them for greater roles and responsibilities. The Company also supports the continuing education or learning of employees through an education reimbursement program for post-graduate studies and employees' participation in functional technical courses, conferences, and seminars. The Company believes it has a strong compensation and benefits package and regularly reviews its employee relations programs to continuously attract, retain and engage talent.

Research and Development

To enhance productivity, efficiency, reduce costs and strengthen its competitiveness, Petron engages in research and development to identify improvements that can be made to its products and production processes. Petron's Research and Development Department ("**R&D**") engages in various technical research and testing activities to develop and enhance the performance of products and optimize production processes. In addition to research and product development, Petron also engages in quality control and assurance, and technical training. The development, reformulation and testing of new products are continuing business activities of Petron.

Together with other key Company stakeholders, R&D has led in compliance with higher biodiesel blend, ADO-B3, per the Department of Energy (DOE) regulations and Biofuels Law.

Petron continuously develops and enhances its lubricant product range catering to top tier and cost-competitive customer requirements. It continues to maintain approvals of thoroughly selected top tier products with industry licensors (i.e., API, ACEA, JASO, Kosher, NSF and Halal) and original equipment manufacturers (OEM). New WinGD (Winterthur Gas & Diesel in Switzerland) OEM approval for its marine cylinder oil, Petromar DCL 4050, was also obtained. It has also developed quality lubricants and greases that are reasonable to price-sensitive market and to specific customer requirements.

The R&D group also spearheaded the implementation of Total Quality Management ("**TQM**") at the terminals, service stations, and Petron Research and Testing Center ("**PRTC**") laboratories. TQM is a management system where all members of the organization participate and work together in improving

processes by eliminating unnecessary steps and doing value-adding and innovative activities, thereby resulting to a more efficient, productive, and cost-saving operations.

With the implementation of TQM, Petron terminals were able to optimize resources and safeguard product quality with the use of quality assurance tools. TQM has expanded its scope to marine vessels by issuing guidelines in marine vessel tank cleaning resulting to substantial improvement in vessel turn-around and savings in tank cleaning cost. Further, R&D has continually implemented process improvement programs at service stations that reduce business losses and operating cost. PRTC laboratories were also able to save on operating costs by rationalizing critical test properties and focusing on customer requirements. With this quality system, the laboratories were able to develop innovative procedures that enhance operating efficiency, reduce hazardous waste, and provide customer-focused services. The Petron TQM program works in conjunction with Incident Prevention System wherein it focuses on quality management system without compromising loss in safety, business opportunity, and capital expenditures.

Petron is committed to continuously develop innovative and revolutionary products that meet and exceed the highest industry quality standards and the demands of the market. Petron believes that its continued success will be affected in part by its ability to be innovative and attentive to consumer preferences and local market conditions.

Petron's testing facilities are ISO/IEC17025 accredited, a testament to its ability to perform tests and analyses in accordance with global standards. R&D also has long-standing partnerships with leading global technology providers in fuels, lubricants and grease products. In addition, it provides technical training to keep internal and external customers updated about the latest technology trends. By providing these updates, it fosters a culture of continuous learning, innovation within the organization, and technical expertise and competitiveness in the industry.

R&D provides technical training sessions, ensuring both internal and external customers stay abreast of product knowledge and the latest technology trends. By sharing these insights, it fosters a culture of continuous learning and innovation within the organization, while enhancing competitiveness and expertise in the industry. To cite programs that were successfully implemented in 2024, the Department launched the: a) Developmental Job Assignment program for continuous technical capability-building of R&D personnel and achieve technical expertise and cross-function assignment readiness; and b) Petron Brand Championship program for Petron employees with the objective to enhance knowledge on and promote Petron products.

Expenses in research and development amounted to approximately ₱61 million in 2022, approximately ₱87 million in 2023, and approximately ₱87 million in 2024, computed as around 0.01% of revenues in 2022, 2023 and 2024, respectively.

Intellectual Property

The Company has existing and pending trademark registrations for its products for terms ranging from 10 to 20 years. Its trademark registrations include those for the Petron logo, Petron word mark, Gasul (stylized), Fiesta Gas word mark, Petron's canopy fascia, Turbo Diesel, XCS, Blaze Racing, Diesel Max, Petron Value Card, Reyna, Rev-X, Sprint and Treats. The Company also has copyrights for the Petron New Logo (22 styles). Under Philippine law, copyrights subsist during the lifetime of the creator and for another 50 years after the creator's death. In addition, the Company has registered industrial designs for its Petron Specialty Lubricant Bottle (1L container), Petron Engine Oil Bottles (1L and 800ML Jerry can bottle container), and Petron Gasul Elite (gas cylinder). The Company has not had any significant disputes with respect to any of its trademarks or copyrights.

As of April 30, 2025, the Company has filed around 176 trademark applications in Malaysia for brands relating to its Malaysian operations. It has obtained copyright protection for the stylized letter "P" and has registered other trademarks in Malaysia, including "Petron", "Gasul", "Fiesta Gas", "Rev-X", "Turbo Diesel" and "XCS".

Environmental, Social, and Governance (“ESG”) Overview

Petron recognizes the importance of ESG in the Company and has put forth certain steps towards building the Company’s sustainability roadmap. Alongside its parent company SMC, Petron has established an ESG Council that aims to align initiatives and reports by each of the subsidiaries within the Group.

The ESG Council is led by the General Manager and the Chief Finance Officer together with key members of Petron’s senior management. The Council is tasked to develop and implement an ESG strategy and roadmap and actively oversees and monitors the Company’s ESG performance.

ESG Highlights¹¹

Program/Initiative	Starting Year of Implementation	Gains	Savings (PHP)
SMC Water for All	2016	Refinery: Scarce Water: 2016-2023: 22.4 million m ³ 2023 Only: 3.7 million m ³ Recycled Water: 2016-2023: 4.65 million m ³ 2023 Only: 0.71 million m ³	Refinery: Scarce Water: 2016-2023: PHP 133 million 2023 Only: PHP 22 million Savings on Recycled Water 2016-2023: PHP 19.0 million 2023 Only: PHP 2.9 million
		Terminals: 79,663m ³ of harvested rainwater since 2016	Terminals: PHP 7.45 million water savings from rainwater
Use of Waste Energy (Low Pressure Steam) in Desalination Plant	2016	Refinery: Avoided GHG 453,698.682 tons CO ₂ e since 2016 (114,999.170 tons CO ₂ e in 2023) Avoided Fuel 34,277 MT of petcoke since 2016 (34,035.24 MT in 2023)	Refinery: Fuel Savings (PHP 580.38 million (PHP 151.85 million in 2023) <i>Note: Reason for new values is that total LS absorbed was considered last year's 2022 SR. New values are now based on net LS or the waste energy absorbed by Desalination Plant. Net LS is calculated by Total LS absorbed by desal less LS letdown from MS.</i>
Diversification to Petrochem (Benzene, Toluene, Mixed Xylene, Propylene, Polypropylene)	1999 (Mixed Xylene) 2008 (Propylene, Benzene, Toluene) 2014 (Polypropylene)	Refinery: In 2023 the avoided GHG as Scope 3 if used as fuel was at 1,457,592.78 tons CO ₂ e	

¹¹ For the full report, please refer to the Company’s 2023 Sustainability Report through this link: https://www.petron.com/wp-content/uploads/2024/04/Petron-Corporation_SEC-Reg-No-31171_2023-Annual-Report_SEC-Form-17-A_15-April-2024-for-website.pdf starting on page 350.

Program/Initiative	Starting Year of Implementation	Gains	Savings (PHP)
LED Conversion and Solar Power Usage	Refinery: 2013 for offices, 2016 for streetlights	Refinery: 2013-2023: 78,199.40 watts saved / 252,185.33 kWh/ 154.662 tons CO ₂ reduced 2023 only: 61,556.40 watts saved/ 217,034.49 kWh/ 154.572 tons CO ₂ reduced	Refinery: 2013-2023: PHP 434,048.99 2023 only: PHP 371,128.99
	Terminals: (2018)	Terminals: 272,766.88 kWh saved/ 200.99 tons CO ₂ e reduced in 2024	Terminals: PHP 3.1 million on electricity cost in 2024
	Service Stations (2018)	Service Stations: 4,690 MWH/3,340 tons CO ₂ e reduced for 560 service stations (8,375 kWh/6 tons CO ₂ e per SS) from conversion of Under Canopy Lighting to LED in 2022 to 2023 19,204 KWH solar power generated or 13.7 tons CO ₂ e emissions avoided from Solar Panels installed at three Petron service stations	Service Stations: PHP 47.09 million on electricity cost
Bulk Additives Delivery (Terminals)	2019	156 metric tons (MT) per year of steel drums avoided	PHP 29.7 million per year
Waterless Receiving (Terminals)	2019	Eliminated 10,000 m ³ per year of wastewater in 2024	Avoided PHP 70.0 million in investment cost on wastewater treatment facilities (PHP 7.0-M/ facility x 10 facilities)
Hazardous Waste Recycling (Refinery)	2018	2018-2023: 8,394 Metric Tons hazardous waste diverted from disposal.	2018-2024: PHP 59.87 million
		2024 only: 3,744 MT of hazardous waste	2023 only: PHP 20.80 million
Continuous to Batch Treatment at Spent Caustic Treater (Refinery)	2020	2020-2023: 12,398.32 MT CO ₂ e reduced 173,619.02 GJ Energy Reduced	2022-2023: PHP 101.78 million in savings
		2023 only: 4,594.00 MT CO ₂ e reduced	2023 only: 44.74 MMP savings

Program/Initiative	Starting Year of Implementation	Gains	Savings (PHP)
		64,331.79 GJ Energy Reduced	
Restoration of Superheater Coils (Refinery)	2022	One Time Project. None in 2023	One Time Project. None in 2023

EMPLOYMENT 2,355 employees (Philippines)* 7.81% attrition 100% of employees received regular performance reviews	PRODUCT RESPONSIBILITY 109,000 feedback and inquiries received and handled by Petron Customer Relations Group and Sales Support Services	OCCUPATIONAL HEALTH AND SAFETY - Nearly 11.5 million accumulated safe-man hours for all Petron facilities and personnel (including from the Head Office) 9,016 total safety training hours for Petron employees and third-party personnel

LOCAL COMMUNITIES

Education

- 2,447 Tulong Aral ng Petron (TAP) scholars from elementary to high school (SY 2024-2026)
- 300 new Grade 1 scholars from Luzon (Rosario, Cavite and Puerto Princesa, Palawan), Visayas (Mandaue and Mactan, Cebu; Tacloban, Leyte, and; Tagbilaran and Panglao, Bohol) and Mindanao (Davao City and Zamboanga City) for SY 2024-2025
- 10 new TAP college scholars from Mindanao (Davao, General Santos City, Misamis Occidental, Misamis Oriental, Zamboanga) for SY 2024-2025
- 108 Petron Schools (equivalent to 256 classrooms) built since 2002
- 124 public schools in Luzon, Visayas, Mindanao and NCR assisted through Brigada Eskwela 2024
- 30 new Electrical and Mechanical Engineering scholars from Bataan Peninsula State University under the Refinery Engineering Scholarship program (20 for SY 2023-2024) and (10 for 2024-2025)

Environment

- 55 hectares of mangrove areas adopted in Bulacan, Capiz, and Davao del Sur for adoption under Puno ng Buhay
- 36,766 seedlings and propagules planted
- Approximately 25,000 kilograms of debris removed from shorelines
- 31 kms. of coastal areas and creeks cleaned
- 100% of employee volunteer participation in Earth Day, Environment Month, and International Coastal Cleanup Day activities

Community

- 100% participation of Petron terminals in social development activities/initiatives
- Nearly 4,330 beneficiaries of Petron's Rosario Livelihood Loan Assistance Program since 2011
- 74 Petron engineering scholars currently employed in the Petron Bataan Refinery for regular positions
- 210 scholars hired by Petron including Bataan Peninsula State University (BPSU) scholars hired as apprentices or cadets

GOVERNANCE

- PHP 8.47 billion consolidated net income (16% decline from 2023 performance)
- PHP 867.9 billion consolidated revenues (8% increase from 2023 performance)

PHP 52.0 million in community investments	
MANAGEMENT SYSTEMS	
1 Refinery	ISO 9001/14001/45001 (IMS Certified)
31 Terminals nationwide	ISO 9001 (QMS)
31 Terminals nationwide	ISO 14001 (EMS)
31 Terminals nationwide	ISO 45001 (Occupational Health and Safety (OH&S) Management System) Certified
15 Terminals nationwide	International Ship and Port Facility Security Code (ISPS Code) and certified by the Office of the Transport Security under the Department of Transportation (DOTr)
CERTIFICATIONS	
27 Terminals and offices nationwide	Bureau of Fire Protection (BFP) Kaisa Program certificate recipient
1 Petron Foundation, Inc.	- Department of Social Welfare and Development (DSWD) License to Operate as an Auxiliary Social Welfare and Development Agency (SWDA) renewed from July 2023 to August 2027 - Philippine Council for NGO Certification (PCNC) accreditation from September 28, 2022 through September 28, 2028

Malaysian Operations

There is a slight distinction in Philippine and Malaysia operations in relation to emission standards, targets and even reporting, which warrants the difference in the adopted strategies by Petron Malaysia.

In 2022, Petron Malaysia established the Board Sustainability Committee (BSC) to assist the Board of Directors (BOD) in reviewing the strategies, targets, and programmes while aligning them with sustainability goals and strategies of the San Miguel Group. The BSC is supported by the Sustainability Council (SC) and the Technical Working Group (TWG). The governance framework is further strengthened through regular coordination and meetings held by the BOD, BSC, SC and TWG which are focused on addressing Economic, Environmental and Social (EES) impacts as well as the associated risks and opportunities.

In addition, a comprehensive materiality assessment was conducted from 2022-2023. Petron Malaysia validated its identified material matters and underscored the value of aligning its sustainability initiatives with stakeholders' concerns and business priorities. These material matters, which range from climate change and natural resources to biodiversity and sustainable supply chain management, will be the focus in developing initiatives to address the ESG impacts.

With the above, Petron Malaysia's sustainability framework is anchored within the sustainability pillars of Economic, Environmental and Social (EES), each with specific focus areas. In 2022, this framework was enhanced to embed Petron Malaysia's core values: Excellence, Customer Focus, Innovation, Teamwork, Ethics and Safety. This enabled the Company to weave these values into its sustainability efforts, creating a more robust and holistic approach across all aspects of its operations. Equally significant, efforts were also aligned to meet the UN Sustainable Development Goals (SDGs).

Currently, the Company is looking into developing new sustainability-related policies and enhancing existing policies to better align with evolving regulatory requirements, industry best practices, and stakeholder expectations. In light of the latest disclosure requirements set forth in the National Sustainability Reporting Framework (NSRF), including the IFRS S1 and S2 guidelines, Petron Malaysia is actively strengthening its efforts to ensure greater transparency and accountability in how it identifies, assesses, and manages climate-related risks and opportunities — supported by clearly defined metrics and targets to track progress.

DESCRIPTION OF PROPERTY

Operating Sites

The Philippines

The Company owns the Petron Bataan Refinery complex located in Limay, Bataan and operates and maintains a network of terminals as bulk storage and distribution points throughout the Philippines. It also operates the following manufacturing facilities: the Subic Plant, the lube oil blending plant in Tondo, Manila, a grease plant in Pandacan, Manila and the polypropylene plant in Mariveles, Bataan.

All facilities owned by the Company are free from liens and encumbrances.

In respect of the parcels of land occupied by the Petron Bataan Refinery and certain of its terminals and service stations, the Company previously entered into commercial leases with the Philippine National Oil Company (“PNOC”). The lease agreements included an 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 land 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. The Company entered into negotiations with PNOC for the renewal of leases relating to 23 terminals and sales offices and 66 service stations that were expiring in August 2018. These leases were automatically renewable as expressly provided in the lease agreements. PNOC, however, refused to honor (i) the automatic renewal clause in the lease agreements for the terminals, sales offices, and service station sites, and (ii) the renewed lease agreement for the Refinery lots on the alleged ground that all such lease agreements were grossly disadvantageous to PNOC.

On October 20, 2017, the Company filed an action against the PNOC seeking the reconveyance of the landholdings that it conveyed to PNOC in 1993 as a result of the government-mandated privatization of the Company. The Deeds of Conveyance covering the landholdings provide that the transfer of the properties 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 the lease agreements above-described. 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. Appeals and motions for reconsideration filed by PNOC with the Court of Appeals and the Supreme Court were denied. 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 was 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.

Expenses relating to the PNOC leases paid directly to PNOC and through NVRC amounted to ₱320 million in 2022, ₱330 million in 2023, and ₱393 million in 2024.

As of March 31, 2025, the Company leases from NVRC 112 sites for service stations and terminals and pursuant to 25-year lease contracts renewable upon agreement of the parties. Expenses relating to the NVRC leases amounted to ₱172 million, ₱172 million, and ₱163 million for 2022, 2023 and 2024, respectively.

The Company also leases land for its service stations from third parties pursuant to lease contracts with

varying terms that generally range from five to 25 years and which are renewed upon negotiations between the Company and the lessors. As of March 31, 2025, there were leases covering 724 service stations: 459 in Luzon, 148 in the Visayas and 117 in Mindanao. Expenses under these leases amounted to ₱1,272 million in 2022, ₱1,395 million in 2023 and ₱1,394 million in 2024.

Malaysia

In Malaysia, the Company owns the Port Dickson Refinery in Negeri Sembilan, including the diesel hydrotreater process unit which became operational in 2021 located within the Port Dickson Refinery.

The land on which the Company's retail service stations operate are either owned by the Company or leased from third parties. As of March 31, 2025, the Company owned approximately 260 parcels of land and leased about 340 parcels of land from third parties for the use of its CODO service stations. Rentals for the service station lands are either paid in advance and amortized over the lease period, or paid over the lease period, depending on the agreement. Port Dickson Refinery occupies a 579-acre site, out of which 404 acres are freehold land while the remaining 175 acres are leasehold land pursuant to a 99-year lease that expires in 2060.

Insurance

The Company's insurance coverage includes property, marine cargo and third-party liability, as well as personal injury, accidental death and dismemberment, and machinery breakdown. One of the main insurance policies of the Company, the Industrial All Risk (the "**IAR**") policy, covers the Petron Bataan Refinery for material damages and machinery breakdown. The Company considers its insurance coverage to be in accordance with industry standards. The Company's Malaysian operations are insured with local Malaysian insurance companies as required by Malaysian law.

Permits and Licenses

The Company holds various permits and licenses for its business operations, which include but are not limited to, the following:

1. Certificate of Incorporation issued by the Securities and Exchange Commission ("SEC"), together with the latest Certificate of Filing Amended Articles of Incorporation dated December 23, 2022
2. Business permits of Petron Corporation ("Petron") and its Philippine operating subsidiaries — Petrofuel Logistics, Inc. ("PLI"), New Ventures Realty Corporation and Petron Freeport Corporation ("PFC")
3. Import and Export Certificate of Registration issued by the Bureau of Customs ("BOC") in favor of Petron / PFC
4. Permit to discharge and shipside permits from the BOC, in favor of Petron*
5. Permit to Produce Biofuel- Blended Gasoline (E-10 / E-Gasoline) issued by the Bureau of Internal Revenue ("BIR"), in favor of Petron*
6. Authority to Release Imported Goods issued by BIR, as applicable, in favor of Petron
7. Permit to Export issued by BIR (or SBMA, as applicable), in favor of Petron / PFC*
8. BOC Authority to Load and Export Declaration, in favor of Petron*

9. Department of Energy ("DOE") Import Notice, in favor of Petron*
10. BIR and DOE denaturing request for bioethanol, including the permit to transport bioethanol, in favor of Petron*
11. BIR permit to buy local ethanol, in favor of Petron*
12. Environmental Compliance Certificate ("ECC") issued by the Department of Environment and Natural Resources ("DENR")
13. DENR foreshore lease agreements (or proof of payment of occupational fees for pending applications for foreshore lease agreements) of Petron and NVRC
14. Authority to Operate issued by Energy Regulatory Commission for the Refinery Solid Fuel-Fired Boiler Power Plant
15. Certificate of Registration issued by The Authority of the Freeport Area of Bataan ("AFAB") in favor of Petron
16. Master Manufacturing licenses issued by the Ministry of Domestic Trade, Co-operatives & Consumerism of Malaysia
17. Storage License permits issued by the Majlis Perbandaran Port Dickinson (Port Dickinson Municipal Office) of Malaysia
18. Customs Bonded Warehouse License, Sales Tax License, and Permit for Loading and Discharge of Products issued by the Royal Malaysian Customs
19. Statement of Compliance for Marine Facility issued by the Jabatan Laut Malaysia (Malaysian Marine Department)
20. Company Registration issued by the Companies Commission of Malaysia
21. Annual Listing and Bursa Link Access licenses issued by the Bursa Malaysia Securities Berhad
22. Storage and trading licenses issued by the local councils of Malaysia
23. Biodiesel license issued by the Ministry of Plantation Industries and Commodities of Malaysia
24. Statement of Compliance for Marine Facility issued by the Jabatan Laut Malaysia (Malaysian Marine Department)
25. Authority to Handle Goods or Cargo Over Foreshore issued by the Penang Port Commission of Malaysia
26. License for the sale, purchase, transfer and storage of biodiesel issued by the Malaysian Palm Oil Board
27. Authorization for into-plane operations of PLI
28. Authority to operate truck-for-hire services issued by the Land Transportation Franchising and Regulatory Board of PLI

Note: *Obtained on per shipment / transaction basis.

The Company and its subsidiaries have all the applicable and material permits and licenses necessary to operate the respective businesses as currently conducted and such permits and licenses are valid and subsisting. For a list of the Company's material permits and licenses, please refer to Appendix B of this Offer Supplement.

Sustainability and Corporate Social Responsibility Programs

Sustainability at Petron is integrated in its business. Sustainability is completely aligned with Petron's business model, its mission, and corporate culture. It is also good for the communities that Petron serves. Through its corporate social responsibility ("CSR") arm, Petron Foundation, Inc. ("PFI"), the Company fuels initiatives that address national concerns in essential areas such as education, environment, health and human services, livelihood and other advocacies in partnership with its host communities, national government agencies and local government units, like-minded organizations, and employee volunteers.

PFI's key programs revolve around the following "iFUEL" pillars:

- iFUEL Knowledge: initiatives include Tulong Aral ng Petron, which has been providing scholarships from elementary to college for more than 18,000 children and youth throughout the Philippines. Under the Refinery Engineering scholarship program, Petron supported thirty (30) new Electrical and Mechanical Engineering scholars from Bataan Peninsula State University for the school years 2023-2024 and 2024-2025. Four of its previous graduates in electrical engineering passed the Licensure Board Exam in April and September 2024 and are awaiting the results of their application in Petron for possible hiring. Additionally, 18 recent graduates, including 14 from BS Mechanical Engineering and 4 from BS Electrical Engineering, received support for their board exams in February and April 2025. Petron has also built 108 Petron Schools equivalent to 258 classrooms nationwide and refurbished over 1,700 classrooms under DepEd's Brigada Eskwela program, benefiting over 100,000 students and teachers;
- iFUEL the Environment: initiatives include leading the establishment of the Bataan Integrated Coastal Management Program in partnership with the Provincial Government of Bataan; over one million tree and mangrove seedlings planted since 2000; 55 hectares of mangrove reforestation sites adopted all over the country, and over 37,700 trees and mangroves planted in 2024;
- iFUEL Health: initiatives include operating a Community Health Center in Pandacan (Manila) to benefit residents of its host communities with specialized services (X-Ray, Laboratory, ECG, and Ultrasound) to augment surrounding barangay health centers; and
- iFUEL Communities: initiatives include the revival of Petron Automotive Care Education (ACE) program as another avenue to contribute to poverty alleviation. Specifically, Petron ACE provided an opportunity for a total of 39 Petron Car Care Centers (CCCs) and Lube Bay personnel from Cebu, Davao, Iloilo, Surigao, Iligan and NCR to receive specialized training on automotive servicing with program partner Don Bosco-One TVET Philippines and Petron Lube Trade. Graduates become TESDA-certified automotive mechanics and will serve as a pool of talent for Petron Car Care Centers (CCC) and Lube Bay Stations. Members of Petron's host communities and parents of Tulong Aral ng Petron scholars also received support for their livelihood programs.

Petron's CSR and sustainability programs are guided by indicators set forth by local and international agencies, including global standards (U.N. Sustainable Development Goals and Global Reporting Initiative (GRI) international guidelines for sustainability reporting) as well as by the local context (Philippine Development Plan 2023-2028). Petron also benchmarks best practices on CSR and sustainability and optimizes its practice of employee engagement with such memberships as in the Philippine Business for Social Progress, Association of Foundations, Business for Sustainable Development, and Philippine Council for NGO Certification.

Petron faithfully practices the principles of good governance, transparency and accountability. Petron Foundation secured a five-year certification from the Philippine Council for NGO certification (“**PCNC**”) in September 2002 as a Donee Institution, and has been successfully renewing the certification every five years, i.e., in December 2012, February 22, 2018 and September 28, 2022. Petron Foundation is PCNC-certified until September 27, 2027. The Foundation likewise renewed its DSWD Certificate of Registration for another three years as well as the License to Operate as a Social Welfare and Development Agency until August 1, 2026.

Health, Safety and Environmental Matters

The Company is guided by its Corporate Health, Safety and Environment Policy (the “**Corporate HSE Policy**”). The principles of the Corporate HSE Policy apply to all assets, facilities, and operating and support groups of the Company. The Company has a Corporate Technical Services Group (“**CTSG**”) responsible for formulating, implementing, and enforcing the Company’s employee health, safety and environmental policies, as well as ensuring compliance with applicable laws and regulations in the Philippines.

The Company’s HSE programs continue to be an important element in the operations of its facilities. The HSE programs of the Company include the ECOWATCH assessment and Oversight Safety Assessment and compliance inspections of the depots/terminals, service stations, 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.

The Philippines

The Company is subject to a number of employee health, safety and environmental regulations in the Philippines. For example, the Company is subject to the occupational safety and health standards under Republic Act No. 11058 (or An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof) and those promulgated by the Philippine Department of Labor and Employment (“**DOLE**”) as well as various other regulations on environmental compliance.

The Safety Department of the CTSG (“**CTSG-Safety**”) ensures, among others, compliance by the Company’s personnel, contractors and service station dealers with government-mandated safety standards and regulations through Oversight Safety Assessment and conducts training programs designed to raise awareness on process safety, oil spill response, fire-fighting and basic safety procedures for employees, contractors and service station dealers. CTSG-Safety has put together a Corporate Safety Management System, the main reference of all safety management systems in the Company, which is based mainly on ISO 45001:2018 (OHSMS).

Petron Bataan Refinery and terminals continue to be certified for the Integrated Management System (“**IMS**”) Certification to Quality Management System (“**QMS**”) ISO-9001 Version 2015 and Occupational Health & Safety Management System (“**OHSMS**”) ISO 45001 Version 2018, and also sustained Surveillance Audit to Environmental Management System (“**EMS**”) ISO-14001 Version 2015. In addition, the Petron Bataan Refinery and all Terminals have Philippine Coast Guard-approved Oil Spill Response Contingency Plans. Furthermore, all 15 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. 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.

Petron Terminal Operations implements a loss prevention system based on Human and Organization Performance (HOP) Philosophy. This loss prevention system aims to prevent or reduce losses using behavior-based tools and proven management techniques. Through an HOP-based loss prevention system, the Company aims to improve the overall safety culture of the division to prevent all types of losses,

and eventually apply the same system throughout the organization. The HOP Core Team members were able to conduct 2,768 training hours to more than 346 personnel from September 2024 to April 2025 in the Terminal Operations Group to disseminate the principles of HOP.

As part of its advocacy functions, CTSG-Safety is actively involved in public stakeholder consultations during the drafting of Philippine safety and environmental protection standards, laws and regulations. The Company also actively participates in the implementation of government programs, such as the Tripartite Secretary Seal of Excellence and Gawad Kaligtasan at Kalusugan programs of the DOLE.

In 2024, a total of 2.1 million, 9.2 million, and 0.1 million safe man hours were achieved by the Head Office, the Petron Bataan Refinery, and the terminals, respectively.

The Environment Department of CTSG (“**CTSG-Environment**”) provides, among others, technical assistance and consultancy services on compliance to six Environmental Laws. The Department also monitors, profiles, and consolidates required material environmental indicators of all businesses to support the Sustainability Reporting and ESG roadmap of the Company. CTSG-Environment continues to provide mandated (40 hours) Basic Pollution Control Training to designated Pollution Control Officers of the various business units of the Company. It has sustained its accreditation as a training organization since 2014, when DENR-Environmental Management Bureau required national recognition / accreditation of environmental training provider per DAO 2014-02.

CTSG-Environment championed the Terminal ECOWATCH Assessment program, a color-coded rating system for all terminals to assess compliance with applicable environmental regulations and the effectiveness of environmental management programs implemented. CTSG-Environment conducts compliance monitoring for service stations to measure the effectiveness of trainings conducted. Moreover, CTSG-Environment conducts environmental due diligence audits for contractors, service providers and possible mergers and acquisitions. Furthermore, CTSG-Environment actively participates in the crafting and review of new laws and policies through Industry associations.

CTSG-Safety and CTSG-Environment conduct annual Oversight Assessment of the Petron Bataan Refinery and the Company’s other facilities, terminals, service stations and industrial accounts in the Philippines to ensure compliance with Petron safety standards and government laws and regulations on safety.

As of March 31, 2025, the Company is in material compliance with applicable environmental laws in the Philippines.

Malaysia

The Company is subject to local safety, health and environmental regulations in Malaysia, including (i) the Occupational Safety and Health (Amendment) Act 2022, Factories and Machinery (Repeal) Act 2022, Petroleum (Safety Measures) Act 1984 (Act 302), and the Occupational Safety and Health Act 1994 (Act 514), as amended, and regulations, rules and orders made pursuant thereto, which are administered by the Malaysian Department of Occupational Safety and Health; (ii) the Environmental Quality Act 1974 (Act 127), as amended, and regulations, rules and orders made pursuant thereto, which are administered by the Malaysian Department of Environment; and (iii) the Fire Services Act 1988 (Act 341), as amended in year 2018 (Act A1568), and regulations made pursuant thereto, which are administered by the Malaysian Fire and Rescue Department.

The Company’s safety, security, health and environment (“**SSHE**”) functions are embedded within the main business lines. SSHE is responsible for formulating, implementing and enforcing the Company’s safety, health and environmental policies in Malaysia, coordinating and conducting relevant programs to raise the level of awareness of SSHE and ensuring compliance with applicable laws and regulations. In-country recognition on Occupational Safety and Health (OSH) Excellence was awarded to most of the Company’s operating sites in Peninsular Malaysia and Sabah from Malaysian Society for Occupational Safety and

Health (MSOSH). The Company also received the Prime Minister Hibiscus Award for Exceptional and Notable Achievements in Environmental Performance 2019/2020 for the Port Dickson Refinery and Sepangar Bay terminal in Sabah, National Energy Award 2021 runner-up for Energy Renewable Category for the Lumut PME plant, gold merit for 2021 Annual Quality Environmental Challenge Award for Bagan Luar terminal, and silver for the Royal Society for the Prevention of Accidents (RoSPA) Health & Safety Awards 2023 for Kuantan terminal. In December 2024, PDR received the Superior Performance Award presented to PDR Safety & Health Officer (SHO), in recognition of OSH practitioners' efforts.

As prescribed by local regulatory requirements, the Port Dickson Refinery and the distribution terminals have established emergency response and oil spill contingency plans and regularly conduct drills and exercises. For more than 16 years, the Company's Malaysian operations have actively participated in local and regional oil spill response consortiums, such as the Petroleum Industries of Malaysia Mutual-Aid Group and Oil Spill Response Ltd.

The Company will persevere and continue striving to achieve and sustain good overall SSHE performance in Malaysia through the implementation of various key programs including (i) the POIMS, which provides a structured approach to the management of work-related personal and operational risks, including the selection, recruitment and training of employees and contractors, equipment design, maintenance and servicing, emergency preparedness and response as well as to ensuring regulatory compliance, and (ii) the LPS, which was adopted to prevent or reduce losses and incidents using behavior-based tools and other safety management techniques.

MANAGEMENT

On May 8, 2017, the Board of Directors approved the new Corporate Governance Manual of the Company, which was 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 “**Company Corporate Governance Manual**”). The Company Corporate Governance Manual institutionalizes the principles, programs, and procedures of good corporate governance in the entire organization.

The Company Corporate Governance Manual sets forth policies and guidelines with respect to the following, among others:

- Appointment of a Compliance Officer to ensure adherence to corporate principles and best practices;
- Protection and enforcement of the shareholders’ right to vote, right to information, right to dividends, appraisal right, pre-emptive right and participation right;
- Composition, qualifications, responsibilities, specific duties and functions of the Board of Directors;
- Establishment of board committees to support the effective performance of the functions of the Board of Directors, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns such as nomination and remuneration;
- Adoption of an annual evaluation system to assess the performance of the Board of Directors, board committees and individual directors; and
- Requirement for all directors to attend a seminar or training program on corporate governance at least once a year or as often as may be legally required.

With the election of 3 independent directors to the Company’s Board of Directors; the election of the members of the Audit, Risk Oversight, Related Party Transaction and Corporate Governance Committees; the conduct of regular board meetings and committee meetings, and the faithful attendance of the directors at such meetings; the proper discharge of duties and responsibilities by the directors; the conduct of a regular training/seminar for corporate governance for directors and key officers; and adherence to national and local laws pertaining to its business operations, including applicable accounting standards and disclosure requirements, the Company is in compliance with its Company Corporate Governance Manual.

Aside from the Company Corporate Governance Manual, several other manuals and policies have been instituted by Management to guide the employees in carrying out their respective functions and duties, address business operations, set contracting and bidding procedures, and promote and further business ethics, office decorum and employee discipline.

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 anti-bribery, anti-money laundering and combating terrorism 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, terrorism 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 upholds 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 the Petron Group 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 Petron Group are obliged to exercise extreme caution when dealing in the Petron Group'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 Petron Group.

In addition to the foregoing, to instill a stable and transparent process of conducting business and to identify accountability at all times, the Company has a system of approvals set out in a resolution that is yearly reviewed and endorsed by the Audit Committee and approved by the Board of Directors (and amended with the approval by the Board of Directors as exigencies arise) whereby only authorized individual(s) can approve a particular business transaction based on an authorized amount.

The Company is continuously keeping abreast with developments on corporate governance, including reviewing existing policies and considering the formulation of new ones to address gaps.

The Company is in material compliance with its Manual of Corporate Governance. There has been no non-compliance with respect to the Manual of Corporate Governance by any director, officer or employee.

Directors

The Board of Directors of Petron is composed of 15 members, three (3) of whom are independent directors, in accordance with the requirements of the SRC and the SEC's New Code of Corporate Governance for Publicly Listed Companies. Currently, four (4) of the members are executive directors, occupying the positions of the President and Chief Executive Officer, General Manager, Senior Vice President and Chief Finance Officer and Vice President for Procurement of the Company.

Set out below are the name, position and year of appointment of members of the Board of Directors of the Company as of the date of this Offer Supplement.

Name	Age	Position	Year Appointed as Director
Ramon S. Ang	71	President and Chief Executive Officer and Director	2009
Lubin B. Nepomuceno	73	General Manager and Director	2013
Ron W. Haddock	84	Director	2008
Aurora T. Calderon	70	Director	2010

Name	Age	Position	Year Appointed as Director
Mirzan Mahathir	66	Director	2010
Francis H. Jardeleza	75	Director	2020
Virgilio S. Jacinto	68	Director	2010
Nelly F. Villafuerte	88	Director	2011
Jose P. de Jesus	90	Director	2014
John Paul L. Ang	45	Director	2021
Emmanuel E. Eraña	64	Director	2025
Jacqueline L. Ang	39	Director	2025
Artemio V. Panganiban	88	Independent Director	2010
Margarito B. Teves	81	Independent Director	2014
Ricardo C. Marquez	64	Independent Director	2022

Certain information on the business and working experiences of each director, including their qualifications and their current and past positions held as of the date of this Offer Supplement, are set out below.

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 member of the Capital Market Development Committee of the Financial Executives Institute of the Philippines. 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 GSML 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, was elected as director in the annual stockholders' meeting of the Company held on May 2, 2025. He 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 does not hold a directorship in any company listed with the PSE other than Petron.

Jacqueline L. Ang, Filipino, born 1986, was elected as director in the annual stockholders' meeting of the Company held on May 2, 2025. She 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.

Senior Management

Set out below are the name, position and year of appointment of the Executive Officers and senior management of the Company as of the date of this Offer Supplement:

Name	Age	Position	Year Appointed as Officer
Ramon S. Ang	71	President and Chief Executive Officer	as President: 2015; as Chief Executive Officer: 2009
Lubin B. Nepomuceno	74	General Manager	2015
Emmanuel E. Eraña	64	Senior Vice President and Chief Finance Officer	2009

Name	Age	Position	Year Appointed as Officer
Freddie P. Yumang	67	Senior Vice President – Chief Risk Officer	2023
Albertito S. Sarte	58	Deputy Chief Finance Officer and Treasurer	as Treasurer: 2009; as Deputy Chief Finance Officer and Treasurer: 2021
Maria Rowena Cortez	60	Vice President – Supply	2009
Jaime O. Lu	61	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	Vice President – Human Resources	2018
Myrna C. Geronimo	58	Vice President and Controller	as Controller: 2019; as Vice President: 2020
Allister J. Go	60	Vice President, Refinery	2020
Reynaldo V. Velasco, Jr.	59	Vice President, Refinery Plant Operations	2020
Magnolia Cecilia D. Uy	58	Vice President, Retail Sales	2021
Virgilio V. Centeno	55	Vice President, Industrial Sales	2021
Mark Tristan Caparas	42	Vice President and Chief Finance Officer, Petron Malaysia	2022
Jonathan F. Del Rosario	57	Vice President, Operations and Corporate Technical Services Group	2023
Lemuel C. Cuezon	59	Vice President, Marketing	2023
Jacqueline L. Ang	39	Vice President, Procurement	2024
Jhoanna Jasmine M. Javier-Elacio	52	Vice President – General Counsel and Corporate Secretary	As General Counsel and Corporate Secretary: 2022 As Vice President: 2024

Certain information on the business and working experiences of each of the Executive Officers of the Company who are not directors is set out below:

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 of Directors and Executive Officers

Director John Paul L. Ang is the son of Director Ramon S. Ang, while Director and Vice President for Procurement 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 Offer Supplement.

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 April 30, 2025, are as follows:

SEA Refinery Corporation	–	52.68%
PCD Nominee Corporation (Filipino)	–	21.18%
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.

CORPORATE GOVERNANCE

Pursuant to the new Corporate Governance Manual of the Company approved by the Board on May 8, 2017 (the “**Corporate Governance Manual**”), the Company has a Plan of Compliance which provides that compliance with the principles of good corporate governance starts with the Board of Directors. The Company is headed by a competent, working Board of Directors to foster long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.

The members of the Board shall not be less than five (5) but not more than 15, and shall be elected in accordance with the By-laws and applicable laws. The directors shall have a collective working knowledge, experience or expertise that is relevant to the Company's industry.

The general responsibilities and specific duties and functions of the Board of Directors are found in the Corporate Governance Manual. The directors attend an annual seminar on corporate governance

conducted by a training provider duly accredited by the SEC. All directors attended the annual corporate governance seminar in 2024.

The Company has Executive, Audit, Corporate Governance, Risk Oversight, and Related Party Transaction Committees constituted in accordance with Corporate Governance Manual and the Company's By-Laws.

Their respective members of each board committee were appointed at the last organizational meeting held on May 2, 2025.

The Board charter and the charter of each of the board committees were adopted on May 16, 2017.

Executive Committee

The Executive Committee is composed of not less than three members, which shall include the Chairman of the Board of Directors and the President, with two alternate members. The Executive Committee, when the Board of Directors is not in session, may exercise the powers of the latter in the management of the business and affairs of the Company, except with respect to (a) the approval of any action for which stockholders' approval is also required, (b) the filling of vacancies in the Board of Directors, (c) the amendment or repeal of the by-laws or the adoption of new by-laws; (d) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable, (e) distribution of dividends to the stockholders, and (f) such other matters as may be specifically excluded or limited by the Board of Directors.

As of the date of this Offer Supplement, the members of the Executive Committee are Mr. Ramon S. Ang, Ms. Aurora T. Calderon and Mr. Lubin B. Nepomuceno. Mr. John Paul L. Ang and Atty. Virgilio S. Jacinto are the two alternate members of the Executive Committee.

Corporate Governance Committee

The Corporate Governance Committee, created on May 8, 2017, is composed of at least three (3) independent directors as members. The Chairperson of the committee is an independent director. The Corporate Governance Committee is tasked to assist the Board of Directors in the performance of its corporate governance, nomination and remuneration responsibilities and ensure compliance with and proper observance of corporate governance principles and practices.

As of the date of this Offer Supplement, the Corporate Governance Committee is chaired by independent director former Chief Justice Artemio V. Panganiban, with independent directors Mr. Margarito B. Teves and Mr. Ricardo C. Marquez, and former Associate Justice Francis H. Jardeleza and Atty. Virgilio S. Jacinto as members.

Audit Committee

The Audit Committee is composed of at least three appropriately qualified non-executive directors, majority of whom are independent directors. The Chairperson is an independent director and is not the Chairperson of the Board of Directors or of any other board committee. The members of the Audit Committee are required to have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

The Audit Committee is responsible for overseeing the senior Management in establishing and maintaining an adequate, effective and efficient internal control framework. The Audit Committee 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. Among its functions set out in the Corporate Governance Manual and the Audit Committee Charter, the Audit Committee primarily recommends to the Board each year the appointment of the external auditor

to examine the accounts of the Company for that year and performs oversight functions over the Company's internal and external auditors to ensure that they act independently from each other or from interference of outside parties and that they are given unrestricted access to all records, properties and personnel necessary in the discharge of their respective audit functions.

As of the date of this Offer Supplement, the Audit Committee is chaired by independent director Mr. Margarito B. Teves, and its members are independent directors former Chief Justice Artemio V. Panganiban and Mr. Ricardo C. Marquez, Ms. Aurora T. Calderon (who is also an accountant) and Mr. John Paul L. Ang. Mr. Ferdinand K. Constantino acts as advisor to the committee.

Risk Oversight Committee

The Risk Oversight Committee, created on May 8, 2017, is composed of at least three members, the majority of whom are independent directors. The Chairperson is an independent director. At least one member of the committee has relevant thorough knowledge and experience on risk and risk management.

The Risk Oversight Committee shall be responsible for the oversight of the enterprise risk management system of the Company to ensure its functionality and effectiveness.

The Risk Oversight Committee is chaired by Independent Director Ricardo C. Marquez, with independent director Mr. Margarito B. Teves, and Ms. Aurora T. Calderon as members.

Related Party Transaction Committee

The Related Party Transaction Committee, created on May 8, 2017, is composed of least three (3) non-executive directors, two (2) of whom are independent directors. The Chairperson is an independent director.

The Related Party Transaction Committee is tasked with reviewing all material related party transactions of the Company.

The Related Party Transaction Committee is chaired by Independent Director former Chief Justice Artemio V. Panganiban, with independent director Margarito B. Teves and Ms. Aurora T. Calderon as members.

Executive Compensation

Standard Arrangements

Petron's executive officers are also regular employees of the Company and are similarly remunerated with a compensation package comprising of 12 months base pay. They also receive whatever gratuity pay the Board of Directors extends to the managerial, supervisory and technical employees of the Company.

The members of the Board of Directors who are not executive officers are elected for a term of one year. They receive remuneration for 12 months in director's fees and gas allowance, in addition to compensation on a per meeting participation.

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 ₱75,000.00 and ₱50,000.00 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.

Other Arrangements

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

Warrants or Options

There are no warrants or options held by directors or officers.

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.

Executive Compensation

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:

NAME	YEAR	SALARY (Including Fee and Per Diem Allowance of Directors)	BONUS	OTHERS	TOTAL
1. Ramon S. Ang 2. Lubin B. Nepomuceno 3. Emmanuel E. Erana 4. Freddie P. Yumang 5. Albertito S. Sarte	2025 (estimate)	₱131.39 million	₱12.46 million	₱0.53 million	₱144.38 million
1. Ramon S. Ang 2. Lubin B. Nepomuceno 3. Emmanuel E. Erana 4. Freddie P. Yumang 5. Ma. Rowena O. Cortez	2024	₱127.74 million	₱52.25 million	₱0.26 million	₱180.25 million
1. Ramon S. Ang 2. Lubin B. Nepomuceno 3. Emmanuel E. Erana 4. Freddie P. Yumang 5. Susan Y. Yu	2023	₱123.58 million	₱40.10 million	₱1.93 million	₱165.51 million

NAME	YEAR	SALARY (Including Fee and Per Diem Allowance of Directors)	BONUS	OTHERS	TOTAL
All other officers and directors as a group unnamed	2024 (est)	₱118.04 million	₱13.22 million	₱3.65 million	₱134.91 million
	2024	₱110.14 million	₱43.24 million	₱6.60 million	₱159.98 million
	2022	₱87.05 million	₱23.67 million	₱4.20 million	₱114.92 million
All Directors as a Group	2025 (est)	₱16.95 million	-	-	₱16.95 million
	2024	₱17.22 million	-	-	₱17.22 million
	2023	₱16.34 million	-	-	₱16.34 million

The Company provides each non-executive directors with reasonable per diem of ₱75,000.00 and ₱50,000.00 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 Philippine pesos):

Directors	Per Diem for Board and Board Committee Meetings	Directors' Fees	Total
John Paul L. Ang	₱450,000.00	₱671,000.00	₱1,121,000.00
Jose P. de Jesus	₱600,000.00	₱450,000.00	₱1,050,000.00
Ron W. Haddock	₱600,000.00	₱671,000.00	₱1,271,000.00
Mirzan Mahathir	₱600,000.00	₱671,000.00	₱1,271,000.00
Estelito P. Mendoza	₱850,000.00	₱345,000.00	₱1,195,000.00
Artemio V. Panganiban	₱900,000.00	₱671,000.00	₱1,571,000.00
Margarito B. Teves	₱900,000.00	₱671,000.00	₱1,571,000.00
Nelly Favis-Villafuerte	₱600,000.00	₱671,000.00	₱1,271,000.00
Horacio C. Ramos	₱600,000.00	₱671,000.00	₱1,271,000.00
Francis H. Jardeleza	₱600,000.00	₱671,000.00	₱1,271,000.00
Ricardo C. Marquez	₱850,000.00	₱671,000.00	₱1,521,000.00
Aurora T. Calderon	₱850,000.00	₱671,000.00	₱1,521,000.00
Virgilio S. Jacinto	₱650,000.00	₱671,000.00	₱1,321,000.00
TOTAL	₱9,050,000.00	₱8,176,000.00	₱17,226,000.00

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. The fees of the directors for 2024 were reviewed and favorably endorsed by the Corporate Governance Committee and approved by the Board of Directors on March 5, 2024. The matter was ratified by the stockholders at the Annual Stockholders' Meeting held on May 21, 2024.

OWNERSHIP AND CAPITALIZATION

As of April 30, 2025, the Company had the following outstanding capital stock:

Title of Each Class	Number of Shares of Common and Preferred Stock Outstanding	
Common Shares	8,915,948,400	
SUB-TOTAL (Common Shares)		8,915,948,400
Series 3B Preferred Shares	6,597,000	
Series 4A Preferred shares	5,000,000	
Series 4B Preferred Shares	2,995,000	
Series 4C Preferred Shares	6,005,000	
Series 4D Preferred Shares	8,500,000	
Series 4E Preferred Shares	8,330,000	
SUB-TOTAL (Preferred Shares)		37,427,000
TOTAL Outstanding Shares		8,953,375,400

As of April 30, 2025, a total of 182,618,185 common shares, 54,830 Series 3B Preferred Shares, 29,870 Series 4A Preferred Shares, 20,630 Series 4B Preferred Shares, 43,830 Series 4C Preferred Shares, 70,460 Series 4D Preferred Shares, and 66,495 Series E Preferred Shares equivalent to 2.04% of the Company's total issued and outstanding capital stock, are owned by foreigners while the remaining 97.96% of the Company's total issued and outstanding capital stock are owned by Filipinos.

MARKET PRICE OF AND DIVIDENDS ON THE EQUITY OF THE COMPANY AND RELATED SHAREHOLDER MATTERS

Security Ownership of Certain Beneficial Owners as of April 30, 2025:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent to Total Outstanding Capital Stock
Common	SEA Refinery Corporation (Filipino) Mandaluyong City – Major Stockholder	San Miguel Corporation – Parent Company of the Record Owner and the Issuer	Filipino	4,696,885,564	52.68%
Common	San Miguel Corporation (Filipino) Mandaluyong City - Major Stockholder	San Miguel Corporation	Filipino	1,702,870,560	19.10%
Common	PCD Nominee Corporation (Filipino) Makati City – Major Stockholder	Various individuals/ Entities	Filipino / Non-Filipino	1,886,333,873	21.18%

Other than the abovementioned, the Company has no knowledge of any person who, as of March 31, 2025, was directly or indirectly the beneficial owner of, or who has voting power or investment power (pursuant to a voting trust or other similar agreement) with respect to, shares comprising more than 5% of the Company's outstanding common shares of stock.

List of Top 20 Stockholders

As of April 30, 2025 the Company had 8,915,948,400 common shares and 37,427,000 preferred shares issued and outstanding.

The table below sets forth the Company's top 20 holders of common shares as of April 30, 2025:

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)	1,888,333,873	1,888,333,873	21.179282 %
3	SAN MIGUEL CORPORATION	1,702,870,560	1,702,870,560	19.099152 %
4	PCD NOMINEE CORP. (NON-FILIPINO)	176,546,304	176,546,304	1.980118 %
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	ERNESTON 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	SHAHRAH 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 %

As of April 30, 2025, the Issuer had 143,453 shareholders of its common shares.

The table below sets forth the Company's top 20 holders of the preferred shares as of April 30, 2025:

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

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

RANK	STOCKHOLDER NAME	Preferred 4-B	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	2,835,370	2,835,370	94.670117 %
2	SAN MIGUEL FOODS, INC. RETIREMENT PLAN	100,000	100,000	3.338898 %
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	20,630	20,630	0.688815 %
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

RANK	STOCKHOLDER NAME	Preferred 4-C	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	5,222,670	5,222,670	86.972023 %
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)	43,830	43,830	0.729892 %
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

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

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 %

Security Ownership of Directors and Officers

Directors

The security ownership of directors as of the date of this Offer Supplement is as follows:

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	D	0.00%
			225,000	I	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 Jardeleza H.	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.

Title of Class	Name of Record Owner	Citizenship	Amount and Nature of Beneficial Ownership	Direct (D) or Indirect (I)	Percentage of Ownership
Series 4C Preferred	Virgilio S. Jacinto	Filipino	-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common			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	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	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	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	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.

Title of Class	Name of Record Owner	Citizenship	Amount and Nature of Beneficial Ownership	Direct (D) or Indirect (I)	Percentage of Ownership
Series 4C Preferred	Ricardo Marquez C.	Filipino	-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common			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

The security ownership of executive officers as of the date of this Offer Supplement is as follows:

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	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%

Title of Class	Name of Record Owner	Citizenship	Amount and Nature of Beneficial Ownership	Direct (D) or Indirect (I)	Percentage of Ownership
Series 4E Preferred	Maria Rosario D. Vergel de Dios	Filipino	-	-	N.A.
Common			-	-	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	D	0.00%
			17,100	I	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	D	0.00%
			1,532	I	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.

Title of Class	Name of Record Owner	Citizenship	Amount and Nature of Beneficial Ownership	Direct (D) or Indirect (I)	Percentage of Ownership
Series 4C Preferred	Jonathan F. Del Rosario	Filipino	-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common			-	-	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	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 as a Group	Common		240,451 1,233,881 1,474,332		0.00%
	Series 3B Preferred		32,300		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 Offer Supplement, the directors and executive officers of the Company owned 1,474,332 common shares, 32,300 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 1,554,582 or 0.02% 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.

Except as indicated in the above table, the above-named directors and executive officers have no indirect beneficial ownership in the Company.

Except as aforementioned, no other key executive officers of the Company hold, directly or indirectly, shares in the Company.

Voting Trust of Holders of 5% and more

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

Changes in Control

As of the date of this Offer Supplement, the Issuer is not aware of any arrangements that may result in a change in control of the Company.

Market Price of the Issuer's Equity

The Company's common shares were first listed on the PSE on September 7, 1994. The Company's common and preferred shares are principally traded at the PSE under the symbols "PCOR", "PRF3A", "PRF3B", "PRF4A", "PRF4B", "PRF4C", "PRF4D", and "PRF4E". On March 31, 2025, the closing price of the Company's common shares was ₱2.35 with a market capitalization of ₱20,952 million.

The high and low prices of the common shares for each quarter of the last three fiscal years and the first and second quarters of this year are indicated in the table below.

(in ₱)	2025		2024		2023		2022	
	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close
1st Quarter	2.50	2.28	3.50	3.14	3.73	2.37	3.94	3.17
2nd Quarter	N/A	N/A	3.16	2.72	4.65	3.30	3.52	3.01
3rd Quarter	N/A	N/A	2.75	2.49	3.82	3.47	3.11	2.55
4th Quarter	N/A	N/A	2.88	2.33	3.55	3.24	2.58	2.27

The high and low prices of the PRF3A for each quarter of the last three fiscal years and the first quarter of this year are indicated in the table below:

(in ₱)	2025		2024		2023		2022	
	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close
1st Quarter	1,002.00	1,002.00	999.00	962.00	1,030.00	980.00	1,080.00	1,040.00
2nd Quarter	N/A	N/A	994.50	960.00	1,008.00	960.00	1,070.00	1,045.00
3rd Quarter	N/A	N/A	1,000.00	961.50	1,050.00	951.00	1,058.00	980.00
4th Quarter	N/A	N/A	1,005.00	975.00	997.50	965.00	1,015.00	980.00

The high and low prices of the PRF3B for each quarter of the last three fiscal years and the first quarter of this year are indicated in the table below:

(in ₱)	2025		2024		2023		2022	
	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close
1st Quarter	1,050.00	995.00	1,010.00	960.00	1,048.00	1,008.00	1,140.00	1,052.00
2nd Quarter	N/A	N/A	1,000.00	970.00	1,020.00	1,001.00	1,117.00	1,060.00
3rd Quarter	N/A	N/A	1,015.00	965.00	1,015.00	960.00	1,070.00	1,029.00
4th Quarter	N/A	N/A	1,030.00	965.00	1,000.00	967.00	1,047.00	1,000.00

The high and low prices of the PRF4A for the following periods are indicated in the table below:

(in ₱)	2025		2024		2023		2022	
	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close
1st Quarter	1,025.00	966.00	1,010.00	971.00	N/A	N/A	N/A	N/A

(in ₱)	2025		2024		2023		2022	
	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close
2nd Quarter	N/A	N/A	994.50	950.00	N/A	N/A	N/A	N/A
3rd Quarter	N/A	N/A	996.50	970.00	1,010.00	960.00	N/A	N/A
4th Quarter	N/A	N/A	1,010.00	950.00	1,005.00	998.00	N/A	N/A

The high and low prices of the PRF4B for the following periods are indicated in the table below:

(in ₱)	2025		2024		2023		2022	
	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close
1st Quarter	1,030.00	965.00	1,010.00	965.00	N/A	N/A	N/A	N/A
2nd Quarter	N/A	N/A	1,010.00	950.00	N/A	N/A	N/A	N/A
3rd Quarter	N/A	N/A	995.00	958.00	1,005.00	940.00	N/A	N/A
4th Quarter	N/A	N/A	1,032.00	965.00	1,010.00	950.00	N/A	N/A

The high and low prices of the PRF4C for the following periods are indicated in the table below:

(in ₱)	2025		2024		2023		2022	
	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close
1st Quarter	1,060.00	1,005.00	1,000.00	973.00	N/A	N/A	N/A	N/A
2nd Quarter	N/A	N/A	999.00	925.00	N/A	N/A	N/A	N/A
3rd Quarter	N/A	N/A	1,009.00	960.00	1,027.00	972.00	N/A	N/A
4th Quarter	N/A	N/A	1,043.00	990.00	1,005.00	960.00	N/A	N/A

The high and low prices of the PRF4D for the following periods are indicated in the table below:

(in ₱)	2025		2024		2023		2022	
	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close
1st Quarter	1,100.00	1,020.00	N/A	N/A	N/A	N/A	N/A	N/A
2nd Quarter	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3rd Quarter	N/A	N/A	1,080.00	1,000.00	N/A	N/A	N/A	N/A
4th Quarter	N/A	N/A	1,280.00	996.00	N/A	N/A	N/A	N/A

The high and low prices of the PRF4E for the following periods are indicated in the table below:

(in ₱)	2025		2024		2023		2022	
	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close	Highest Close	Lowest Close
1st Quarter	1,070.00	1,050.00	N/A	N/A	N/A	N/A	N/A	N/A
2nd Quarter	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3rd Quarter	N/A	N/A	1,015.00	1,000.00	N/A	N/A	N/A	N/A
4th Quarter	N/A	N/A	1,050.00	1,000.00	N/A	N/A	N/A	N/A

Dividends and Dividend Policy

Consistent with the Revised Corporation Code of the Philippines (Republic Act No. 11232) and the Company's Manual on Corporate Governance, the Company's Board is authorized to declare dividends. A cash dividend declaration does not require any further approval from the Company's shareholders. A stock dividend declaration requires the further approval of shareholders representing not less than two-thirds of the Company's outstanding capital stock. Dividends may be declared only from unrestricted retained earnings.

Under the Company's Manual on Corporate Governance, it is the policy of the Company to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: (a) when justified by definite corporate expansion projects or programs approved by the Board; or (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 need for special reserve for probable contingencies.

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

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the BSP.

The Company is allowed under Philippine laws to declare property and stock dividends, subject to certain requirements. See “*Market Price of and Dividends on the Equity and Related Stockholder Matters*” on page 165 of this Offer Supplement. Other than the foregoing, the Company has no specific dividend policy under its Manual of Corporate Governance in addition to the requirements under the Revised Corporation Code.

Share Issuances; Redemptions; Buy-back

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 ₱1,000.00 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 6,597,000 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 ₱1,000.00 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.

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

Dividend Declarations and Payments

As of the date of this Offer Supplement, the Company has declared cash dividends as follows: 2025

Common Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
March 4, 2025	₱0.10	March 18, 2025	April 2, 2025

Series 3B Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	₱17.84575	June 2, 2025	June 25, 2025

Series 4A Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	₱16.76975	June 16, 2025	July 7, 2025

Series 4B Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	₱16.99300	June 16, 2025	July 7, 2025

Series 4C Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	₱17.71525	June 16, 2025	July 7, 2025

Series 4D Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	₱17.09100	May 29, 2025	June 23, 2025

Series 4E Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	₱17.75800	May 29, 2025	June 23, 2025

2024

Common Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
March 5, 2024	₱0.10	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	₱17.17825	June 3, 2024	June 25, 2024
August 6, 2024	₱17.17825	September 3, 2024	September 25, 2024
November 5, 2024	₱17.17825	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	₱17.84575	June 3, 2024	June 25, 2024
August 6, 2024	₱17.84575	September 3, 2024	September 25, 2024
November 5, 2024	₱17.84575	November 29, 2024	December 26, 2024
November 5, 2024	₱17.84575	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	₱16.76975	June 13, 2024	July 8, 2024
August 6, 2024	₱16.76975	September 13, 2024	October 7, 2024
November 5, 2024	₱16.76975	December 9, 2024	January 7, 2025
November 5, 2024	₱16.76975	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	₱16.99300	June 13, 2024	July 8, 2024
August 6, 2024	₱16.99300	September 13, 2024	October 7, 2024
November 5, 2024	₱16.99300	December 9, 2024	January 7, 2025
November 5, 2024	₱16.99300	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	₱17.71525	June 13, 2024	July 8, 2024
August 6, 2024	₱17.71525	September 13, 2024	October 7, 2024
November 5, 2024	₱17.71525	December 9, 2024	January 7, 2025
November 5, 2024	₱17.71525	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	₱17.09100	November 28, 2024	December 23, 2024
November 5, 2024	₱17.09100	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	₱17.75800	November 28, 2024	December 23, 2024
November 5, 2024	₱17.75800	February 28, 2025	March 24, 2025

2023

Common Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
March 6, 2023	₱0.10	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	₱17.17825	May 31, 2023	June 26, 2023
August 1, 2023	₱17.17825	August 31, 2023	September 25, 2023
November 7, 2023	₱17.17825	November 29, 2023	December 26, 2023
November 7, 2023	₱17.17825	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	₱17.84575	May 31, 2023	June 26, 2023
August 1, 2023	₱17.84575	August 31, 2023	September 25, 2023
November 7, 2023	₱17.84575	November 29, 2023	December 26, 2023
November 7, 2023	₱17.84575	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	₱16.76975	September 14, 2023	October 9, 2023
November 7, 2023	₱16.76975	December 13, 2023	January 8, 2024
November 7, 2023	₱16.76975	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	₱16.99300	September 14, 2023	October 9, 2023
November 7, 2023	₱16.99300	December 13, 2023	January 8, 2024

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
November 7, 2023	₱16.99300	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	₱17.71525	September 14, 2023	October 9, 2023
November 7, 2023	₱17.71525	December 13, 2023	January 8, 2024
November 7, 2023	₱17.71525	March 13, 2024	April 8, 2024

Distributions

Under the terms and conditions of the capital securities issued by the Company on April 19, 2021 (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 the common shares of the Company, or (except on a pro rata basis) on any Parity Securities (as defined thereunder), which include the outstanding preferred 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.

Dividends

As of date, the Company's subsidiaries have not established any specific dividend policy. The table below sets forth the dividends declared by the subsidiaries for the past three (3) years:

Subsidiary	2024 (in ₱ Millions)	2023 (in ₱ Millions)	2022 (in ₱ Millions)
New Ventures Realty Corporation	48	-	-
Petron Oil & Gas (Mauritius) Ltd.	1,888	971	1,149
Petron Singapore Trading Pte Ltd	1,468	1,339	1,127

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

Under the SRC and the Amended Implementing Rules and Regulations of the SRC (the “**Amended SRC Rules**”), 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 either offered in the Philippines to institutional lenders not exceeding 19 or to not more than 19 non-qualified buyers and/or to any number of qualified buyers as defined in the Code. Thus, the subject securities were either exempt securities pursuant to Section 9 of the Code and Rule 9.2 of the Amended SRC Rules or their offer and sale qualified as an exempt transaction pursuant to Sections 10.1(k) and 10.1(l) of the Code and Rule 10.1 of the Amended SRC Rules. In the case of the subject exempt transactions, a confirmation of exemption from the SEC that the offer and sale of the securities in the Philippines qualify as an exempt transaction under the Code was not required to be, and had not been, obtained. No notices of exemption were filed after the issuance of the securities qualifying as exempt transactions as these are no longer required under the Amended SRC Rules.

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.

US\$550,000,000 Senior Perpetual Capital Securities

On April 19, 2021, Petron issued US\$550,000,000 Senior Perpetual Capital Securities with an initial rate of distribution of 5.95% per annum. On April 20, 2021, the Senior Perpetual Capital Securities were listed on the SGX-ST. The net proceeds were applied for the repayment of indebtedness and for general corporate purposes.

Apart from the foregoing, there are no recent sales of unregistered or exempt securities, including recent issuances of securities constituting an exempt transaction.

Registered Debt Securities

The following are the registered debt securities of the Company:

Name of Security	Amount	Issue Date	Interest Rate
Series D Bonds Due 2025	₱6.8 billion	19 October 2018	8.0551% p.a.
Series E Due 2025	₱9.0 billion	12 October 2021	3.4408% p.a.
Series F Due 2027	₱9.0 billion	12 October 2021	4.3368% p.a.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Company engages from time to time in a variety of transactions with related parties. The Company's policy with respect to related party transactions is to ensure that these transactions are entered into under terms comparable to those available from unrelated third parties. For more information regarding the Company's transactions with related parties, see note 28 to the Company's audited financial statements as of and for the period ended December 31, 2024, included elsewhere in this Offer Supplement.

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 periods ended December 31, 2022, 2023, and 2024 follow:

in Million Pesos	Note	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms On demand; interest bearing	Conditions
Retirement Plan	7,30,a	2024	₱45	₱ -	₱894	₱ -	On demand; interest bearing	Unsecured; no impairment
		2023	45	-	894	-		
		2022	58		894			
	a	2024	-	-	88	-	On demand; non-interest bearing	Unsecured; no impairment
			-	-	43	-		
		2023						
		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; 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		
	b,h	2024	280	296	81	203	On demand;	Unsecured

in Million Pesos	Note	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Associate		2023	240	210	54	73	non- interest bearing	no impairment
		2022	200	100	90	56		
Joint Ventures	c,g,h	2024	-	74	-	4	On demand;	Unsecured
		2023	-	65	1	-	non- interest bearing	no impairment
		2022	-	-	2	-		
Associates and Joint Ventures under Common	b,h,i	2024	331	-	54	1	On demand;	Unsecured
		2023	326	-	87	1	non- interest bearing	no impairment
		2022	365	-	71	19		
Control	i	2024	-	41	-	1,100	Short Term;	Unsecured
		2023	-	112	-	1,100	interest	no
		2022	-	101	-	2,865	bearing	impairment
		2024	₱10,187	₱7,631	P5,124	₱10,278		
		2023	₱16,589	₱6,583	P4,898	₱7,595		
		2022	₱17,116	₱5,068	P7,351	₱8,916		

- 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
- b. Sales pertain 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 pertain to purchase of goods and services such as power, construction, information technology, shipping and terminalling from a joint venture, associate and various SMC subsidiaries.
- d. The Parent Company entered into various lease agreements with San Miguel Properties, Inc. for its 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. New Ventures Realty Corporation (NVRC) leases 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:

	2024	2023	2022
Salaries and other short-term employee benefits	₱1,010	₱906	₱906
Retirement benefits costs - defined benefit plan	105	116	139
Retirement benefits costs - defined contribution plan	42	37	35
	₱1,157	₱1,059	₱1,080

San Miguel Corporation

SMC is a major stockholder of the Company. See "Ownership and Capitalization – List of Top 20 Stockholders." The Company has supply agreements with various SMC subsidiaries, under which the Company supplies the diesel fuel, gasoline and lube requirements of selected SMC plants and subsidiaries. Generally, the pricing formulae under these agreements are based on MOPS. Aggregate revenue with related parties amounted to approximately ₱17,116 million, ₱16,589 million, and ₱10,187 million for the years ended December 31, 2022, 2023, and 2024, respectively. The Company also currently leases office space from an SMC subsidiary pursuant to a lease agreement that was entered into on an arm's length basis.

As of March 31, 2025, the Company's outstanding Redeemable Perpetual Securities ("RPS") are at USD170 million. The RPS were fully subscribed by San Miguel Corporation. Distributions are payable quarterly.

New Ventures Realty Corporation

NVRC is a subsidiary of the Company 85.55%-owned by the Company and 14.45%-owned by PCERP. The Company leases from NVRC certain parcels of land where the Petron Bataan Refinery and its service station sites, terminals and bulk plants are located. NVRC is the holder of the lease over the site of the Petron Bataan Refinery of which PNOC is the lessor. Lease expenses in connection with the NVRC leases amounted to approximately ₱172 million, ₱172 million, and ₱163 million for 2022, 2023, and 2024, respectively.

Petron Singapore Trading Pte. Ltd.

PSTPL is a wholly-owned subsidiary of the Company. The Company acquires crude oil for the Petron Bataan Refinery and certain finished petroleum products through arrangements with PSTPL. The pricing formula for these imports is based on regional benchmark prices. Aggregate purchases from PSTPL amounted to approximately ₱295,863 million, ₱274,647 million and ₱306,817 million for the years ended December 31, 2022, 2023, and 2024, respectively.

LEGAL PROCEEDINGS

As set forth below, the Company is involved in ongoing legal cases the outcome of which may or may not have a material adverse effect on its operations and profitability. While the final outcomes of these legal proceedings are not certain, the Company believes it has strong legal grounds in each of these legal proceedings. In respect of the cases discussed below, the Company has not made provisions in its financial statements for possible liabilities arising therefrom.

Guimaras Oil Spill Incident

On August 11, 2006, M/T 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 Philippine Department of Justice (“**DOJ**”) and the Special Board of Marine Inquiry (“**SBMI**”), both agencies found the owners of M/T Solar I liable. The DOJ found the Company not criminally liable, but the SBMI found that the Company to have overloaded the vessel. The Company has appealed the findings of the SBMI to the Philippine DOTr Communication and is awaiting its resolution. The Company believes that the 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 aggregate claims for both cases amount to ₱292 million. The cases are still pending.

The cases for damages are pending in the Regional Trial Court, Branch 65, Jordan, Guimaras.

Pursuant to DENR Memorandum Circular No. 2012-01, the DENR declared that the Guimaras coastal water was already compliant with applicable water quality standards.

Leases with PNOC

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.

Other Proceedings

The Company is also 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, the Company believes that the final outcome of these other proceedings will not have a material adverse effect on its business, financial condition or results of operations.

SELECTED FINANCIAL INFORMATION

The following tables set forth summary financial information for the Company and should be read in conjunction with the auditors' reports and the Company's consolidated financial statements, including the notes thereto, and the section entitled "*Management's Discussion and Analysis of Results of Operations and Financial Condition*" found on page 199 of this Offer Supplement.

The summary financial information presented below for the years ended December 31, 2022, 2023 and 2024 were derived from the consolidated financial statements of the Company, audited by R.G. Manabat and Co., a member firm of KPMG. The Company's financial information included in this Offer Supplement has been prepared in accordance with PFRS. The information below should be read in conjunction with the consolidated financial statements of the Company and the related notes thereto, which are included in Appendix "A" of this Offer Supplement. The historical financial condition, results of operations and cash flows of the Company are not a guarantee of its future operating and financial performance.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION **(Amounts in Million Pesos)**

	2024	2023 As restated	2022 As restated
ASSETS			
Current Assets			
Cash and cash equivalents	₱30,389	₱27,519	₱37,183
Financial assets at fair value	1,044	1,162	1,753
Trade and other receivables - net	82,762	86,479	81,979
Inventories	90,570	77,318	85,347
Other current assets	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	1,165	1,158	1,085
Property, plant and equipment - net	169,302	167,987	171,570
Right-of-use assets - net	2,925	5,286	5,398
Investment property - net	28,243	27,194	28,437
Deferred tax assets - net	560	1,114	1,741
Goodwill - net	8,731	8,093	8,509
Other noncurrent assets - net	2,003	1,930	1,390
Total Noncurrent Assets	212,929	212,762	218,130
	₱468,802	₱445,769	₱461,417
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term loans	₱138,906	₱137,910	₱137,886
Liabilities for crude oil and petroleum products	51,625	44,840	51,067
Trade and other payables	29,012	26,454	24,890

	2024	2023 As restated	2022 As restated
Lease liabilities - current portion	1,295	1,566	1,380
Derivative liabilities	1,699	749	723
Income tax payable	304	132	204
Current portion of long-term debt - net	29,418	25,642	13,399
Total Current Liabilities	252,259	237,293	229,549
Noncurrent Liabilities			
Long-term debt - net of current portion	₱88,025	₱83,254	₱93,662
Retirement benefits liability - net	3,661	2,621	3,261
Deferred tax liabilities - net	6,719	4,456	3,638
Lease liabilities - net of current portion	12,120	14,378	13,714
Asset retirement obligation	1,321	3,612	3,527
Other noncurrent liabilities	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			
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	33,715	31,847	30,382
Equity reserves	(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	9,093	8,674	8,413
Total Equity	104,210	99,660	113,601
	₱468,802	₱445,769	₱461,417

CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Million Pesos, Except Per Share Data)

	2024	2023 As restated	2022 As restated
SALES	₱867,966	₱801,027	₱857,638
COST OF GOODS SOLD	821,753	754,429	823,788
GROSS PROFIT	46,213	46,598	33,850
SELLING AND ADMINISTRATIVE EXPENSES	(18,757)	(17,568)	(15,853)
OTHER OPERATING INCOME	1,767	1,683	1,538
INTEREST EXPENSE AND OTHER FINANCING CHARGES	(20,961)	(19,095)	(13,094)
INTEREST INCOME	1,201	1,284	898
SHARE IN NET INCOME OF AN ASSOCIATE AND JOINT VENTURES	114	89	66
OTHER INCOME - Net	3,417	119	1,000
	(33,219)	(33,488)	(25,445)
INCOME BEFORE INCOME TAX	12,994	13,110	8,405
INCOME TAX EXPENSE	4,523	2,998	1,480
NET INCOME	₱8,471	₱10,112	₱6,925
Attributable to:			
Equity holders of the Parent Company	₱8,469	₱9,229	₱5,952
Non-controlling interests	2	883	973
	₱8,471	₱10,112	₱6,925
BASIC/DILUTED EARNINGS PER COMMON SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	P0.30	P0.27	P0.04
	2024	2023 As restated	2022 As restated
NET INCOME	₱8,471	₱10,112	₱6,925
OTHER COMPREHENSIVE LOSS			
<i>Item that will not be reclassified to profit or loss</i>			
Equity reserve for retirement plan	(1,655)	(38)	(626)
Income tax benefit	409	9	156
	(1,246)	(29)	(470)

	2024	2023 As restated	2022 As restated
<i>Items that may be reclassified to profit or loss</i>			
Income (loss) on cash flow hedges	-	(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)	-	18	(19)
	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	₱11,397	₱7,619	₱8,641
Attributable to:			
Equity holders of the Parent Company	₱10,765	₱7,146	₱7,402
Non-controlling interests	632	473	1,239
	₱11,397	₱7,619	₱8,641

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Million Pesos)

	Equity Attributable to Equity Holders of the Parent Company								Non-controlling Interests	Total Equity
	Capital Stock	Additional Paid-in Capital	Capital Securities	Retained Earnings	Equity Reserves	Treasury Stock	Total			

	Equity Attributable to Equity Holders of the Parent Company									Non- controlling Interests	Total Equity
	Retained Earnings					Equity Reserves					
	Capital Stock	Additional Paid-in Capital	Capital Securities	Appro- priated	Unappro- priated	Reserve for Retirement Plan	Other Reserves	Treasury Stock	Total		
As of December 31, 2022, as previously reported	₱9,485	₱37,500	₱62,712	₱7,003	₱23,354	(₱6,437)	(₱10,450)	(₱18,000)	₱105,167	₱8,383	₱113,550
Effect of prior period adjustments	-	-	-	-	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	-	-	-	-	-	-	(4)	-	(4)	-	(4)
Exchange differences on translation of foreign operations, as restated	-	-	-	-	-	-	(2,008)	-	(2,008)	(410)	(2,418)
Net loss on cash flow hedges - net of tax	-	-	-	-	-	-	(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	-	-	-	-	(12)	-	-	-	(12)	(10)	(22)
Net income for the year, as restated	-	-	-	-	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	-	-	-	-	(3,053)	-	-	-	(3,053)	(212)	(3,265)
Distributions paid	-	-	-	-	(4,569)	-	-	-	(4,569)	-	(4,569)
Reissuance of preferred shares	-	3,485	-	-	-	-	-	10,400	13,885	-	13,885
Redemption of capital securities	-	-	(25,183)	-	-	-	(2,286)	-	(27,469)	-	(27,469)
Share issuance cost of a subsidiary	-	-	-	-	(142)	-	-	-	(142)	-	(142)
Reversal of retained earnings appropriation	-	-	-	(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	₱9,485	₱40,985	₱37,529	₱3	₱31,844	(₱6,466)	(₱14,794)	(₱7,600)	₱90,986	₱8,674	₱99,660

	Equity Attributable to Equity Holders of the Parent Company									Non-controlling Interests	Total Equity
	Capital Stock	Additional Paid-in Capital	Capital Securities	Retained Earnings		Equity Reserves		Treasury Stock	Total		
				Appropriated	Unappropriated	Reserve for Retirement Plan	Other Reserves				
As of December 31, 2021, as previously reported	₱9,485	₱37,500	₱62,712	₱7,003	₱23,229	(₱5,962)	(₱12,379)	(₱18,000)	₱103,588	₱7,325	₱110,913
Effect of prior period adjustments	-	-	-	-	(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	-	-	-	-	-	-	(4)	-	(4)	(1)	(5)
Exchange differences on translation of foreign operations, as restated	-	-	-	-	-	-	1,871	-	1,871	261	2,132
Net income on cash flow hedges - net of tax	-	-	-	-	-	-	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	-	-	-	-	225	-	-	-	225	3	228
Net income for the year, as restated	-	-	-	-	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	-	-	-	-	(1,044)	-	-	-	(1,044)	(179)	(1,223)
Distributions paid	-	-	-	-	(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	₱9,485	₱37,500	₱62,712	₱7,003	₱23,379	(₱6,437)	(₱10,454)	(₱18,000)	₱105,188	₱8,413	₱113,601

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Million Pesos)

	2024	2023 As restated	2022 As restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱12,994	₱13,110	₱8,405
Adjustments for:			
Interest expense and other financing charges	20,961	19,095	13,094
Depreciation and amortization	13,456	13,292	12,005
Retirement benefits costs	270	257	367
Interest income	(1,201)	(1,284)	(898)
Unrealized foreign exchange losses (gains) - net	2,043	(327)	670
Allowance for impairment (net reversal) of receivables and inventories	(343)	29	287
Share in net income of an associate and joint ventures	(114)	(89)	(66)
Gain on lease termination	(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	(11,758)	(4,986)	(38,582)
Changes in noncash assets and liabilities of new subsidiary	-	-	(3,165)
Cash generated from (used in) operations	33,391	39,251	(8,658)
Contribution to retirement fund	(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)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(₱9,960)	(₱7,047)	(₱6,253)
Proceeds from sale of property and equipment	12	49	9
Acquisition of investment property	(376)	(244)	(286)
Proceeds from sale of investment property	-	1	12
Dividend received from an associate	108	-	-
Increase in other noncurrent assets	-	(9)	(22)
Payment for acquisition of a subsidiary	-	(300)	-
Net cash from consolidation of a new subsidiary	-	-	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	385,910	289,660	373,935
Payments of:			

Loans and bonds	(377,659)	(287,868)	(342,654)
Lease liabilities	(2,780)	(2,463)	(2,347)
Cash dividends and distributions	(6,723)	(7,356)	(6,127)
Repurchase of capital securities	(3,360)	(27,469)	-
Issuance/reissuance of preferred shares	16,730	13,885	-
Redemption of preferred shares	(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	₱30,389	₱27,519	₱37,183

Summary Consolidated Statements of Income

(Amounts in millions of ₱, except per share data)	For the years ended December 31		
	2022 As restated	2023 As restated	2024
Sales.....	857,638	801,027	867,966
Cost of goods sold.....	823,788	754,429	821,753
Gross profit.....	33,850	46,598	46,213
Selling and administrative expenses.....	(15,853)	(17,568)	(18,757)
Other operating income.....	1,538	1,683	1,767
Interest expense and other financing charges.....	(13,094)	(19,095)	(20,961)
Interest income.....	898	1,284	1,201
Share in net income of an associate and joint ventures	66	89	114
Other income (expenses)—net.....	1,000	119	3,417
	(25,445)	(33,488)	(33,219)
Income before income tax.....	8,405	13,110	12,994
Income tax expense	1,480	2,998	4,523
Net income	6,925	10,112	8,471
Attributable to:			
Equity holders of the Parent Company.....	5,952	9,229	8,469
Non-controlling interests.....	973	883	2
Basic/ Diluted Earnings per Common Share attributable to equity holders of the Parent Company.....	₱0.04	₱0.27	₱0.30

Summary Consolidated Statements of Financial Position

(Amounts in millions of ₱, except per share data)	As of December 31,		
	2022 As restated	2023 As restated	2024
Current assets:			
Cash and cash equivalents.....	37,183	27,519	30,389
Financial assets at fair value.....	1,753	1,162	1,044
Trade and other receivables – net.....	81,979	86,479	82,762
Inventories.....	85,347	77,318	90,570
Other current assets.....	37,025	40,529	51,108
Total current assets.....	243,287	233,007	255,873
Non-current assets:			
Investment in shares of stock of an associate and joint ventures.....	1,085	1,158	1,165
Property, plant and equipment – net.....	171,570	167,987	169,302
Right-of-use assets - net.....	5,398	5,286	2,925
Investment property – net.....	28,437	27,194	28,243
Deferred tax assets – net.....	1,741	1,114	560
Goodwill – net.....	8,509	8,093	8,731
Other non-current assets – net.....	1,390	1,930	2,003
Total non-current assets.....	218,130	212,762	212,929
Total assets.....	461,417	445,769	468,802
Current liabilities:			
Short-term loans.....	137,886	137,910	138,906
Liabilities for crude oil and petroleum product importation.....	51,067	44,840	51,625
Trade and other payables.....	24,890	26,454	29,012
Lease liabilities – current portion.....	1,380	1,566	1,295
Derivative liabilities.....	723	749	1,699
Income tax payable.....	204	132	304
Current portion of long-term debt – net.....	13,399	25,642	29,418
Total current liabilities.....	229,549	237,293	252,259
Non-current liabilities:			
Long-term debt – net of current portion.....	93,662	83,254	88,025
Retirement benefits liability – net.....	3,261	2,621	3,661
Deferred tax liabilities – net.....	3,638	4,456	6,719
Lease liabilities – net of current portion.....	13,714	14,378	12,120
Asset retirement obligation.....	3,527	3,612	1,321
Other non-current liabilities.....	465	495	487
Total non-current liabilities.....	118,267	108,816	112,333

Total liabilities.....	347,816	346,109	364,592
	2022 As restated	2023 As restated	2024
Equity Attributable to Equity Holders of the Parent Company*:			
Capital stock.....	9,485	9,485	9,502
Additional paid-in capital.....	37,500	40,985	57,698
Capital securities.....	62,712	37,529	34,555
Retained earnings.....	30,382	31,847	33,715
Equity reserves.....	(16,891)	(21,260)	(19,350)
Treasury stock.....	(18,000)	(7,600)	(21,003)
Total Equity Attributable to Equity Holders of the Parent Company.....	105,188	90,986	95,117
Non-controlling interests.....	8,413	8,674	9,093
Total equity.....	113,601	99,660	104,210
Total liabilities and equity.....	461,417	445,769	468,802

*Under the Company's financial statements, the "Parent Company" refers to Petron Corporation.

Summary of Consolidated Statement of Cash Flows

	For the years ended December 31		
	2022	2023	2024
	As restated	As restated	
Net cash flows provided by (used in) operating activities.....	(21,805)	20,316	13,208
Net cash flows used in investing activities.....	(3,238)	(7,550)	(10,216)
Net cash flows provided by (used in) financing activities.....	22,794	(21,753)	(1,285)
Effect of exchange rate changes on cash and cash equivalents.....	3,026	(677)	1,163
Net increase (decrease) in cash and cash equivalents.....	777	(9,664)	2,870
Cash and cash equivalents at beginning of year.....	36,406	37,183	27,519
Cash and cash equivalents at end of year.....	37,183	27,519	30,389

Other Financial and Operating Data

	For the years ended December 31,		
	2022	2023	2024
Sales volume ('000 bpd)	309	348	382
Net debt ⁽¹²⁾	207,764	219,287	225,950
Ratio of total debt to equity	2.16	2.48	2.46
EBITDA ⁽¹³⁾	33,496*	45,179*	43,076
<i>*As restated</i>			
Capital expenditures ⁽¹⁴⁾	5,933	7,464	10,160
Total debt ⁽¹⁵⁾	244,947	246,806	256,349

¹² Net debt represents the sum of short-term loans, current portion of long-term debts—net, and long-term debts—net of current portion, less cash and cash equivalents.

¹³ EBITDA is calculated as net income before: income tax expense, net financing charges (interest income net of interest expense), extraordinary or exceptional items, foreign exchange losses (gains), marked-to-market currency losses (gains), depreciation and amortization and impairment losses.

¹⁴ Capital expenditures represent the sum of additions to property, plant and equipment for the period.

¹⁵ Total debt consists of the sum of short-term loans, current portion of long-term debts-net and long-term debts-net of current portion.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Overview

Petron is the only integrated oil refining and marketing company in the Philippines and is a leading player in the Malaysian market. The Company has a combined refining capacity of 268,000 bpd. The Company refines crude oil and markets and distributes refined petroleum products in the Philippines and Malaysia.

In the Philippines, the Company operates the country's only refinery, the **Petron Bataan Refinery**, located in Bataan, which has a production capacity of 180,000 bpd, capable of supplying approximately 40% of the country's total fuel requirements. The Company had a retail market share of 39.2%¹⁶ of the Philippine oil market for the period ended June 30, 2024.

The Petron Bataan Refinery processes crude oil into a range of white petroleum products such as gasoline, diesel, LPG, jet fuel, kerosene, naphtha, and petrochemical products such as benzene, toluene, mixed xylene and propylene. The completion of Phase 2 of the Refinery Master Plan ("**RMP-2**"), a US\$2 billion project for the Petron Bataan Refinery, enabled the Company to convert Black Products into more valuable White Products¹⁷, and to increase the Company's production of petrochemicals. The project also made the Company the first and only oil company in the Philippines capable of locally producing Euro IV-standard fuels.

From the Petron Bataan Refinery, the Company moves its products, mainly by sea, to terminals and airport installations situated throughout the Philippines, representing the most extensive distribution network for petroleum products in the Philippines. The network comprises 13 terminals in Luzon, 6 in the Visayas and 8 in Mindanao, as well as 4 airport installations in Luzon, 5 in the Visayas and 3 in Mindanao. Through this nationwide network, the Company supplies its various petroleum products such as gasoline, diesel, and LPG to its customers as well as jet fuel to international and domestic carriers.

Through its network of around 1,800 retail service stations in the Philippines as of March 31, 2025, representing approximately 15% of the country's total service station count, the Company sells gasoline, diesel, and kerosene to private motorists and to the public transport sector. Approximately 49% of service stations are CODOs and 51% are DODOs. CODOs are company-owned-dealer-operated stations where Petron's investments include civil works, site development and station hardware (i.e. canopies, pumps, signages, etc.). The Company usually owns or leases the land and owns the building and equipment while dealers provide the working capital and other minor station equipment. DODOs, on the other hand, are dealer-owned-dealer-operated stations where the dealers provide the civil works, site development, working capital and station equipment. The dealers also assume ownership or lease of the land. Under this arrangement, Petron provides the station hardware. Regulation of CODOs and DODOs are generally similar. Pricing is dictated more by logistics and competition rather than the classification of a station.

As of March 31, 2025, the Company's LPG distribution network includes about 2,200 branch and franchise stores where the Company sells its LPG brands *Petron Gasul* and *Fiesta Gas* to households and other consumers. Meanwhile, the Company's Lubes distribution network includes about 49 car care centers, and about 1,650 service stations selling lubes.

The Company actively pursues initiatives to improve customer service and promote customer loyalty. As of March 31, 2025, the extent of the Company's programs includes more than 620,000 Petron Fleet Cards and more than 1.2 million Petron Value Cards (including Petron Super Driver Cards) in the Philippines. In Malaysia, as of March 31, 2025, the Company's programs include more than 173,000 Petron Fleet Cards, more than 3,000 Petron Super Driver Cards, and approximately 2.2 million active Petron Miles Privilege

¹⁶ Market share is derived from Company estimates based on Company information and data from the Philippine Department of Energy for the period ended June 30, 2024.

¹⁷ Black Products refer to fuel oil and asphalts. White Products refer to diesel, gasoline, jet fuel, kerosene and LPG.

Cards (“PMILES”) cardholder/member accounts.

The Company owns and operates a fuel additives blending plant (the “**Subic Plant**”) in the Subic Bay Freeport Zone in the Philippines with a capacity of 12,000 metric tons per year.

The Company diversified into petrochemicals and in 2000 added a mixed xylene recovery unit to the Petron Bataan Refinery and a propylene recovery unit in 2008. Its benzene-toluene extraction unit became operational in May 2009. On July 1, 2014, the Company acquired and took over from PPI, an indirect subsidiary of the Company, the operations of the polypropylene plant in order to enhance the overall efficiency of its petrochemical operations. The polypropylene plant is located in Mariveles, Bataan and is owned by RIHL, an indirect subsidiary of the Company. The polypropylene plant has an installed production capacity of 225,000 metric tons of various polypropylene resin annually.

The Company entered the Malaysian market in March 2012 through the purchase of ExxonMobil's downstream oil business in Malaysia. For the period ended December 31, 2024, the Company ranked third in the Malaysian retail market with more than 21% market share based on Company estimates using its internal assumptions and calculations and industry data from a third-party market research consultant appointed by Malaysian retail market participants to compile industry data. The Company also covers the industrial segment in Malaysia, selling diesel and gasoline to mini-stations and power plants, as well as to manufacturing, plantation, transportation and construction sectors. The Company owns and operates the Port Dickson Refinery in Malaysia, which has a crude oil distillation capacity of 88,000 barrels per day, and produces a range of petroleum products, including LPG, naphtha, gasoline, jet fuel, diesel and LWSR. As of March 31, 2025, the Company had 10 product terminals, a PME plant, a network of about 810 retail service stations, and about 320 Treats convenience stores in Malaysia. The Company has presence in the aviation segment with a 20% ownership of a multi-product pipeline to Kuala Lumpur International Airport. The joint venture through which the Company owns its interest in the multi-product pipeline also owns a fuel terminal, the Klang Valley Distribution Terminal.

The Company's products are primarily sold to customers in the Philippines and Malaysia. The Company also exports various petroleum products and petrochemical products, including LSWR, naphtha, mixed xylene, benzene, toluene and propylene, to other customers in the Asia-Pacific region. The Company's revenues from these export sales amounted to ₱47,011 million or 6% of total sales, as of December 31, 2023 and ₱43,222 million or 5% of total sales as of December 31, 2024.

In 2022, 2023 and 2024, the Company's sales were ₱857,638 million, ₱801,027 million and ₱867,966 million, respectively, and net income was ₱6,925 million, ₱10,112 million and ₱8,471 million, respectively.

Factors affecting results of operations

The Company's financial condition and results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the Company's results in the past and that the Company expects to affect its financial results in the future. Factors other than those set out below could also have a significant impact on the Company's financial condition and results of operations in the future.

Crude Oil Prices

Crude oil generally accounts for a large portion of the Company's total cost of goods sold. In 2024, crude oil accounted for approximately 34% of the Company's total cost of goods sold. Because of the commodity nature of oil products, competition in the Philippine and international markets for refined petroleum products is based primarily on price, as adjusted to account for differences in product specifications and transportation and distribution costs. Therefore, the prices of the Company's principal products are highly dependent on international crude oil prices.

The Company is exposed to fluctuations in the price of crude oil, which is subject to volatile price movement caused by a number of factors beyond the Company's control, including changes in global supply and

demand for crude oil, international economic conditions, global conflicts or acts of terrorism, weather conditions and domestic and foreign governmental regulation. The Company holds crude oil and finished petroleum products inventory of approximately two months in the Philippines and approximately one month in Malaysia. The prices at which the Company sells its products generally rise and fall in line with international crude oil prices. Accordingly, since the Company accounts for its inventory using the first-in-first-out method, a sharp drop in crude oil prices would adversely affect the Company, as it would require the Company to sell its refined petroleum products produced with higher-priced crude oil at lower prices. See “*Risk Factors — Risks Relating to the Company’s Business and Operations — Volatility of the price of crude oil and petroleum products may have a material adverse effect on the Company’s business, results of operations and financial condition.*” Furthermore, a sharp rise in oil prices would increase the Company’s requirements for short-term financing for working capital and may result in higher financing costs for the Company.

The Company enters into commodity swaps and options to manage the price risks of crude oil and finished petroleum products. In 2013, the Company also started implementing measures to shorten the pricing cycle gap between its crude oil purchases and finished petroleum product sales. However, volatile crude oil prices could still adversely affect the Company, as the Company may not be able to pass on the effects of crude oil price changes to consumers in a timely manner.

Results of Operations

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 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%

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023 As restated	Amount	%	2024	2023 As restated
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	
	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%)

	Horizontal Analysis				Vertical Analysis	
	December 31		Increase (Decrease)		December 31	
	2024	2023 As restated	Amount	%	2024	2023 As restated
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	P 468,802	P 445,769	P 23,033	5%	100%	100%

As of end-2024, total **Asset** stood at **P468.80 billion**, 5% or P 23.03 billion higher than end-2023 level of P 445.77 billion. The increase mainly came from higher inventories and other current assets.

Cash and cash equivalents was up by P 2.87 billion to **P30.39 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 **P1.04 billion** as a result of lower mark-to-market valuation of outstanding commodity hedges.

Inventories rose by P 13.25 billion to **P90.57 billion** primarily traced to crude.

Other current assets increased to **P51.11 billion** from P 40.53 billion traced to creditable withholding taxes, input VAT and prepayments during the year.

Right of use asset - net dropped by 45% to **P2.93 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 **P13.42 billion** and **P1.32 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 P 1.11 billion to **P560 million** and increase in **Deferred tax liabilities – net** from P 4.46 billion to **P6.72 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 **P8.73 billion** from P 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 P 6.78 billion to **P51.63 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 **P29.01 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 **P1.70 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 ₱ 2.97 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%

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	December 31		Increase (Decrease)		December 31	
	2023 As restated	2022 As restated	Amount	%	2023 As restated	2022 As restated
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		Increase (Decrease)		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%)

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	%	December 31	
	As restated	As restated			2023 As restated	2022 As restated
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%
			(P			
Total Liabilities and Equity	P 445,769	P 461,417	15,648)	(3%)	100%	100%

The **Consolidated assets** of Petron Corporation and its Subsidiaries as of end-2023 stood at **P445.77 billion, 3%** or P 15.65 billion lower than end-2022 level of P 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 P 9.66 billion to **P27.52 billion** from P 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 **P1.16 billion** from P 1.75 billion primarily from lower mark-to-market valuation of outstanding currency hedges.

Trade and other receivables - net went up by 5% to **P86.48 billion** attributable to higher government receivables of Parent company partly offset by the reduction in trade accounts receivables.

Inventories declined by P 8.03 billion to **P77.32 billion** mainly from lower prices of crude and finished product prices coupled with reduced volume.

Other current assets rose by 9% to **P40.53 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 **P 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 P 1.74 billion to **P 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 **P 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 **P 1.93 billion** from P 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 **P 44.84 billion** compared to end-2022 level of P 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 **P 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)
Current Ratio	1.0	1.0
Debt to Equity Ratio	3.5	3.5
Return on Equity (%)	8.3	9.5
Interest Rate Coverage Ratio	1.6	1.7
Assets to Equity Ratio	4.5	4.5

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 expresses 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 – Trailing 12 months 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.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal sources of funds have historically been net cash flows from operating activities, and debt and equity financing. The Company's principal use of funds has historically been to fund its working capital and capital expenditure requirements. The Company has been able to pay its trade liabilities as they become due. The Company may from time to time seek external sources of funding, which may include debt or equity financing, depending on its financing needs and market conditions. The incurrence of additional debt would divert cash from working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict the Company's operations. If the Company is unable to obtain additional financing as required, its business, results of operations, financial condition and prospects may be adversely affected.

The following table sets forth the Company's cash flows for the periods indicated:

	For the years ended December 31 (Audited)		
	2022 As restated	2023 As restated	2024
	(in millions of ₱)		
Net cash flows provided by (used in) operating activities	(21,805)	20,316	13,208
Net cash flows used in investing activities	(3,238)	(7,550)	(10,216)
Net cash flows provided by financing activities	22,794	(21,753)	(1,285)
Effect of exchange rate changes on cash and cash equivalents	3,026	(677)	1,163
Net increase (decrease) in cash and cash equivalents	777	(9,664)	2,870
Cash and cash equivalents at beginning of year	36,406	37,183	27,519
Cash and cash equivalents at end of year	37,183	27,519	30,389

Net Cash Flows Provided by Operating Activities

Net cash flows provided by operating activities for the year ended December 31, 2024 was ₱13,208 million. The Company's income before income tax was ₱12,994 million. Cash generated by operating income (after adding back non-cash items and before working capital changes) was ₱45,149 million. The Company paid interest of ₱19,928 million and income taxes of ₱413 million for the period.

Net cash flows provided by operating activities for the year ended December 31, 2023 was ₱20,316 million. The Company's income before income tax was ₱13,110 million. Cash generated by operating income (after adding back non-cash items and before working capital changes) was ₱44,237 million. The Company paid interest of ₱18,264 million and income taxes of ₱948 million for the period.

Net cash flows used in operating activities for the year ended December 31, 2022 was ₱21,805 million. The Company's income before income tax was ₱8,405 million. Cash generated by operating income (after adding back non-cash items and before working capital changes) was ₱33,089 million. The Company paid interest of ₱12,086 million and income taxes of ₱1,001 million for the period.

Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities was ₱10,216 million in 2024. This is primarily reflected in additions to property, plant and equipment and investment property.

Net cash flows used in investing activities was ₱7,550 million in 2023. This is primarily reflected in additions to property, plant and equipment and investment property.

Net cash flows used in investing activities was ₱3,238 million in 2022. This is primarily reflected in additions to property, plant and equipment and investment property.

Net Cash Flows Provided by Financing Activities

Net cash flows used in financing activities was ₱1,285 million in 2024. The main component of this were redemption of preferred shares of ₱13,403, payment of cash dividends and distribution of ₱6,723 million, lease liabilities of ₱2,780 million, and repurchase of capital securities of ₱3,360 million. This was partly offset by the proceeds from issuance of preferred shares of ₱16,730 and net availment of loans of ₱8,251 million.

Net cash flows used in financing activities was ₱21,753 million in 2023. The main component of this were redemption of capital securities of ₱27,469 million, payment of cash dividends and distribution of ₱7,356 million and lease liabilities of ₱2,463 million. This was offset in part by reissuance of preferred shares of ₱13,885 and net availment of loans amounting to ₱1,792 million.

Net cash flows provided by financing activities was ₱22,794 million in 2022. The main component of this were proceeds from loans of ₱373,935 million. This was offset in part by payment of loans and lease liabilities of ₱345,001 million and payment of cash dividends and distribution of ₱6,127 million.

Capital Resources

As of December 31, 2024, the Company had cash and cash equivalents of ₱30,389 million. As of the same date, the Company had total outstanding short-term debt of ₱138,906 million in the form of unsecured Peso and Ringgit loans.

As of December 31, 2023, the Company had cash and cash equivalents of ₱27,519 million. As of the same date, the Company had total outstanding short-term debt of ₱137,910 million in the form of unsecured Peso and Ringgit loans.

As of December 31, 2022, the Company had cash and cash equivalents of ₱37,183 million. As of the same date, the Company had total outstanding short-term debt of ₱137,886 million in the form of unsecured Peso and Ringgit loans.

As of the date of this Offer Supplement, the Company is in compliance with the covenants in its long-term debt agreements.

The following table sets forth a summary of the maturity profile of the outstanding long-term borrowings of the Company for the years 2025 to 2028 and beyond as of December 31, 2024:

<u>Payments Due by Period</u>	Amount (in millions of ₱)
2025	29,418
2026	24,094
2027	40,151
2028	13,702
2029 and beyond	10,078
Total	117,443

The following table sets forth the Company's outstanding long-term debt (net of debt issue cost) by the currency in which they are denominated as of December 31, 2024:

Currency	Amount (in millions of ₱)
Peso	50,963
USD	65,692
Yen	788
Total outstanding long-term debt	117,443

The following table sets forth the Company's outstanding long-term debt (net of debt issue cost) by either fixed or floating interest rate terms as of December 31, 2024:

	Amount (in millions of ₱)
Fixed rate	45,994
Floating rate	71,449
Total outstanding long-term debt	117,443

Capital Expenditures

Over the past several years, the Company has made significant capital expenditures to maintain and upgrade the refineries in Bataan and Port Dickson, and to expand and upgrade its retail service station network in the Philippines and in Malaysia. In 2021, 2022, 2023, and 2024, the Company's capital expenditures were ₱9,532 million, ₱5,933 million, ₱7,464 million and ₱10,160 million, respectively, which primarily related to expenditures for refinery, depot and service stations. The Company has historically funded its capital expenditures with net cash flows provided by operating activities and debt or equity financing.

Following the completion of the Company's major projects such as the Power Plant Phase 3 in Bataan, Marine Import Facility and the Diesel Hydrotreater in Port Dickson Malaysia, the Company plans to continue investments focusing on the following projects:

- Retail network expansion and improvements for both Philippine and Malaysian operations
- Second reactor at the Polypropylene Plant (PP Plant) expanding capacity to 225KTA
- Propylene Transfer Line to provide more efficient transfer of Propylene from the Bataan Refinery to PP Plant
- Expansion of the Company's truck fleet for more efficient transport of our products
- Environment-related projects such as wastewater treatment facilities, flood control and sewage treatment upgrades, EV charging stations and solar panels

These capital expenditures are expected to be funded through internally generated cash. The Company's capital expenditures may change as projects are reviewed and subject to various factors including market conditions, the general state of the Philippine and Malaysian economies, the Company's operating performance and cashflow.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements. The Company has, however, entered into derivative transactions to manage its exposures to currency exchange rates and fluctuating commodity prices. See "Derivative Financial Instruments."

Derivative Financial Instruments

The Company has entered into derivative financial instrument transactions, including swaps, options and forwards, to manage its exposures to exchange rates and fluctuating commodity prices. A more detailed description of the Company's derivative financial instruments is set forth in note 35 to the Company's audited consolidated financial statements as of and for the year ended December 31, 2023, included elsewhere in this Offer Supplement.

Financial Soundness Indicators

		December 31		
Financial Ratios	Formula	2024	2023 As restated	2022 As restated
Liquidity				
a) Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.01	0.98	1.06
b) Quick Ratio	$\frac{\text{Current Assets less Inventories and Other Current Assets}}{\text{Current Liabilities}}$	0.45	0.49	0.53
Solvency				
c) Debt to Equity Ratio	$\frac{\text{Total Interest-bearing Liabilities}^a}{\text{Total Equity}}$	2.46	2.48	2.16
d) Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	4.50	4.47	4.06
e) Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$	1.62	1.69	1.64
Profitability				
f) Return on Average Equity	$\frac{\text{Net Income}}{\text{Average Total Equity}}$	8.31%	9.48%	6.17%
g) Return on Average Assets	$\frac{\text{Net Income}}{\text{Average Total Assets}}$	1.85%	2.23%	1.59%
Operating Efficiency				
h) Volume Growth	$\left(\frac{\text{Current Period Volume}}{\text{Prior Period Volume}} - 1 \right)$	10.20%	12.50%	37.17%
i) Sales Growth	$\left(\frac{\text{Current Period Sales}}{\text{Prior Period Sales}} - 1 \right)$	8.36%	-6.60%	95.78%
j) Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Sales}}$	3.37%	3.83%	2.28%

^a excludes lease liabilities and advances from a related party

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.

Quick Ratio – Total current assets less inventories and other current assets divided by total current liabilities.

This ratio is a cursory indication of a company's ability to service its current obligations using its more liquid assets. Generally, higher quick 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 expresses 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.

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.

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.

Return on Average 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.

Return on Average Asset – Net income divided by average total asset.

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

Volume Growth – Current period volume divided by prior period volume minus 1.

This ratio measures how much the sales volume of the company increased or decreased from prior period's level. A ratio greater than zero indicates that the company's volume is growing as against comparative period.

Sales Growth – Current period sales revenue divided by prior period sales revenue minus 1.

This ratio measures how much the sales revenue account of the company increased or decreased from prior period's level. This is a function of both volume and price change from period to period. A ratio greater than zero indicates that the company's sales revenue increased compared to previous period.

Operating Margin – Income from operating activities divided sales.

This ratio measures how much profit the company derives from every peso sale made after deducting direct costs and selling and operating expenses. The higher the ratio the greater return is realized by the company from its core business activities.

OTHER MATTERS

- There are no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position and Financial Performance.
- There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.
- Other than the resurgence of the COVID-19 pandemic and the ongoing war between Russia and Ukraine which pose a risk for the Company as with other businesses broadly affected thereby, there are no other known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation.
- There were no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets.

The following are the significant contractual obligations and commitments of the Company, default under which will most likely trigger direct or contingent financial obligations that is material to the Company:

- a. *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.

Petron Malaysia Refining & Marketing Bhd (PMRMB) acquires crude oil and condensate for its 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.

- b. *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, filling 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 ₱49, ₱76, ₱110 and ₱96 for the years ended 2024, 2023, 2022, and 2021, respectively.

The Toll Service Agreement of PFC with Innospec is no longer effective as of end of 2024.

- c. *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. As of December 31, 2024 and 2023, Petron leases other parcels of land from PNOC for its pipeline right-of-way and service stations.

- The effects of seasonality or cyclicity on the interim operations of the Company’s business is not material. The Company’s operation is not affected by seasonal demand and supply similar to other basic commodities.
- There were no material off-statements of financial position transactions, arrangements, obligations including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period, except for the outstanding derivative transactions entered by the Company as at and for the period December 31, 2024.

INTEREST OF NAMED EXPERTS AND COUNSEL

Legal Matters

All legal issues relating to the issuance of the Offer Bonds which are subject of this Offer shall be passed upon by SyCip Salazar Hernandez & Gatmaitan (“**SyCipLaw**”) for the Joint Lead Underwriters and Joint Bookrunners, and Picazo Buyco Tan Fider Santos & Dee (“**Picazo Law**”) for the Company.

SyCipLaw and Picazo Law have no direct or indirect interest in Petron. However, SyCipLaw and Picazo Law may, from time to time be engaged by the Company to advise on the transactions of the Company and perform legal services on the same basis that SyCipLaw and Picazo Law provide such services to its other clients.

Independent Auditors

The consolidated financial statements of Petron as of December 31, 2024, 2023 and 2022 have been audited by R.G. Manabat & Co., a member firm of KPMG, independent auditors, in accordance with Philippine Standards on Auditing as set forth in their report thereon appearing elsewhere in this Offer Supplement.

The Company’s Audit and Risk Management Committee of the Board reviews and approves the scope of audit work of the independent auditors and the amount of audit fees for a given year. The financial statements will then be presented for approval by the stockholders at the annual meeting. As regards to services rendered by the external auditor other than the audit of financial statements, the scope of and amount for the same are subject to review and approval by the Audit and Risk Management Committee.

Tax Fees and All Other Fees

The Company’s audit fees for each of the last three fiscal years for professional services rendered by the external auditor were ₱9,720,863.00, and ₱9,349,781.00 for 2024, and 2023, respectively. Said fees include compensation for audit services and other related services such as review and agreed-upon procedures. There were no fees paid for accounting, compliance, advisory, planning and any other form of tax. There were no other fees paid to the independent auditors other than for the above-described services.

Audit and Audit-Related Fees

EXTERNAL AUDITOR FEE-RELATED INFORMATION DECEMBER 31, 2024 AND 2023

	2024	2023
Total Audit Fees¹	₱9,720,863	₱9,349,781
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 Fees²	4,763,499	3,476,246
Total Audit and Non-audit Fees	₱14,484,362	₱12,826,027

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.

Audit Committee Policies and Procedures

Under the Corporate Governance Manual of the Company, the functions of the Audit Committee include recommending to the Board of Directors the appointment, reappointment, removal, and fees of the external auditor duly accredited by the SEC, and evaluating and determining the non-audit work, if any, of the external auditor, and periodically reviewing the non-audit fees paid to the external auditor in relation to the total fees paid to it and the Company's overall consultancy expenses.

For 2024, the Audit Committee, at its meeting held on March 5, 2024, endorsed the re-appointment of R.G. Manabat & Co./KPMG as external auditor of the Company for 2024 and the approval of R.G. Manabat & Co./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 the re-appointment of R.G. Manabat & Co./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 R.G. Manabat & Co./KPMG as external auditor of the Company for 2024 and R.G. Manabat & Co./KPMG's fees were approved and ratified, respectively, by the stockholders.

Also on March 5, 2024, the Audit Committee endorsed the appointment of R.G. Manabat & Co./KPMG for non-audit services and/or limited assurance engagements required by applicable laws and regulations for certain transactions of the Company. At its meeting held later on the same day, the Board of Directors, finding the recommendation of the Audit Committee to be in order, approved the appointment of R.G. Manabat & Co./KPMG.

Changes in and Disagreements with Accountants

The Company has not had any changes in or disagreements with its independent accountants/auditors on any matter relating to financial or accounting disclosures.

No interest in the Company

There is no arrangement that any of the foregoing experts shall receive a direct or indirect interest in the Company or was a promoter, co-manager, voting trustee, director, officer, or employee of the Company.

REGULATORY AND ENVIRONMENTAL MATTERS

The statements herein are based on the laws in force as of the date of this Offer Supplement and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the regulatory and environmental considerations that may be relevant to the Company or the offering.

GENERAL BUSINESS REGULATORY FRAMEWORK

Revised Corporation Code

Republic Act No. 11232, also known as the Revised Corporation Code, was signed into law on February 20, 2019 and took effect on February 23, 2019. Among the notable amendments in the Revised Corporation Code are as follows: (i) corporations are now generally given a perpetual existence; (ii) a new section on one-person corporation was added; (iii) the requirement that at least 25% of the authorized capital stock must be subscribed, and at least 25% of the subscribed shares must be paid-up upon incorporation was removed; (iv) stockholders can now vote in absentia; (v) incorporators now include any person, partnership, association or corporation; and (vi) the powers of the SEC to prosecute and investigate offenses under the Revised Corporation Code have been expanded.

The Revised Corporation Code refers to the Philippine Competition Act in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the Philippine Competition Act thresholds.

The Philippine Competition Act

Republic Act No. 10667, otherwise known as the Philippine Competition Act (“**PCA**”), was signed into law on July 21, 2015 and took effect on August 8, 2015. This Act aims to codify anti-trust laws in the Philippines and it provides the competition framework in the country. The PCA was enacted to provide free and fair competition in trade, industry, and all commercial economic activities. It prohibits anti-competitive agreements between or among competitions, and mergers and acquisitions which have the object or effect of substantially preventing, restricting, or lessening competition. It also prohibits practices which involve abuse of dominant position, such as selling goods or services below cost to drive out competition, imposing barriers to entry or prevent competitors from growing, and setting prices or terms that discriminate unreasonably between customers or sellers or the same goods, subject to exceptions.

To implement its objectives, the PCA provides for the creation of a Philippine Competition Commission (“**PCC**”), an independent quasi-judicial agency to be composed of five commissioners. Among the PCC’s powers are to: review proposed mergers and acquisitions, conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, the PCC must apply for a warrant with the relevant court.

On June 3, 2016, the PCC issued the implementing rules and regulations of the PCA (“**PCA IRR**”). Under the PCA IRR, as a general rule, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of the acquiring or the acquired entities exceed ₱1.0 billion (“Size of Party”) and (b) the value of the transaction exceeds ₱1.0 billion, as determined in the IRR (“Size of Transaction”); while Parties to a joint venture transaction shall also be subject to the notification requirement if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱1.0 billion, or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱1.0 billion.

The Size of Party and Size of Transactions have been gradually increased by the PCC to ensure that the thresholds maintain their real value over time and relative to the size of the economy. Beginning March 1, 2019 and for every subsequent year, the notification thresholds will be indexed based on the official estimates by the Philippine Statistics Authority of the nominal GDP growth for the previous calendar year rounded up to the nearest hundred million.

Under Commission Resolution No. 02-2020, effective March 1, 2020, the threshold in relation to the Size of Party was increased to ₱6,000,000,000.00, and the threshold for the Size of Transaction was increased to ₱2,400,000,000.00.

On September 11, 2020, in response to the COVID-19 pandemic, President Rodrigo Duterte signed into law Republic Act No. 11494, otherwise known as the “Bayanihan to Recover as One Act” which became effective on September 15, 2020. Under the Bayanihan to Recover as One Act, all mergers and acquisitions entered into within a period of two (2) years from its effectivity, with transaction values below ₱50.00 billion shall be exempt from compulsory notification under the PCA. In addition, the PCC’s power to review mergers and acquisitions *motu proprio* shall be suspended for one (1) year from effectivity of the Bayanihan to Recover as One Act. The PCC issued Memorandum Circular No. 20-003 reiterating the foregoing exemptions and clarified that mergers and acquisitions entered into prior to the Bayanihan to Recover as One Act which exceed the following thresholds: (a) Size of Party exceeds ₱6.00 billion; and (b) Size of Transaction exceeds ₱2.40 billion, are still subject to compulsory notification under the PCA, and all mergers and acquisitions entered into prior to the effectivity of the Bayanihan to Recover as One Act may still be subject to the *motu proprio* review of the PCC. On October 5, 2020, the PCC issued the Rules for the Implementation of Section 4 (eee) of Republic Act No. 11494, Otherwise Known as the “Bayanihan to Recover as One Act”, Relating to the Review of Mergers and Acquisitions.

With the lapse of the two-year period provided under the Bayanihan to Recover as One Act and the growth of the nominal Gross Domestic Product of the country, Commission Resolution No. 18-2022 was issued, effective September 16, 2022, to increase the threshold in relation to the Size of Party to ₱6,100,000,000.00, and the threshold for the Size of Transaction to ₱2,500,000,000.00. The thresholds were further increased with the issuance of various resolutions, and the latest one is Commission Resolution No. 04-2025. Effective March 1, 2025, parties to a merger or acquisition are required to provide notification when the Size of the Party exceeds ₱8,500,000,000.00 and the Size of Transaction exceeds ₱3,500,000,000.00.

Foreign Investments Act of 1991

Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991 (“**FIA**”), liberalized the entry of foreign investment into the Philippines. Under the FIA, in domestic market enterprises, foreigners can own as much as 100% equity except in areas specified in the Eleventh Regular Foreign Investment Negative List (the “**Negative List**”). This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. Nationalized activities include, among others, land ownership, mining and the operation of public utilities.

In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60.0% of whose capital is owned by such citizens. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40.0%. A corporation with more than 40.0% foreign equity may be allowed to lease land for a period of 25 years, renewable for another 25 years.

In addition, under the Philippine Constitution, only citizens of the Philippines or corporations or associations organized under the laws of the Philippines at least 60.0% of whose capital is owned by such citizens may engage in activities relating to the exploration, development and utilization of natural resources, which

covers the utilization of natural resources for the operation of renewable energy power plants. However, the Philippine Department of Justice (“DOJ”) issued an opinion to the effect that the exploration, development and utilization of solar, wind, hydro and ocean or tidal energy sources is not subject to the 40% foreign equity limitation and thus, may be wholly-owned by foreign nationals. In DOJ Opinion No. 21, Series of 2022 dated September 29, 2022, the DOJ opined that solar, wind, hydro and ocean or tidal energy sources are inexhaustible and, therefore, not within the ambit of the term “natural resources” in Article XII, Section 2 of the Philippine Constitution.

For the purpose of complying with nationality laws, the term Philippine National is defined under the FIA as any of the following:

- a citizen of the Philippines;
- a domestic partnership or association wholly-owned by citizens of the Philippines;
- a corporation organized under the laws of the Philippines of which at least 60.0% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines;
- a corporation organized abroad and registered to do business in the Philippines under the Revised Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos; or
- a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals;
- Provided, That where a corporation and its non-Filipino stockholders own stocks in a SEC-registered enterprise, at least 60% of the capital stocks outstanding and entitled to vote of both corporations must be owned and held by citizens of the Philippines and at least 60.0% of the members of the Board of Directors of both corporations must be citizens of the Philippines, in order that the corporations shall be considered a Philippine national.

In SEC Memorandum Circular No. 08 dated May 20, 2013, or the Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly Nationalized Activities, it is provided that for purposes of determining compliance with the nationality requirement, the required percentage of Filipino ownership shall be applied both to (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors. A petition for certiorari questioning the constitutionality of SEC Memorandum Circular No. 8 dated May 20, 2013 was filed in June 2013. In *Jose M. Roy III v. Chairperson Teresita Herbosa* (G.R. No. 207246) dated April 18, 2017, the Supreme Court affirmed the validity of SEC Memorandum Circular No. 08 dated May 20, 2013.

In the 2014 case of *Narra Nickel Mining and Development Corporation, et.al vs. Redmont Consolidated Mines Corp* (G.R. No. 195580) and its corresponding motions for reconsideration, the Supreme Court affirmed that the Grandfather Rule, wherein shares owned by corporate shareholders are attributed either as Filipino or foreign equity by determining the nationality not only of such corporate shareholders, but also such corporate shareholders’ own shareholders, until the nationality of shareholder individuals is taken into consideration, is to be used jointly and cumulatively with the Control Test, which merely takes into account the nationality of the listed shareholders of the corporation. Such joint and cumulative application shall be observed as follows: (i) if the corporation’s Filipino equity falls below 60.0%, such corporation is deemed foreign-owned, applying the Control Test; (ii) if the corporation passes the Control Test, the corporation will be considered a Filipino corporation only if there is no doubt as to the beneficial ownership and control of the corporation; and (iii) if the corporation passes the Control Test but there is doubt as to the beneficial ownership and control of the corporation, the Grandfather Rule must be applied.

Land Ownership

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of owning land in the Philippines. Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of

the Philippine Constitution and Chapter 5 of Commonwealth Act No. 141, states that, save in cases of hereditary succession, no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

Torrens Act

The Philippines has adopted the Torrens System of land registration. The Torrens System confirms land ownership and is binding on all persons, including the Government. Once registered, title to the parcel of land becomes indefeasible after one year from the date of entry of the decree of registration except for claims noted on the certificate of title. Title to registered lands may not be lost through adverse possession or prescription. The Property Registration Decree (P.D. 1529), as amended, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System. PD 1529 also streamlined and simplified the registration proceedings and issuance of certificates of title.

Under the Torrens System, transfers or encumbrances on the parcel of land must be registered in the system, to bind third persons. A subsequent registration and a new Transfer Certificate of Title will be issued to the transferee upon presentation of documents and settlement of taxes and fee. All documents evidencing conveyances of the subdivision should also be registered with the Register of Deeds. Title to the subdivision must be delivered to the purchaser upon full payment of the purchase price.

Intellectual Property Code

Under the Intellectual Property Code of the Philippines, the rights to a trademark are acquired through the registration with the Bureau of Trademarks of the Intellectual Property Office, which is the principal government agency involved in the registration of brand names, trademarks, patents and other registrable intellectual property materials.

Upon registration, the Intellectual Property Office shall issue a certificate of registration to the owner of the mark, which shall confer the right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the mark is registered. The said certificate of registration shall also serve as prima facie evidence of the validity of registration and the registrant's ownership of the mark. A certificate of registration shall remain in force for an initial period of 10 years and may be renewed for periods of ten (10) years at its expiration.

Data Privacy Act of 2012

Republic Act No. 10173 or the Data Privacy Act of 2012 ("**DPA**") is a comprehensive and strict privacy legislation aimed to protect the fundamental human right to privacy of data subjects by: (a) protecting the privacy of individuals while ensuring free flow of information; (b) regulating the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure or destruction of personal data; and (c) ensuring that the Philippines complies with international standards set for data protection through National Privacy Commission ("**NPC**").

Intended to protect the privacy of individuals, it mandates companies to inform the individuals about how their personal information are collected and processed. It also ensures that all personal information must be (a) collected and processed with lawful basis, which includes consent, and only for reasons that are specified, legitimate, and reasonable; (b) handled properly, ensuring its accuracy and retention only for as long as reasonably needed; and (c) discarded properly to avoid access by unauthorized third parties.

The implementing rules and regulations of the DPA ("**DPA IRR**") took effect on September 9, 2016, mandating all Philippines companies to comply with the following: (a) appointment of a Data Protection Officer; (b) conduct of a privacy impact assessment; (c) adoption of a privacy management program and privacy policy; (d) implement privacy and data protection measures; and (e) establish a breach reporting

procedure. In addition, companies with at least 250 employees or access to sensitive personal information of at least 1,000 individuals are required to register their data processing systems with the NPC. The DPA IRR, furthermore provides the only instances when data sharing is allowed, to wit: (a) data sharing is authorized by law, provided that there are adequate safeguards for data privacy and security, and processing adheres to principles of transparency, legitimate purpose and proportionality; (b) in the private sector, data sharing for commercial purposes is allowed upon (i) consent of data subject, and (ii) when covered by a data sharing agreement; (c) data collected from parties other than the data subject for purpose of research shall be allowed when the personal data is publicly available; and (d) data sharing among government agencies for purposes of public function or provision of a public service shall be covered by a data sharing agreement.

Electronic Commerce Act

Republic Act No. 8792 or the Electronic Commerce Act of 2000 (“**R.A. No. 8792**”) aims to facilitate domestic and international dealings, transactions, arrangement agreements, contracts and exchanges and storage of information through the utilization of electronic, optical and similar medium to promote the universal use of electronic transaction in the government and general public.

R.A. No. 8792 restricts access to an electronic file, or an electronic signature of an electronic data message or electronic document only in favor of the individual or entity having a legal right to the possession or the use of plaintext, electronic signature or file and solely for the authorized purposes. The law also ensures confidentiality and prohibits any person who obtains access to any electronic key, electronic data message, electronic document, book, register, correspondence, information, or other material pursuant to any powers conferred under the said law, from conveying to or sharing the same with any other person, except for purposes expressly authorized by law. The implementing rules of the law provides that the electronic key for identity or integrity shall not be made available to any person or party without the consent of the individual or entity in lawful possession of that electronic key.

The law clarifies that violations of the Consumer Act of the Philippines or Republic Act No. 7394 and other related laws through transactions covered by or using electronic data messages or electronic documents shall be penalized with the same penalties as provided therein.

Registration under the Board of Investments (“BOI”)

Under the Executive Order No. 226, otherwise known as the Omnibus Investments Code, as amended, a BOI-registered enterprise enjoy certain incentives, both financial and non-financial, provided such enterprise invests in preferred areas of investment enumerated in the Investment Priorities Plan annually prepared by the Government. However, prior to registration with the BOI, the enterprise must first satisfy the minimum equity required to finance the project applied equivalent to 25% of the estimated project cost, or as may be prescribed by the BOI. Such incentives include: (i) income tax holiday, (ii) exemption from taxes and duties on imported spare parts; (iii) exemption from wharfage dues and export tax, duty, impost and fees; (iv) reduction of the rates of duty on capital equipment, spare parts and accessories; (v) tax exemption on breeding stocks and genetic materials; (vi) tax credits; (vii) additional deductions from taxable income; (viii) employment of foreign nationals; (ix) simplification of customs procedure; and (x) unrestricted use of consigned equipment.

On April 12, 2019, Republic Act No. 11285, otherwise known as the Energy Efficiency and Conservation Act, was enacted. Under the said law, upon certification by the DOE, energy efficiency projects shall be included in the annual investment priorities plan of the BOI and shall be entitled to the incentives provided under Executive Order No. 226, as amended, and any other applicable laws for 10 years from the effectivity of the Act. Said energy efficiency projects shall also be exempt from the requirements provided under Article 32(1) of Executive Order No. 226. Energy efficiency projects refer to projects designed to reduce energy consumption and costs by any improvement, repair, alteration, or betterment of any building or facility, or any equipment, fixture, or furnishing to be added to or used in any building, facility, or vehicle including the

manufacturing and provision of services related thereto: provided, that such projects shall be cost-effective and shall lead to lower energy or utility costs during operation and maintenance.

In view of the effectivity of the CREATE Law and CREATE MORE (as discussed below), registered business enterprises with incentives granted prior to the effectivity of the CREATE Law shall be subject to the following rules:

- (i) registered business enterprises whose projects or activities were granted only an income tax holiday prior to the effectivity of the law shall be allowed to continue to avail of the income tax holiday for the remaining period specified in the terms and conditions of their registration, provided that enterprises that have been granted the income tax holiday but have not yet availed of such incentive upon the effectivity of the law may use the income tax holiday for the period specified in the terms and conditions of their registration;
- (ii) registered business enterprises whose projects or activities were granted an income tax holiday prior to the effectivity of the law and that are entitled to 5% tax on gross income earned incentive after the income tax holiday shall be allowed to avail of the 5% tax on gross income incentive, including all corresponding exemptions from national taxes, local taxes and local fees and charges until 31 December 2034; and
- (iii) registered business enterprises currently availing of the 5% gross income earned incentive granted prior to the effectivity of the law shall be allowed to continue of such tax incentive including all corresponding exemptions from national taxes, local taxes and local fees and charges until 31 December 2034.

Local Government Code

Republic Act No. 7160, otherwise known as the Local Government Code of 1991 (“**LGC**”) establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every LGU shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

The power to tax and police power is exercised by the LGU through their respective legislative bodies. Specifically, the LGU, through its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of the prosperity, and the promotion of the morality, peace, good order, comfort, convenience, and general welfare of the locality and its inhabitants. Ordinances can reclassify land, impose real property taxes, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

Labor and Employment

The Department of Labor and Employment (“**DOLE**”) is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines and the Occupational Safety and Health Standards (which sets out, among others, the guidelines applicable to different establishments intended for the protection of every workingman against the dangers of injury, sickness or death through safe and healthful working conditions), as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

Social Security System, PhilHealth, and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 11199, the Social Security Act of 2018 to ensure coverage of employees following procedures set out by the law and the SSS. Under the said law, an employer must deduct from its employees their monthly contributions in an amount corresponding to his salary, wage, compensation or earnings during the month in accordance with the monthly salary credits, the schedule and the rate of contributions as may be determined and fixed by the Social Security Commission, pay its share of contribution and remit these to the SSS within a period set by law and/ or SSS regulations. This enables the employees or their dependents to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits and maternity-leave benefits.

The failure of the employer to comply with any of its obligations may lead to sanctions, including the imposition of a fine of not less than ₱5,000.00 nor more than ₱20,000.00, or imprisonment for not less than six years and one day nor more than 12 years, or both, at the discretion of the court. The erring employer will also be liable to the SSS for damages equivalent to the benefits to which the employee would have been entitled had his name been reported on time to the SSS and for the corresponding contributions and penalties thereon.

Employers are likewise required to ensure enrolment of its employees in a National Health Insurance Program administered by the Philippine Health Insurance Corporation, a government corporation attached to the Department of Health tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of Republic Act No. 10606, the National Health Insurance Act of 2013.

On February 20, 2019, Republic Act No. 11223, the Universal Health Care Act, was enacted, which amended certain provisions of the National Health Insurance Act of 2013. Under the said law, all Filipino citizens are now automatically enrolled into the National Health Program. However, membership is classified into two types: (i) direct contributors; and (ii) indirect contributors. Direct contributors refer to those who have the capacity to pay premiums, are gainfully employed and are bound by an employer-employee relationship, or are self-earning, professional practitioners, migrant workers, including their qualified dependents, and lifetime members. On the other hand, indirect contributors refer to all others not included as direct contributors, as well as their qualified dependents, whose premium shall be subsidized by the national government including those who are subsidized as a result of special laws. Every member is also granted immediate eligibility for health benefit package under the program. An employer who fails or refuses to register its employees, regardless of their employment status, or to deduct contributions from its employees' compensation or remit the same to our Corporation shall be punished with a fine of not less than ₱5,000.00 multiplied by the total number of employees of the firm.

Under Republic Act No. 9679, the Home Development Mutual Fund Law of 2009, all employees who are covered by the SSS must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings program as well as a fund to provide for affordable shelter financing to Filipino workers. Coverage under the HDMF is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold 2.0% of the employee's monthly compensation, up to a maximum of ₱5,000.00, and likewise make a counterpart contribution of 2.0% of the employee's monthly compensation, and remit the contributions to the HDMF. Refusal of an employer to comply, without any lawful cause or with fraudulent intent, particularly with respect to registration of employees as well as collection and remittance of contributions, is punishable by a fine of not less but not more than twice the amount involved, or imprisonment of not more than six years, or both such fine and imprisonment. When the offender is a corporation, the penalty will be imposed upon the members of the governing board and the president or general manager, without prejudice to the prosecution of related offenses under the Revised Penal Code and other laws, revocation and denial of operating rights and privileges in the Philippines and deportation when the offender is a foreigner.

The Labor Code

The Philippine Labor Code provides that, in the absence of a retirement plan provided by their employers, private sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private sector employees without a retirement plan, and who have rendered at least five years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month's salary for every year of service, with a fraction of at least six months being considered as one whole year. For the purpose of computing the retirement pay, "one-half month's salary" shall include all of the following: 15 days' salary based on the latest salary rate; in addition, one-twelfth of the 13th month pay and the cash equivalent of five days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

Other Labor-Related Laws and Regulations

Contracting and Subcontracting

The Labor Code recognizes subcontracting arrangements, whereby a principal puts out or farms out with a contractor the performance or completion of a specific job, work or service within a definite or predetermined period, regardless of whether such job, work or service is to be performed or completed within or outside the premises of the principal. Such arrangements involve a "trilateral relationship" among: (i) the principal who decides to farm out a job, work or service to a contractor; (ii) the contractor who has the capacity to independently undertake the performance of the job, work, or service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service.

On March 16, 2017, the DOLE issued DOLE Department Order No. 174-17 or Rules Implementing Articles 106 to 109 of the Labor Code, as amended ("**D.O. No. 174-17**"), under the principle that non-permissible forms of contracting and subcontracting arrangements undermine the constitutional and statutory right to security of tenure of workers. D.O. No. 174-17 empowered the Secretary of Labor and Employment to regulate contracting and subcontracting arrangement by absolutely prohibiting labor-only contracting, and restricting job contracting allowed under the provisions of the Labor Code. Labor-only contracting refers to arrangement where the contractor or subcontractor merely recruits, supplies or places workers to perform a job or work for a principal, and the contractor or subcontractor does not have substantial capital, or the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. D.O. No. 174-17 expressly requires the registration of contractors with the Regional Office of the DOLE where it principally operates, without which, a presumption that the contractor is engaged in labor-only contracting arises.

D.O. No. 174-17 provides that in the event that there is a finding that the contractor or subcontractor is engaged in labor-only contracting and other illicit forms of employment arrangements, the principal shall be deemed the direct employer of the contractor's or subcontractor's employees. Further, in the event of violation of any provision of the Labor Code, including the failure to pay wages, there exists a solidary liability on the part of the principal and the contractor for purposes of enforcing the provisions of the Labor Code and other social legislations, to the extent of the work performed under the employment contract.

DOLE Mandated Work-Related Programs

Under Republic Act No. 9165 or the Comprehensive Dangerous Drugs Act, a national drug abuse prevention program implemented by the DOLE must be adopted by private companies with 10 or more employees. For this purpose, employers must adopt and establish company policies and programs against drug use in the workplace in close consultation and coordination with the DOLE, labor and employer organizations, human resource development managers and other such private sector organizations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programs for the private sector.

Republic Act 11313 or the Safe Spaces Act obligates employers or the head of the work-related, educational or training environment or institution, also has the duty to prevent, deter, or punish the performance of acts of gender-based sexual harassment in the workplace. Employers are required to establish an independent internal mechanism or a committee on decorum and investigation to investigate and address complaints of gender-based sexual harassment. Under the Safe Spaces Act, employers who fail to implement their duties under the law shall upon conviction, be penalized with a fine of not less than ₱5,000.00 nor more than ₱10,000.00. On the other hand, employers who fail to take action on reported acts of gender-based sexual harassment committed in the workplace shall, upon conviction, be penalized with a fine of not less than ₱10,000.00 nor more than ₱15,000.00.

Under the Anti-Sexual Harassment Act, the employer will be solidarily liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalized by imprisonment of not less than one month nor more than six months, or a fine of not less than ₱10,000.00 nor more than ₱20,000.00, or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Moreover, Department Order No. 102-10 requires all private workplaces to have a policy on HIV and AIDS and to implement a workplace program in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it are strictly limited to medical personnel.

All private workplaces are also required to establish policies and programs on solo parenting, Hepatitis B, and tuberculosis prevention and control.

Consumer Act of the Philippines

Republic Act No. 7394, otherwise known as the Consumer Act of the Philippines (“**Consumer Act**”), the provisions of which are principally enforced by the DTI, seeks to: (a) protect consumers against hazards to health and safety; (b) protect consumers against deceptive, unfair and unconscionable sales acts and practices; (c) provide information and education to facilitate sound choice and the proper exercise of rights by the consumer; (d) provide adequate rights and means of redress; and (e) involve consumer representatives in the formulation of social and economic policies.

This law imposes rules to regulate such matters as: (a) consumer product quality and safety; (b) the production, sale, distribution and advertisement of food, drugs, cosmetics and devices as well as substances hazardous to the consumer’s health and safety; (c) fair, honest consumer transactions and consumer protection against deceptive, unfair and unconscionable sales acts or practices; (d) practices relative to the use of weights and measures; (e) consumer product and service warranties; (f) compulsory labeling and fair packaging; (g) liabilities for defective products and services; (h) consumer protection against misleading advertisements and fraudulent sales promotion practices; and (i) consumer credit transactions.

The Consumer Act establishes quality and safety standards with respect to the composition, contents, packaging, labeling and advertisement of products and prohibits the manufacture for sale, offer for sale, distribution, or importation of products which are not in conformity with applicable consumer product quality or safety standards promulgated thereunder.

REGULATIONS RELATING TO THE FUEL AND OIL BUSINESS

Philippines

Oil Deregulation Act

The Oil Deregulation Act provides the regulatory framework for the downstream oil industry of the country. Under the Oil Deregulation Act, any person or entity may import or purchase any quantity of crude oil and petroleum products from foreign and domestic sources, lease or own and operate refineries and other downstream oil facilities, and market such crude oil and petroleum products either in a generic name or in its own trade name, or use the same for its own requirement, provided that, among others such person or entity complies with certain requirements such as giving of prior notice to the DOE for monitoring purposes. The same law declared as policy of the state the liberalization and deregulation of the downstream oil industry in order to ensure a truly competitive market under a regime of fair prices, adequate and continuous supply of environmentally clean and high-quality petroleum products.

To ensure the attainment of these objectives, the DOE, in consultation with relevant government agencies, promulgated the Implementing Rules and Regulations of the Oil Deregulation Act on March 11, 1998 through Department Circular No. 98-03-004. The rules require any person or entity engaged in any activity in the downstream oil industry to comply with the notice, reportorial, quality, health, safety and environmental requirements set forth therein.

The DOE is the lead government agency overseeing the oil sector. With the enactment of the Oil Deregulation Act, the regulatory functions of the DOE were significantly reduced. Deregulating the downstream oil industry effectively removed the rate-setting function of the then Energy Regulatory Board, leaving price-setting to market forces. DOE's current function is solely to monitor prices and violations under the law, which includes prohibited acts such as cartelization and predatory pricing.

Other functions of the DOE under the Oil Deregulation Act include the following:

- (i) monitoring and publishing the daily international crude oil prices, following the movements of domestic oil prices, monitoring the quality of petroleum and stopping the operation of businesses involved in the sale of petroleum products which do not comply with national standards of quality;
- (ii) monitoring the refining and manufacturing processes of local petroleum products to ensure clean and safe technologies are applied;
- (iii) maintaining a periodic schedule of present and future total industry inventory of petroleum products to determine the level of supply;
- (iv) immediately acting upon any report from any person of an unreasonable rise in prices of petroleum products; and
- (v) in times of national emergency, when the public interest so requires, during the emergency and under reasonable terms, temporarily taking over or directing the operations of any person or entity engaged in the 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.

The Energy Data Center of the Philippines (“**EDCP**”) is the central repository of petroleum, coal and geothermal energy data in the Philippines. The DOE issued Department Circular No. DC2023-10-0028 which provides that declassified EDCP data may be requested by eligible persons or entities, subject to a fee. The declassification of petroleum data is a step taken by the DOE to attract more exploration and production companies to engaged in exploration activities which may provide new discoveries of oil and gas fields which may lead to their development and production. Under DC2023-10-0028, eligible persons or entities are (1) Government entities and instrumentalities; (2) Service Contractors; (3) Potential Investors; (3) Researchers and/or Students; (4) other persons or entities that may be allowed by the DOE upon written request.

Promotion of Retail Competition

In November 2017, the DOE promulgated Department Circular No. DC 2017-11-011, or the Revised Rules and Regulations Governing the Business of Retailing Liquid Petroleum Products, (the “Revised Retail Rules”). The Revised Retail Rules apply to all persons engaged or intending to engage in the business of retailing liquid fuels such as gasoline, diesel, and kerosene.

A person intending to engage in the business of retailing liquid petroleum products must notify the Oil Industry Management Bureau (“**OIMB**”) of its intention to engage in such activity and, upon compliance with the requirements under the Revised Retail Rules, secure a certificate of compliance (“**Certificate of Compliance**”) from the OIMB. The certificate shall be valid for a period of five years. The owner or operator of a retail outlet shall be deemed to be engaged in illegal trading of liquid petroleum products if such owner or operator operates a retail outlet without a Certificate of Compliance. Storage and dispensing of liquid fuels that are for own-use operation shall not be covered by the Revised Retail Rules only upon issuance of a Certificate of Non-Coverage by the DOE.

The Revised Retail Rules likewise imposes: (i) mandatory standards and requirements for new retail outlets and minimum facility requirements for existing retail outlets; (ii) rules and procedures relating to fuel storage, handling, transfer and/or dispensing of liquid fuels; (iii) requirements of other types of retail outlets; (iv) the conduct of inspection and monitoring by the OIMB; (v) rules and procedures relating to liquid fuels quantity and quality; and (vi) fines and/or sanctions against prohibited acts.

Liquid petroleum products dispensed at retail outlets must comply with the Philippine National Standards. Prohibited acts include illegal trading, adulteration, underdelivering, refusal/ obstruction of inspection and sampling, hoarding, and continuing to operate after an order or notice of cessation of operation has been issued by the DOE. The refusal of inspection shall constitute prima facie evidence of the commission of prohibited acts under the Revised Retail Rules.

LPG Laws and Regulations

LPG Industry Regulation Act

Republic Act No. 11592 or the LPG Industry Regulation Act (“LPG Industry Regulation Act”), was signed into law on October 14, 2021. The law lists down the responsibilities of LPG Industry Participants, including compliance with Philippine National Standards and LPG-related issuances and guidelines, observation of safety practices and entering into contracts only with authorized LPG Industry Participants. The law also provides additional responsibilities specific to each type of LPG Industry Participant, including bulk suppliers, bulk distributors, haulers, refillers, trademark owners, dealers and retail outlets. These players must be registered in a central database to be created by the DOE. The law further provides for the requirement of securing a License to Operate from the DOE to be an authorized LPG Industry Participant.

The LPG Industry Regulation Act introduced 2 new programs: the LPG Cylinder Improvement Program and the LPG Exchange and Swapping Program. The LPG Cylinder Improvement Program is a system that aims to ensure the quality of all LPG cylinders in circulation with the goal of protecting the end-consumers. The LPG Exchange and Swapping Program is a system that allows end-consumers to exercise their freedom of choice in the purchase of LPG-filled cylinders through LPG cylinder exchange and LPG cylinder swapping.

The law likewise provides for prohibited acts, including engaging in LPG industry-related activities without the required licenses, certificates, and permits, manufacturing, selling, fabricating or refilling filled and unfilled LPG cylinders without the express approval of the trademark owner, and selling or distributing refilled LPG cartridges and cylinders without a seal or tampered seal.

The Implementing Rules and Regulations of the LPG Industry Regulation Act as provided by the DOE-DTI Joint Department Circular No. JDC2022-05-0001 establishes the regulatory framework for the safe operations of the LPG industry, delineating the powers and functions of various government agencies, defining, and penalizing certain prohibited acts.

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).

B.P. 33

Batas Pambansa Blg. 33, as amended by Presidential Decree No. 1865, provides for certain prohibited acts inimical to public interest and national security involving petroleum and/or petroleum products. These prohibited acts include, among others, (i) illegal trading in petroleum and/or petroleum products; and (ii) underdelivery or underfilling beyond authorized limits in the sale of petroleum products or possession of underfilled LPG cylinder for the purpose of sale, distribution, transportation, exchange or barter. For this purpose, the existence of the facts hereunder gives rise to the following presumptions:

- a. That cylinders containing less than the required quantity of LPG which are not properly identified, tagged and set apart and removed or taken out from the display area and made accessible to the public by marketers, dealers, sub-dealers or retail outlets are presumed to be for sale;
- b. In the case of a dispensing pump in a petroleum products retail outlet selling such products to the public, the absence of an out-of-order sign, or padlocks, attached or affixed to the pump to prevent delivery of petroleum products therefrom shall constitute a presumption of the actual use of the pump in the sale or delivery of such petroleum products; and
- c. When the seal, whether official or of the oil company, affixed to the dispensing pump, tank truck or LPG cylinder, is broken or is absent or removed, it shall give rise to the presumption that the dispensing pump is underdelivering, or that the LPG cylinder is underfilled, or that the tank truck contains adulterated finished petroleum products or is underfilled.

The use of such pumps, cylinders or containers referred to in sub-paragraph (a), (b), and (c) above, to deliver products for sale or distribution shall constitute prima facie evidence of intent of the hauler, marketer, refiller, dealer or retailer outlet operator to defraud.

Under the said law, "illegal trading in petroleum and/or petroleum products" is understood to mean, among others, (1) the sale or distribution of petroleum products without license or authority from the OIMB; (2) non-issuance of receipts by licensed oil companies, marketers, distributors, dealers, subdealers and other retail outlets, to final consumers; provided: that such receipts, in the case of gas cylinders, shall indicate therein the brand name, tare weight, gross weight, and price thereof; (3) refilling of LPG cylinders without authority from the Oil Industry Management Bureau, or refilling of another cylinders of a company or firm without

written authorization of such Company or Firm; and (4) marking or using in such cylinders a tare weight other than the actual or true tare weight thereof.

“Underfilling” or “underdelivery” refers to a sale, transfer, delivery or filling of petroleum products of a quantity that is actually beyond authorized limits than the quantity indicated or registered on the metering device of container. This refers, among others, to the quantity of petroleum retail outlets or to LPG in cylinder or to lube oils in packages.

Republic Act No. 9514 IRR

The Implementing Rules and Regulations of Republic Act No. 9514 or the Fire Code of 2008 also outlines requirements for storage and handling of LPG by outside bulk LPG stores and filling stations and the transportation of LPG which require, among others, that during the unloading or transfer of LPG, the tank truck shall be located or parked clear of a public thoroughfare, unless the failure to transfer would create a hazard or it is impossible due to topography.

LPG Industry Rules

In January 2014, the DOE issued Department Circular 2014-01-0001, or the Rules and Regulations Governing the Liquefied Petroleum Gas Industry (the “**LPG Industry Rules**”). The LPG Industry Rules apply to all persons engaged or intending to engage in the business of importing, refining, refilling, marketing, distributing, handling, storing, retailing, selling and/or trading of LPG.

A Standards Compliance Certificate (“**SCC**”) from the OIMB is required before engaging in any LPG Industry Activity. The SCC is valid for a maximum of three (3) calendar years from date of issue and may be renewed. LPG Industry participants must also submit certain reports to the OIMB.

The LPG Industry Rules also imposes (i) minimum standards and requirements for refilling and transportation of LPG; (ii) qualifications and responsibilities for LPG Industry participants such as bulk suppliers, refillers, marketers, dealers, and retail outlets.

Brand owners whose permanent mark appears on the LPG cylinder are presumed under the rules as the owner thereof, irrespective of their custody, and shall ensure that its cylinders comply with all required quality and safety standards. The owner of the cylinders is also required to secure product liability insurance for any liability that may result from an unsafe condition of LPG cylinders.

In January 2022, the DOE issued Joint Department Circular No. JDC2022-05-0001, or the Rules and Regulations Implementing the LPG Industry Regulation Act (the “**LPG Industry Regulation Act IRR**”) to establish the regulatory framework for the safe operations of the LPG industry, delineating the powers and functions of various government agencies, defining, and penalizing certain prohibited acts. The LPG Industry Regulation IRR states that the LPG Regulation Act applies to (a) importation, refining, storing, exporting, refilling, transportation, distribution, and marketing of LPG; (b) importation, manufacture, requalification, repair, exchange, swapping improvement, and scrapping of LPG pressure vessels, whichever is applicable; and (c) safe operations of the entire LPG industry including all LPG facilities and the residential, commercial, industrial, and automotive use of LPG.

Rules Pertinent to Auto-LPG Motor Vehicles

On February 13, 2007, the DOE issued DOE Circular No. DC 2007-02-0002 entitled “Providing for the Rules and Regulations Governing the Business of Supplying, Hauling, Storage, Handling, Marketing and Distribution of Liquefied Petroleum Gas for Automotive Use” (the “**Auto-LPG Rules**”). The Auto-LPG Rules govern the business of supplying, hauling, storage, handling, marketing and distribution of LPG for automotive use.

Under the rules, an Auto-LPG Industry Participant is required to secure from the DOE through the OIMB, an SCC before it can operate. The Auto-LPG also mandates all participants to observe a code of practice

consisting of operational guidelines and procedures to ensure the safe operation in the auto LPG business. Illegal trading, adulteration and hoarding are likewise prohibited. Under the Auto-LPG Rules, the following shall constitute prima facie evidence of hoarding: (i) the refusal of Auto-LPG Dispensing Stations to sell LPG products for automotive use shortly before a price increase or in times of tight supply, and in both instances if the buyer or consumer has the ability to pay in cash for the product; (ii) the undue accumulation of Auto-LPG Dispensing Stations of LPG products for automotive use in times of tight supply or shortly before a price increase. For purposes of this Auto LPG Rules, “undue accumulation” shall mean the keeping or stocking of quantities of LPG products for automotive use beyond the inventory levels as required to be maintained by the Auto-LPG Dispensing Stations, for a period of thirty (30) days immediately preceding the period of tight supply or price increase.

The Land Transportation Office (“LTO”) also issued Memorandum Circular No. RIB-2007-891 or the “Implementing Rules and Regulations in the Inspection and Registration of Auto-LPG Motor Vehicles”. The Circular requires the device for the use of LPG as fuel by any motor vehicle to be installed only by the conversion/installing shop duly certified by the Bureau of Product and Standards (“**BPS**”) of the DTI under its Philippine Standards Certification Mark (“PS Mark”) scheme. The converted vehicle shall be subjected to an annual maintenance and inspection by the BPS certified conversion/installing shop. The BPS certified conversion/installing shop shall issue a corresponding Certificate of Inspection and Maintenance Compliance (“**CIMC**”).

Rules Relating to Retailing of Liquid Petroleum Products

In November 2017, the DOE promulgated Department Circular No. 2017-11-0011 or the Revised Rules and Regulations Governing the Business of Retailing Liquid Fuels (the “**Revised Retail Rules**”). The Revised Retail Rules apply to all persons engaged or intending to engage in the business of Retailing Liquid Fuels. Liquid Fuels refer to gasoline, diesel, and kerosene.

A person intending to engage in the business of retailing liquid petroleum products must notify the Oil Industry Management Bureau (“OIMB”) of its intention to engage in such activity and, upon compliance with the requirements under the Revised Retail Rules, secure a certificate of compliance (“**Certificate of Compliance**”) from the OIMB. The certificate shall be valid for a period of five (5) years. The owner or operator of a retail outlet shall be deemed to be engaged in illegal trading of liquid petroleum products if such owner or operator operates a retail outlet without a Certificate of Compliance. Storage and dispensing of liquid fuels that are for own-use operation shall not be covered by the Revised Retail Rules only upon issuance of a Certificate of Non-Coverage (“**CNC**”) by the DOE.

The Revised Retail Rules likewise imposes: (i) mandatory standards and requirements for new retail outlets and minimum facility requirements for existing retail outlets; (ii) rules and procedures relating to fuel storage, handling, transfer and/or dispensing of liquid fuels; (iii) requirements of other types of retail outlets; (iv) the conduct of inspection and monitoring by the OIMB; (v) rules and procedures relating to liquid fuels quantity and quality; and (vi) fines and/or sanctions against prohibited acts.

The prohibited acts under the Revised Retail Rules include illegal trading, adulteration, underdelivering, refusal/obstruction of inspection and sampling, hoarding, and continuing to operate after an order or notice of cessation of operation has been issued by the DOE. The refusal of inspection shall constitute prima facie evidence of the commission of Prohibited Acts under the Revised Retail Rules.

Liquid petroleum products dispensed at retail outlets must comply with the Philippine National Standards. On June 6, 2019, the DOE issued Department Circular No. DC2019-06-0009, otherwise known as Implementing the Modified Philippine National Standard Specifications for Liquefied Petroleum Gases. This issuance mandates compliance to PNS/DOE Quality Standards (“**QS**”) 005:2016 and PNS DOE QS 012:2016, the latest standard specifications for LPG for non-motor fuel and motor fuel, respectively. Meanwhile, on December 9, 2020, the DOE issued Department Circular No. DC2020-12-0025, also known as Implementing the Philippine National Standard Specification for Kerosene. This, on the other hand, mandates compliance of all kerosene sold in the Philippines with PNS/DOE QS 009:2019 – Kerosene – Specifications. Under the issuance, petroleum fuel product adulteration, or the failure to meet the required

product specifications at the bulk plants/depots as prescribed by the applicable products standards, and adulteration, or the possession and sale of liquid fuels that do not conform with quality standards, are considered prohibited acts.

The recently enacted LPG Industry Regulation Act IRR also regulates liquid petroleum products.

Environmental Laws

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate (the “ECC”) prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau (the “EMB”), determines whether a project is environmentally critical or located in an environmentally critical area. As a requirement for the issuance of an ECC, an environmentally critical project must submit an Environment Impact Statement (“EIS”) to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination (“IEE”) to the proper EMB regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is mandatory. The construction of major roads and bridges are considered environmentally critical projects for which EIS and ECC are mandatory. Presidential Proclamation No. 2146 also classified petroleum and petro-chemical industries as environmentally critical projects.

The EIS refers to both the document and the study of a project’s environmental impact, including a discussion of the scoping agreement identifying critical issues and concerns as validated by the EMB, environmental risk assessment if determined necessary by the EMB during the scoping, environmental management program, direct and indirect consequences to human welfare and the ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum it contains all relevant information regarding the project’s environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Philippine government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System; and that the proponent is committed to implementing its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the project’s abandonment phase.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund when an ECC is eventually issued. In any case, the establishment of an Environmental Monitoring Fund must not occur later than the initial construction phase of the project. The Environmental Monitoring Fund must be used to support the activities of a multi-partite monitoring team, which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

The Biofuels Act of 2006

Republic Act No. 9367, also known as “The Biofuels Act of 2006”, aims to reduce the dependence of the transport sector on imported fuel and, pursuant to such law, regulations mandate that all premium gasoline fuel sold by every oil company in the Philippines should contain a minimum 10% blend of bioethanol starting

August 6, 2011. For diesel engines, the mandated biodiesel blend in the country was increased from 1% to 2% starting February 2009.

In June 2015, the DOE issued Department Circular No. DC 2015-06-005, or the Amended Guidelines on E-10 Implementation, which temporarily waives compliance by oil companies with the required bioethanol blend for premium plus grade gasoline products when supply of locally produced bioethanol products are insufficient to meet demand.

In 2008, a Joint Administrative Order known as the “Guidelines Governing the Biofuel Feedstock Production and Biofuel Blends Production, Distribution and Sale” (the “**Guidelines**”) was issued by various Philippine government agencies. The Guidelines mandate oil companies to blend biodiesel with diesel and bioethanol with gasoline. The Guidelines further require oil companies to source biofuels only from biofuel producers accredited by the DOE or from biofuel distributors registered with the DOE. Moreover, unless authorized by DOE to import in case of shortage of supply of locally-produced bioethanol as provided for under the Act, an oil company’s failure to source its biofuels from accredited biofuels producers and/or registered biofuel distributors would constitute a prohibited act under the Guidelines.

In June 2015, the DOE issued Department Circular No. DC 2015-06-007, or the Revised Guidelines on the Utilization of Locally-Produced Bioethanol (“**Revised Guidelines**”), which repealed Department Circular No. 2011-12-0013, or the “Guidelines on the Utilization of Locally-Produced Bioethanol in the Production of E-Gasoline Consistent with the Biofuels Act of 2006”. The Revised Guidelines require oil companies operating within the Philippines to secure and maintain a DOE accreditation as an “Oil Industry Participant in the Fuel Bioethanol Program” and submit to the OIMB certain reports in order for the OIMB to monitor the oil companies’ compliance with the Revised Guidelines, including an annual performance compliance report relating to the oil companies’ compliance with the minimum biofuel blends and monthly reports on compliance with local monthly allocations for the use of locally-sourced bioethanol. The Revised Guidelines further require oil companies to strictly comply with the Local Monthly Allocation (“**LMA**”). The LMA refers to the local bioethanol volume imposed on oil companies based on the committed volume by the local bioethanol producers of bioethanol available for lifting by the oil companies and computed and circulated by the OIMB.

In February 2016, the Congress of the Philippines promulgated Republic Act No. 10745, amending The Biofuels Act of 2006. The law allows natural gas power generation plants to use neat diesel (instead of the mandated biofuel blend) as alternative fuel during shortages of natural gas supply. The DOE issued Department Order No. 2016-07-0012 or the implementing rules and regulations for Republic Act No. 10745. This provides that the natural gas power generating plants with duly issued Certificate of Compliance from the Energy Regulatory Commission can avail of the use of neat diesel in the following instances:

- (a) During maintenance and/or shutdown of facilities used for the supply of natural gas such as pipelines, terminal, etc.;
- (b) During force majeure which adversely affect the supply of natural gas to natural gas power plants; or
- (c) Other analogous instances.

All suppliers of natural gas shall submit to the DOE their preventive maintenance schedule indicating the dates when the suppliers of natural gas would be critical. During force majeure events, the DOE shall determine the affected facilities for proper issuance of certification of the shortage of natural gas supplies.

In 2024, the DOE issued Department Circular No. 2024-04-0013 which requires all Downstream Oil Industry participants engaged in the sale of CME Blended Automotive Diesel Oil (“**ADOB3**”) and CME Blended Industrial Diesel Oil (“**IDOB3**”) whether in bulk or in retail to comply with the specifications as required by the DOE in PNS/DOE QS 015:2021 ADOB3 and PNS/DOE QS 016:2021 IDOB3 respectively. DOI participants engaged in providing ADOB3 to consumers are obliged to post signages in dispensing pumps to guide customers.

Philippine Clean Air Act of 1999

Republic Act No. 8749, otherwise known as the “Philippine Clean Air Act”, provides more stringent fuel specifications over a period of time to reduce emission that pollutes the air. The Philippine Clean Air Act specifies the allowable sulfur and benzene content for gasoline and automotive diesel. Under the law, oil firms are mandated to lower the sulfur content of automotive diesel oils to 0.05% by weight by January 1, 2004 nationwide. The law also prohibits a manufacturer, processor or trader of any fuel or additive to import, sell, offer for sale, or introduce into commerce such fuel or fuel additive unless these have been registered with the DOE. All the requirements of the said law have been implemented, starting with the phase-out of leaded gasoline in Metro Manila in April 2000 and all over the country in December 2000.

The Technical Committee on Petroleum Products and Additives sets the standards for all types of fuel and fuel related products, to improve fuel consumption for increased efficiency and reduced emissions. The committee is guided by strict time-bound and quality-specific targets under the mandate of the Philippine Clean Air Act and the DOE initiative on alternative fuels.

Philippine Clean Water Act of 2004

In 2004, Republic Act No. 9275, or the “Philippine Clean Water Act”, was enacted to streamline processes and procedures in the prevention, control, and abatement of pollution in the country’s water resources and provide for a comprehensive water pollution management program focused on pollution prevention. The law primarily applies to the abatement and control of water pollution from land-based sources. The EMB, in partnership with other Philippine government agencies and the respective local government units, is tasked by the Implementing Rules of the Philippine Clean Water Act to identify existing sources of water pollutants and strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law. The Philippine Clean Water Act also authorizes the DENR to formulate water quality criteria and standards for oil and gas exploration which encounter re-injection constraints.

On May 24, 2016, DENR issued DENR Administrative Order No. 2016-08, otherwise known as the Water Quality Guidelines and General Effluent Standards of 2016 (the “**Water Quality Guidelines**”), which apply to all water bodies in the Philippines. The guidelines set forth, among others: (a) the classification of water bodies in the Philippines, (b) determination of time trends and evaluation of stages of deterioration or enhancement in water quality, (c) the designation of water quality management areas and (d) the general effluent standards. On the general effluent standards, the Water Quality Guidelines provide that discharges from any point of source (regardless of volume) shall, at all times, meet the effluent standards prescribed by the guidelines to maintain the required water quality per water body classification. The general effluent standards apply regardless of the industry category. For purposes of implementing the Water Quality Guidelines, the DENR has extended a grace period of not more than five years from June 15, 2016 (i.e., the effectivity of the Water Quality Guidelines) to allow establishments to submit to the DENR a compliance action plan and a periodic status of implementation on the steps taken for the establishment’s compliance schedule within the grace period. The grace period shall include a moratorium on the issuance of cease and desist and/or closure order, fines and other penalties against the establishment’s operations.

Oil Pollution Compensation Act of 2007

Republic Act No. 9483, otherwise known as the Oil Pollution Compensation Act of 2007, imposes strict liability on the owner of the ship for any pollution damage caused within the Philippine territory. Pollution damage is the damage caused outside the ship by contamination due to the discharge of oil from the ship, as well as the cost of preventive measures to protect it from further damage.

The law also provides that any person who has received more than 150,000 tons of “contributing oil” (as explained below) in a calendar year in all ports or terminal installations in the Philippines through carriage by sea shall pay contributions to the International Oil Pollution Compensation Fund in accordance with the provisions of the 1992 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage. For this purpose, “oil” includes any persistent hydrocarbon mineral

oil such as crude oil, fuel oil, heavy diesel oil and lubricating oil, whether carried on board a ship as cargo or in bunkers of such a ship.

A person shall be deemed to have received “contributing oil,” for purposes of determining required contributions, if he received such oil from another country or from another port or terminal installation within the Philippines, notwithstanding that this oil had already been previously received by him. Where the quantity of contributing oil received by any person in the Philippines in a calendar year, when aggregated with the quantity of contributing oil received in the Philippines in that year by such person’s subsidiaries or affiliates, exceeds 150,000 tons, such person, including its subsidiaries and affiliates, shall pay contributions in respect of the actual quantity received by each, notwithstanding that the actual quantity received by each did not exceed 150,000 tons. Persons who received the contributing oil are required to report to the DOE. Contributing oil means crude oil and fuel oil as defined under Republic Act No. 9483.

Republic Act No. 9483 provides for the establishment of a fund to be constituted from, among others, an impost amounting to ten centavos per liter levied on owners and operators and tankers and barges hauling oil and/or petroleum products in Philippine waterways and coast wise shipping routes. This new fund, named the Oil Pollution Management Fund, will be in addition to the requirement under the 1992 Civil Liability Convention and 1992 Fund Convention and will be administered by the Maritime Industry Authority (“**MARINA**”).

In April 2016, the Department of Transportation (then the Department of Transportation and Communications) promulgated the implementing rules and regulations of Republic Act No. 9483. Under the rules, oil companies are required to submit (a) reports on the amount of contributing oil received; and (b) sales and delivery reports of persistent oil.

Other Regulations on Water Pollution

Philippine maritime laws and regulations are enforced by two Philippine government agencies: the MARINA and the Philippine Coast Guard. Both are agencies under the Philippine Department of Transportation.

The MARINA is responsible for integrating the development, promotion, and regulation of the maritime industry in the Philippines. It exercises jurisdiction over the development, promotion, and regulation of all enterprises engaged in the business of designing, constructing, manufacturing, acquiring, operating, supplying, repairing, and/or maintaining vessels, or component parts thereof, of managing and/or operating shipping lines, shipyards, dry docks, marine railways, marine repair ships, shipping and freight forwarding agencies, and similar enterprises.

To address issues on marine pollution and oil spillage, the MARINA issued: (i) Circular No. 2007-01 which mandated the use of double-hull vessels including those below 500 tons deadweight tonnage by the end of 2008 for transporting Black Products; and (ii) Circular No. 2010-01 for transporting White Products in certain circumstances by 2011.

The Philippine Coast Guard, in a 2005 Memorandum Circular, provided implementing guidelines based on the International Convention for the Prevention of Pollution from Ships, MARPOL 73/78. The guidelines provide that oil companies in major ports or terminals/depots are required to inform the Philippine Coast Guard through its nearest station of all transfer operations of oil cargoes in their respective areas. Furthermore, oil companies and tanker owners are required to conduct regular team trainings on managing oil spill operations including the handling and operations of MARPOL combating equipment. A dedicated oil spill response team is required to be organized to react to land and ship-originated oil spills. Oil companies, oil explorers, natural gas explorers, power plants/barges and tanker owners are also required to develop shipboard oil pollution emergency plans to be approved by the Philippine Coast Guard.

Moreover, both the Philippine Clean Water Act and the Philippine Coast Guard Guidelines provide that the spiller or the person who causes the pollution have the primary responsibility of conducting clean-up operations at its own expense.

Other Regulatory Requirements

Petroleum products are subject to Philippine National Standards ("**PNS**") specifications. The DTI, through the Bureau of Products Standards, ensures that all products comply with the specifications of the PNS.

Philippine government regulations also require the following: fire safety inspection certificates; certificates of conformance of facilities to national or accepted international standards on health, safety and environment; product liability insurance certificates or product certificate of quality; and the ECC issued by the DENR for service stations and for environmentally-critical projects. These certificates have to be submitted to the DOE for monitoring (not regulation) purposes. Reports to the DOE are required for the following activities/projects relating to petroleum products: (a) refining, processing, including recycling and blending; (b) storing/ transshipment; (c) distribution/operation of petroleum carriers; (d) gasoline stations; (e) LPG refilling plant; (f) bunkering from freeports and special economic zones; and (g) importations of petroleum products and additives. In addition, importations of restricted goods require clearances from the proper governmental authorities.

Other Relevant Tax-related Regulations

Taxes and duties applicable to the oil industry have had periodic and unpredictable changes over the last several years. The import duty on crude oil was increased on January 1, 2005 from 3% to 5%, but was later reduced to 3% effective as of November 1, 2005.

Under Executive Order No. 527 dated May 12, 2006, upon certification by the DOE that the trigger price levels provided therein have been reached, the 3% import duty on crude oil shall be adjusted to 2%, 1% or 0%. Subsequently, Executive Order No. 850, which took effect on January 1, 2010, modified the rates of duty on certain imported articles in order to implement the Philippines' commitment to eliminate the tariffs rates on certain products under the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area ASEAN Trade in Goods Agreement ("**ATIGA**"). Under the ATIGA, crude oil and refined petroleum products imported from Association of Southeast Asian Nations ("**ASEAN**") Member States are levied zero rates. To address the tariff distortion between ASEAN and non-ASEAN Member States brought about by the implementation of the zero duty under Executive Order No. 850 and to provide a level playing field for local refiners to compete with importers, the President of the Philippines issued Executive Order No. 890, which also imposed zero duty effective as of July 4, 2010 for imported crude oil and refined petroleum products, except certain types of aviation gas, from Non-ASEAN Member States.

Republic Act No. 9337, also known as the "Expanded VAT Law", imposed a VAT of 10% on certain goods and services, including petroleum products and its raw materials, particularly the sale and importation thereof. The rate was further increased to 12% effective February 1, 2006. The Expanded VAT Law also limited the input VAT tax credit to only 70% of the output VAT. Subsequently, however, Republic Act No. 9361, which was approved on November 21, 2006, removed the 70% ceiling on the credit of input VAT to output VAT. As of November 1, 2005, the implementation date of the Expanded VAT Law, excise taxes on diesel, bunker fuel and kerosene were lifted and excise taxes for regular gasoline were lowered to P4.35 per liter of volume capacity. In February 2012, the BIR issued Revenue Regulation No. 2-2012 stating that VAT and excise taxes due on all petroleum and petroleum products that are imported and/or brought from abroad to the Philippines, including from the freeport and economic zones shall be paid by the importer to the Bureau of Customs.

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN Law**") took into effect. The TRAIN Law amended provisions of the Philippine Tax Code, among others, increasing excise tax rates of petroleum products. Excise tax rates on gasoline products were increased from ₱4.35 per liter to ₱7.00 per liter effective January 1, 2018, ₱9.00 per liter on January 1, 2019 and ₱10.00 per liter in January 1, 2020. Diesel and bunker fuel products which were previously not subject to excise taxes were imposed excise taxes at ₱2.50 per liter effective January 1, 2018 and increased further to ₱4.50 per liter on January 1, 2019 and ₱6.00 per liter on January 1, 2020.

Also in compliance with the TRAIN, the Philippine government is currently implementing a Philippine Fuel Marking Program to mark imported and refined petroleum products such as gasoline, diesel and kerosene to ensure that all downstream fuels are tax and duty paid. The fuel marking fee was paid by the government to the Fuel Marking Service Provider for the first year of implementation. For the second to fifth year of implementation, said fee shall be borne by petroleum companies on top of duties and taxes to be collected by the Bureau of Customs or the Bureau of Internal Revenue.

Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises Act (“**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, 2021 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 shall be lowered to 2%. Under the CREATE Act, persons that 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 AFAB) to qualified Registered Business Enterprises (“**RBE**”). As part of the rationalization of tax incentives, the CREATE Act provides that (i) any law to the contrary notwithstanding, 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 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.

On 28 November 2024, Republic Act 12066 or CREATE MORE Act (“**CREATE MORE**”) took effect. Under CREATE MORE, petroleum products sold to international carriers of Philippine or foreign registry directly importing petroleum products, on their use or consumption outside the Philippines are exempt from excise tax. On the other hand, importation of fuel, goods, and supplies used for international shipping or air transport operations are VAT-exempt. Under the new law, those engaged in the (1) export of goods and services; (2) engaged in e-commerce; and (3) those under the jurisdiction of the Large Taxpayer Services shall be required to issue electronic invoices. This is, however, dependent to the BIR’s establishment of a system which is capable of storing and processing the required data.

Republic Act No. 9136, or the Electric Power Industry Reform Act of 2001, provides for parity tax treatment among imported oil and indigenous fuels. Prior to the enactment of this law, indigenous fuels were imposed with higher taxes due to royalties to the Philippine government.

Malaysia

Petroleum Development Act, 1974

The Petroleum Development Act, 1974 (the “**PDA**”), which took effect on October 1, 1974, and the Petroleum Regulation 1974, which was enacted pursuant to the PDA (the “**Petroleum Regulation**”), are the primary legislation governing upstream and downstream oil activities in Malaysia. Pursuant to the Petroleum Regulation, two government bodies are vested with powers to regulate all downstream activities, namely:

the Ministry of International Trade and Industry (“**MITI**”), which is responsible for the issuance of licenses for the processing and refining of petroleum and the manufacture of petrochemical products; and

the Ministry of Domestic Trade and Cost of Living (“**MDTCOL**”) – formerly known as Ministry of Domestic Trade, Cooperative and Consumerism (“**MDTCC**”), which is responsible for regulating the marketing and distribution of petroleum products.

The Company has obtained specific licenses from the MITI for the production of the Company's products. Specific licenses are required pursuant to Section 6 of the PDA for the business of processing or refining petroleum or manufacturing petrochemical products from petroleum at the Port Dickson Refinery. Contravention of the provisions of the PDA or failure to comply with any term or condition of any permission granted thereunder is an offense and is subject to a fine not exceeding RM1 million or imprisonment for a term not exceeding five years or both.

Petroleum (Safety Measures) Act, 1984

The storage and handling of crude oil and oil products and the utilization of equipment and/or appliances used in the downstream oil industry in Malaysia are controlled and governed by the Petroleum (Safety Measures) Act, 1984 (the “**PSMA**”) and the regulations made thereunder. The PSMA also regulates the transportation of petroleum by road, railway, water, air and pipeline.

Beginning 2015, the entire regulations under PSMA are fully enforced by the Department of Occupational Safety and Health (DOSH) under the Ministry of Human Resources.

Malaysian Biofuel Industry Act, 2007

The Malaysian Biofuel Industry Act, 2007 (the “**MBIA**”) was enacted on July 18, 2007. The MBIA provides for the mandatory use of biofuel, the licensing of activities relating to biofuel and other matters connected and incidental thereto. The MBIA is designed to regulate the biofuel industry in Malaysia and to promote the mandatory use of Malaysia's domestic palm biodiesel. The MBIA empowers the Minister of Plantation and Commodities to prescribe (a) the percentage by volume of palm oil and/or methyl ester to be blended in any fuel; or (b) the activities in which the use of (i) palm oil and/or methyl ester, (ii) palm oil and/or methyl ester blended with any other fuel; or (iii) any other biofuel is to be made mandatory.

Malaysia has implemented a national biodiesel program in stages, starting with B5 blending (5% palm biodiesel with 95% petroleum diesel) for the transport sector in 2011. This was followed by B7 blending (7% palm biodiesel) in December 2014 and B10 blending (10% palm biodiesel) in February 2019.

The B20 blending (20% palm biodiesel) program was initiated in selected areas in 2020 starting with Langkawi and Labuan in January 2020 and Sarawak in September 2020 for the transport sector, with plans for a phased rollout across the country.

Further implementation of B20 in Sabah and Peninsular Malaysia has been delayed due to COVID-19 pandemic and changes in Government's funding priorities.

Sale and Pricing of Refined Petroleum Products

Control of Supplies Act, 1961

The Control of Supplies Act, 1961 (the “**CSA**”) was enacted primarily to regulate, prohibit and control the movement of any controlled article in Malaysia. The CSA also regulates the distribution of any controlled article and limits the quantity of any controlled article that may be acquired or held by any person. Petrol, motor spirit, or motor gasoline of all grades, diesel fuel and LPG have all been classified as controlled articles under the CSA.

Pursuant to the Control of Supplies Regulations 1974, issued pursuant to the CSA, a license is required for any person to deal, by wholesale or retail, in any scheduled article (including petrol, motor spirit, or motor gasoline of all grades, diesel fuel and LPG) or to manufacture any scheduled article. A separate license is required for each place of business where the scheduled article is manufactured or sold. The Controller of Supplies has the authority to enforce the rules and regulations provided in the CSA and related regulations.

Automatic Pricing Mechanism (“APM”)

The compliance, enforcement and monitoring of APM is under Regulation 12A of the Control and Supply Regulations 1974 (Control of Supplies Act 1961).

The Malaysian government generally mandates fixed prices for (a) sales of formulated unleaded gasoline fuel with an octane index of 95 and 97 (“**Mogas 95**” and “**Mogas 97**”), (b) diesel to retail customers, as well as to the commercial transportation and fisheries sectors, and (c) LPG to retail customers, to ensure that increases in international prices of crude oil and petroleum products are not borne fully by consumers of such products in Malaysia. The Malaysian government subsidizes sales of these products using a formula known as the Automatic Pricing Mechanism (APM). A subsidy is payable to the Company pursuant to the APM if the mandated price of the relevant product is less than the total built-up cost (as described below) of such product. Conversely, a duty is payable by the Company if the mandated price of the relevant product exceeds the total built-up cost of such product.

Effective January 2020, the total built-up cost is determined by aggregating the cost of the relevant product and certain predetermined government-specified amounts, as follows:

	Mogas 95	Mogas 97	Diesel	Retail LPG
Cost of Product	Based on MOPS	Based on MOPS	Based on MOPS	Based on Saudi CP
Alpha	5 sen/liter	5 sen/liter	4 sen/liter	USD80/MT
Freight, Distribution and Marketing Cost*	PM: 9.54 sen/liter Sabah: 18.00 sen/liter Sarawak: 15.00 sen/liter	PM: 9.54 sen/liter Sabah: 18.00 sen/liter Sarawak: 15.00 sen/liter	PM: 13.25 sen/liter Sabah: 18.00 sen/liter Sarawak: 15.00 sen/liter	PM: 38.95 sen/kg Sabah: 72.10 sen/kg Sarawak: 71.26 sen/kg
Oil company margin	5 sen/liter	5 sen/liter	2.25 sen/liter	11.35 sen/kg
Dealer Margin	15 sen/liter	15 sen/liter	10 sen/liter	35.00 sen/kg

*PM – Peninsular Malaysia

The specified amounts for alpha, freight, distribution and marketing cost, oil company margin and dealer margin are fixed by the Malaysian government and subject to change. The Malaysian government last revised the alpha for Mogas 97 in January 2020 for all states. The freight, distribution and marketing cost of Diesel were last revised in January 2024 for East Malaysia and January 2025 for Peninsular Malaysia, while the dealer's and company's margin for diesel were revised in January 2025. For retail LPG, the alpha and dealer margin for all states, and the freight, distribution and marketing costs for the states of Sabah and Sarawak, were revised upwards in June 2015.

Effective March 30, 2017, the Malaysian government implemented a managed float system under which the government fixes the government-mandated retail prices for RON 95 and RON 97 petroleum and diesel on a weekly basis based on MOPS.

As of February 2021, the Malaysian government-mandated retail prices for the products that are covered by the APM are at RM 2.05 per liter for Mogas 95 and RM 2.15 per liter for diesel. The government-mandated price for LPG is at RM 1.90 per kilogram. In addition, the government also provides additional subsidies to selected public transportation and fisheries sectors. The government-mandated diesel price for the fisheries sector is RM1.65 per liter whereas RM 1.8810 (Peninsular Malaysia), RM 1.8840 (Sabah) and RM 1.8780 (Sarawak) per liter applies to the public transportation sector (SKDS 1). However, starting from June 10, 2024, the retail price of diesel has been increased to RM3.35 per liter in line with the implementation of the targeted subsidy program for diesel products under the Subsidized Diesel Control System (SKDS) through FleetCard Mysubsidy Diesel (SKDS 2.0) in Peninsular Malaysia. The SKDS 2.0 program is intended for selected goods vehicles, allowing them to enjoy a retail price of RM2.15 per liter. The diesel retail price in Peninsular Malaysia will continue to fluctuate as determined by the government. Meanwhile, in Sabah and Sarawak, the retail price remains at RM2.15 per liter.

The amount of the subsidies or duties varies from month to month for Mogas 95 and diesel. There are no duties on LPG and no limit on the subsidies for retail LPG.

The sale of diesel at the retail station in Malaysia is subject to a quota system to ensure that subsidized diesel is not sold illegally to industrial customers at unregulated prices. The Company's quotas are provided and regulated by the Ministry of Domestic Trade and Cost of Living (MDTCOL). Accordingly, the Company is required to manage its subsidized diesel sales on a quarterly basis to ensure that such sales do not exceed the amount permitted under the approved quotas. The Company has a quota to sell diesel at all of its retail service stations in Malaysia. Customers in the commercial transportation and fisheries sectors are required to obtain their own quotas in order to be able to purchase diesel from the Company. The Company has also been licensed to supply distributors that are appointed by the Malaysian government to sell diesel to unbranded mini stations and to collect subsidies in respect of such sales. If the Company requires an increase in its approved quota due to higher demand, it may apply with the MDTCOL for a quota increase. However, if the Company sells more subsidized diesel than is permitted under the approved quotas, it will not be eligible to receive government subsidy in respect of the sales that exceed the approved quotas.

Customers in the selected public transportation and fisheries sectors are required to obtain their own quotas in order to be able to purchase diesel from the Company at the price mandated by the government for both sectors. The Company has also been licensed to supply distributors that are appointed by the Malaysian government to sell diesel to mini stations and to collect subsidies in respect of such sales.

Environmental Laws

Environmental Quality Act, 1974

The Environmental Quality Act, 1974 (the "**EQA**") governs the prevention, abatement and control of pollution and enhancement of the environment in Malaysia and covers, among other things, oil spills and pollutants on land and in Malaysian waters. The EQA, which was introduced by the Malaysian government to promote environmentally sound and sustainable development restricts atmospheric, noise, soil and inland-water pollution without a license, prohibits the discharge of oil and waste into Malaysian waters without a license and prohibits open burning. The Department of Environment (the "**MDOE**") is the regulatory body responsible for administering the EQA and any regulations and orders made thereunder.

The MDOE will also have responsibility for monitoring the implementation of and compliance with Euro 4M and Euro 5 standards in Malaysia, which are the Malaysian equivalent of Euro IV and Euro V-standards. The main change from Euro 2M standards to Euro 4M and Euro 5 standards for Mogas and Diesel is the reduction in sulfur content, consistent with Euro IV and Euro V standards. Euro 4M for RON 97 was implemented in September 2015. The implementation of Euro 4M and Euro 5 fuels will be in phases: Euro 4M for RON 95 had been implemented since January 1, 2019, Euro 5 (sulfur specification only) for Diesel by April 1, 2021, and Euro 5 (of all other parameters) for Diesel by April 1, 2023, RON 95 and RON 97 by the year 2027.

The Malaysian government has mandated that RON 95 and RON 97 sold in Malaysia must comply with Euro 5 specifications by 2027. The Malaysian government, however, has proposed to accelerate the date of implementation, subject to the agreement of all stakeholders, to 2025. This is in line with the move by downstream oil companies in Malaysia, including the Company, that introduced and supplied Euro 5 standards earlier in service stations. Hence, Euro 5 compliance for Mogas will be done in phases starting 2025 and full compliance in 2027.

Other Laws

Companies Act, 2016

The Companies Act which came into effect on January 1, 2017, governs the incorporation and registration of companies in Malaysia. The agency that oversees such incorporation is the Companies Commission of Malaysia (Suruhanjaya Syarikat Malaysia) ("**CCM**").

Under the Companies Act, a corporation's existence does not have an expiration but may be terminated through dissolution by: (i) the winding up of the company, either voluntarily or pursuant to an order of the court; or (ii) the striking out by the Registrar and Paying Agent, in the exercise of its discretionary powers, of the name of the company based on any of the grounds provided under the Companies Act.

Malaysian Corporate Governance Code

The Securities Commission Malaysia released the new Malaysian Code on Corporate Governance ("**MCCG**") on April 26, 2017, which takes effect immediately. The MCCG is a set of best practices to strengthen corporate culture anchored on accountability and transparency.

On April 28, 2021, a revised Corporate Governance Code was issued by the Securities Commission Malaysia. The revised provisions have no material impact to Petron Malaysia Refining & Marketing Bhd's compliance with the MCCG.

Other Regulatory Requirements

The Company has a general duty pursuant to the Occupational Safety and Health (Amendment) Act 2022 (an Act to amend the principal Act which is the Occupational Safety and Health Act, 1994) and the regulations made thereunder to (a) provide and maintain plants and systems of work that are, to the extent practicable, safe and without risks to health; (b) provide information, instruction, training and supervision to ensure, to the extent practicable, the safety and health of the Company's employees at work; and (c) provide a working environment that is, to the extent practicable, safe, without risk to health and adequate with respect to facilities related to employee welfare at work. The Company also has a duty to ensure, to the extent practicable, that other persons who are not employees of the Company are not affected by, and are not exposed to risks to their safety or health by, the conduct of the Company's business. As the Company employs more than 100 employees in Malaysia, it must employ a safety and health officer, who is tasked with ensuring the due observance of statutory obligations with respect to workplace health and safety and the promotion of safe work conduct at the workplace.

TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Offer Bonds. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Offer Bonds and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Offer Bonds under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Offer Bonds in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Offer Supplement. The tax treatment of a holder of Offer Bonds may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.

PROSPECTIVE PURCHASERS OF THE OFFER BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF A BOND, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

As used in this section, the term “resident alien” refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a “non-resident alien” is an individual whose residence is not within the Philippines and who is not a citizen thereof. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a “non-resident alien doing business in the Philippines,” otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a “non-resident alien not doing business in the Philippines.” A “resident foreign corporation” is a non-Philippine corporation engaged in trade or business within the Philippines; and a “non-resident foreign corporation” is a non-Philippine corporation not engaged in trade or business within the Philippines.

The term “non-resident holder” means a holder of the Offer Bonds:

- *who is an individual who is neither a citizen nor a resident of the Philippines, or an entity which is a non-resident foreign corporation; and*
- *should an income tax treaty be applicable, whose ownership of the Offer Bonds is not effectively connected with a fixed base or a permanent establishment in the Philippines.*

Philippine Taxation

On January 1, 2018, Republic Act No. 10963, otherwise known as the “Tax Reform for Acceleration and Inclusion” Act (or the TRAIN Act), took effect. The TRAIN Act amended provisions of the Tax Code including provisions on documentary stamp tax (“**DST**”), capital gains tax, tax on interest income and other distributions, estate tax, and donor's tax.

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises bill was signed into law as Republic Act No. 11534, otherwise known as the CREATE Act. The CREATE Act serves as a follow-up to Package 1 of the CTRP. The main amendment of CREATE Act is the reduction of the regular corporate income tax rate for both domestic and foreign corporations from 30% to 25%. For domestic corporations, the regular corporate income tax rate may be further reduced to 20% depending on the net taxable income and total assets of such domestic corporation. In addition to the reduction of the regular corporate income tax, the rate of the MCIT was lowered to 1%, effective July 1, 2020 to June 30, 2023. However, effective July 1, 2023, the MCIT rate reverted to its previous rate of 2% based on the gross income of the corporation. Under Revenue Memorandum Circular (“**RMC**”) No. 36-2024, in computing the MCIT, the gross income

shall be divided by 12 months to get the average monthly gross income and apply the rate of 1% for the period January 1 to June 30, 2023 and 2% for the period July 1 to December 31, 2023.

Taxation of Interest

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax. Interest income derived by Philippine citizens and resident alien individuals from the Offer Bonds is subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Generally, interest on the Offer Bonds received by non-resident aliens engaged in trade or business in the Philippines is subject to a 20% final withholding tax (“**FWT**”) while that received by non-resident aliens not engaged in trade or business is subject to a FWT rate of 25%. Interest income received by domestic corporations and resident foreign corporations from the Offer Bonds is subject to a FWT of 20%. Interest income received by non-resident foreign corporations from the Offer Bonds is subject to a 25% FWT. However, in the context of the bonds, interest income from foreign loans derived by non-resident foreign corporations is subject to a 20% FWT.

The foregoing rates are subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 10% on interest from public issue of bonds in cases where the interest which arises in the Philippines is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

Tax-Exempt Status or Entitlement to Preferential Tax Rate

The Philippine tax authorities have prescribed a certain procedure for claiming tax treaty benefits for interest income of non-resident income earners. Under Revenue Memorandum Order (“**RMO**”) No. 14-2021, withholding agents/income payors may withhold tax on interest income payable to the non-resident income earner at the regular rate or at the applicable preferential tax rate depending on the documents submitted by the non-resident income earner to the withholding agent/income payor.

In accordance with RMO No. 14-2021, as further clarified by Revenue Memorandum Circular (“**RMC**”) Nos. 77- 2021 and 20-2022, non-resident income earner intending to avail of treaty benefits should submit to the withholding agent/income payor, prior to the payment of income for the first time, a Tax Residency Certificate (“**TRC**”) duly issued by the foreign tax authority, an Application Form for Treaty Purposes on Interest (“**BIR Form 0901-I**”) and the relevant provision of the applicable tax treaty, and authenticated copy of the non-resident Bondholder’s Articles/ Memorandum of Incorporation/ Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof if in foreign language. Failure to provide the said documents may lead to withholding using the regular withholding tax rates, and not the treaty rate.

When the preferential tax rates have been applied by the withholding agent/income payor on the income earned by the non-resident income earner, the withholding agent/income payor shall file with the International Tax Affairs Division (“**ITAD**”) of the BIR a Request for Confirmation (“**RFC**”) on the propriety of the withholding tax rates applied on that item of income. Such RFC shall be supported by the documentary requirements set out in RMO No. 14-2021 which also includes the TRC and BIR Form 0901-I mentioned above.

The original or certified true copy of the following documents, as may be applicable, shall be submitted to the International Tax Affairs Division of the BIR when claiming the tax treaty relief:

1. General Requirements:
 - a. Letter-request;

- b. BIR Form No. 0901-I duly signed by the non-resident interest income earner or its/his/her authorized representative;
 - c. Tax Residency Certificate for the relevant period, duly issued by the tax authority of the foreign country in which the Bondholder is a resident;
 - d. Bank documents/certificate of deposit/telegraphic transfer/telex/money transfer evidencing the payment/remittance of income;
 - e. Withholding tax return with Alphalist of Payees;
 - f. Proof of payment of withholding tax; and
 - g. Notarized Special Power of Attorney issued by the non-resident income earner to its/his/her authorized representative(s), which shall expressly state the authority to sign the Application Form as well as to file the tax treaty relief application or request for confirmation.
- 2. Additional general requirements for legal persons and arrangements, and individuals:
 - a. Authenticated copy of the non-resident legal person or arrangement's Articles/Memorandum of Incorporation/Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof if in foreign language; and
 - b. Original copy of the Certificate of Non-Registration of the Bondholder or certified true copy of License to Do Business in the Philippines duly issued by the Philippine SEC for legal persons and arrangements, or original copy of the Certificate of Business Registration/Presence duly issued by the DTI for individuals.
- 3. Additional general requirements for fiscally transparent entities:
 - a. A copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the foreign fiscally transparent entity;
 - b. List of owners/beneficiaries of the foreign entity;
 - c. Proof of ownership of the foreign entity; and
 - d. Tax Residency Certificate issued by the concerned foreign tax authority to the owners or beneficiaries of the fiscally transparent entity.
- 4. Specific requirements
 - a. Duly executed contract;
 - b. Bank documents/certificate of deposit/telegraphic transfer/telex/money transfer evidencing the remittance of the loan by the nonresident creditor;
 - c. Proof that the debt-claim in respect of which the interest is paid is not effectively connected with the permanent establishment of the foreign enterprise in the Philippines; and
 - d. Proof that the interest rate is arm's length, if the debtor and creditor are related parties.

The BIR may require additional documents during the course of its evaluation as it may deem necessary. Upon the confirmation of the entitlement to the tax treaty benefit or confirmation of the correctness of the withholding tax rates applied, the BIR will issue a certification to that effect. Any adverse ruling may be appealed to the Department of Finance within 30 days from receipt.

If the regular withholding tax rate on interest have been imposed by the withholding agent/income payor, the concerned non-resident income earner shall file a Tax Treaty Relief Application with ITAD. If the regular withholding tax rate on interest imposed by the withholding agent/income payor is higher than the rate that should have been applied, the non-resident income earner may file a claim for refund from the Philippine taxing authorities on the basis of a tax exemption or applicable tax treaty.

For claims of tax exemption, RMC No. 8-2014 mandates withholding agents/income payors to require from individuals and entities claiming tax exemption a copy of a valid, current, and subsisting tax exemption certificate or ruling before payment of the related income. The tax exemption certificate or ruling must explicitly recognize the tax exemption, as well as the corresponding exemption from imposition of withholding tax. Failure on the part of the taxpayer to present the said tax exemption certificate or ruling shall subject him to the payment of the appropriate withholding taxes due on the transaction.

Value-Added Tax

Gross receipts arising from the sale of the Offer Bonds in the Philippines by dealers in securities shall be subject to a 12% value-added tax. The term “gross receipt” means gross selling price less acquisition cost of the Offer Bonds sold.

Gross Receipts Tax

Banks and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax (“**GRT**”) on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is five (5) years or less	5%
Maturity period is more than five (5) years	1%

Non-bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to GRT. Gross receipts of such entities derived from sources within the Philippines from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived:

Maturity period is five (5) years or less	5%
Maturity period is more than five (5) years	1%

In case the maturity period of the instruments held by banks, non-bank financial intermediaries performing quasi-banking functions and non-bank financial intermediaries not performing quasi-banking functions is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pre- termination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Offer Bonds by banks and non-bank financial intermediaries performing quasi-banking functions shall be taxed at 7%.

Documentary Stamp Tax

A DST is imposed upon the original issuance of debt instruments issued by Philippine companies, such as the Offer Bonds, at the rate of ₱1.50 on each ₱200.00, or fractional part thereof, of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one (1) year, the DST to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The DST is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable DST on the original issue shall be paid by the Issuer for its own account.

Taxation on Sale or Other Disposition of the Offer Bonds

Income Tax

Any gain realized from the sale, exchange or retirement of bonds will, as a rule, form part of the gross income of the sellers, for purposes of computing the relevant taxable income, which will then be subjected to the following tax rates:

Type of Bondholder	Rate
Philippine citizen (whether resident or non-resident), resident alien, and non-resident alien engaged in trade or business in the Philippines	15% - 35%
Non-resident alien not engaged in trade or business in the Philippines	25%
Domestic corporation, in general	25%
Domestic corporation with net taxable income not exceeding ₱5 Million and total assets not exceeding ₱100 Million (excluding the land on which the particular business entity's office, plant and equipment are situated)	20%
Resident Foreign Corporation	25%
Non-resident Foreign Corporation	25%

If the bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the bonds for a period of more than 12 months prior to the sale, only 50% of any capital gain will be recognized and included in the sellers' gross taxable income.

However, under the Tax Code, any gain realized from the sale, exchange or retirement of bonds, debentures and other certificates of indebtedness with an original maturity date of more than five (5) years (as measured from the date of issuance of such bonds, debentures or other certificates of indebtedness) shall not be subject to income tax.

Moreover, any gain arising from such sale, regardless of the original maturity date of the bonds, may be exempt from income tax pursuant to various income tax treaties to which the Philippines is a party, and subject to procedures prescribed by the BIR for the availment of tax treaty benefits.

Estate and Donor's Tax

The transfer by a deceased person, whether a Philippine resident or a non-Philippine resident, to his heirs of the Offer Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at 6%. For transfers through donation, the Bondholder shall be subject to donor's tax of 6% computed on the basis of the total gifts in excess of ₱250,000.00 exempt gift made during the calendar year.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

The estate tax and the donor's tax, in respect of the Offer Bonds, shall not be collected (a) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

In case the Offer Bonds are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Offer Bonds exceeded the value of the consideration may be deemed a gift and may be subject to donor's taxes. However, the transfer of the Offer Bonds made in the ordinary course of business (a transaction which is bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Documentary Stamp Tax

No DST is imposed on the subsequent sale or disposition of the Offer Bonds, trading the Offer Bonds in a secondary market or through an exchange, provided that such sale or disposition does not constitute a renewal or extension of maturity of the Offer Bonds or carried with it a renewal or issuance of new instruments in the name of the transferee to replace the old ones. However, if the transfer constitutes a renewal or extension of the maturity of the Offer Bonds, DST is payable anew.

Taxation Outside the Philippines

The tax treatment of non-resident holders in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation.

This Offer Supplement does not discuss the tax considerations on such non-resident holders under laws other than those of the Philippines.

PARTIES TO THE OFFER

THE ISSUER

PETRON CORPORATION

SMC Head Office Complex 40 San Miguel Avenue Mandaluyong City, Philippines
Telephone Number: (632) 8884 9200 www.petron.com

SOLE ISSUE MANAGER

PNB Capital and Investment Corporation

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President Diosdado Macapagal Boulevard
Pasay City 1300, Philippines

JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS

Bank of Commerce

16th Floor, San Miguel
Properties Centre,
#7 St Francis Street,
Mandaluyong City, Metro Manila

BDO Capital & Investment Corporation

17th Floor BDO Equitable Tower,
8751 Paseo de Roxas, Salcedo
Village, Makati City, Philippines

China Bank Capital Corporation

28/F BDO Equitable Tower 8751
Paseo de Roxas
Makati City 1226
Philippines

First Metro Investment Corporation

45th Floor, GT Tower
International
6813 Ayala Ave. cor. H.V. dela
Costa St.
1227 Makati City, Philippines

Land Bank of the Philippines

LANDBANK Plaza, 1598 M.H. del
Pilar corner Dr. J. Quintos Streets,
Malate, Manila 1004, Philippines

Philippine Commercial Capital, Inc.

6th Floor, PCCI Corporate Center,
118 L.P. Leviste St., Salcedo
Village, Makati City, Philippines

PNB Capital and Investment Corporation

9th Floor PNB Financial Center
President Diosdado Macapagal
Boulevard
Pasay City 1300, Philippines

LEGAL ADVISORS

To the Sole Issue Manager and Joint Lead Underwriters and Joint Bookrunners SyCip Salazar Hernandez & Gatmaitan

SyCipLaw Center
105 Paseo de Roxas Makati City, 1226 Philippines

To the Issuer

Picazo Buyco Tan Fider Santos & Dee

Penthouse, Liberty Center – Picazo Law 104 H.V.
dela Costa Street, Salcedo Village, Makati City,
1227 Philippines

AUDITORS OF THE ISSUER

R.G. Manabat & Co.
KPMG Center 6787 Ayala Avenue
Makati City, 1200

REGISTRAR AND PAYING AGENT

Philippine Depository & Trust Corp.
29th Floor BDO Equitable Tower, 8751 Paseo de
Roxas, Makati City

TRUSTEE

**Philippine Commercial Capital, Inc. – Trust
and Investment Group**
6th Floor, PCCI Center, 118 L.P. Leviste Street,
Salcedo Village, Makati City, Philippines

APPENDIX

- A. Audited Consolidated Financial Statements as of and for the years ended December 31, 2024, 2023 and 2022.
- B. List of Government Permits and Licenses

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

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						3	1	1	7	1

COMPANY NAME

[illegible]**PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)**[illegible]

Form Type

A A F S

Department requiring the report

Secondary License Type, If Applicable

Certificates of Permit to Offer Securities for Sale dated 1994, 1995, 2010, 2014 and 2019

COMPANY INFORMATION

Company's email Address

talk2us@petron.com

Company's Telephone Number/s

8-884-9200

Mobile Number

No. of Stockholders

143,711
(as of December 31, 2024)

Annual Meeting (Month / Day)

May 2, 2025

Fiscal Year (Month / Day)December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

NAME OF CONTACT PERSON
Myrna C. Geronimo

Email Address

mcgeronimo@petron.com

Telephone Number/s

8-884-9200
loc 49189

Mobile Number

Mobile Number

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.

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.

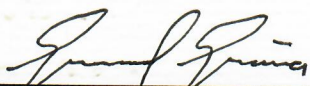
The Board reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

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

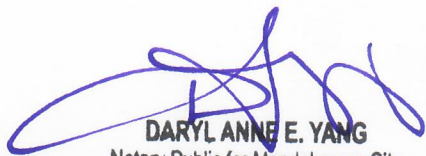
Senior Vice President and Chief Finance Officer

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 04 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	Passport No. P2247867B	22 May 2019/ DFA Manila
Emmanuel E. Eraña	Passport No. P0502156B	01 Feb 2019/ DFA NCR East

Doc. No. 269;
Page No. SS;
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.

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)

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.

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.

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.

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.

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Million Pesos)

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

Forward

		December 31 2024	December 31 2023 As restated (Note 40)	January 1 2023 As restated (Note 40)
	<i>Note</i>			
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.

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

			2023 As restated (Note 40)	2022 As restated (Note 40)
	Note	2024		
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.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**

(Amounts in Million Pesos)

			2023 As restated (Note 40)	2022 As restated (Note 40)
	Note	2024		
NET INCOME	40	P8,471	P10,112	P6,925
OTHER COMPREHENSIVE LOSS				
<i>Item that will not be reclassified to profit or loss</i>				
Equity reserve for retirement plan	30	(1,655)	(38)	(626)
Income tax benefit	27	409	9	156
		(1,246)	(29)	(470)
<i>Items that may be reclassified to profit or loss</i>				
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)

	Note	Equity Attributable to Equity Holders of the Parent Company						
		Capital Stock	Additional Paid-in Capital	Capital Securities	Retained Earnings			Equity Reserves
					Appropriated	Unappropriated	Reserve for Retirement Plan	
As of December 31, 2023, as previously reported	40	P9,485	P40,985	P37,529	P3	P31,831	(P6,466)	(P14,786)
Effect of prior period adjustments		-	-	-	-	13	-	(8)
As of December 31, 2023, as restated		9,485	40,985	37,529	3	31,844	(6,466)	(14,794)
Exchange differences on translation of foreign operations		-	-	-	-	-	-	3,499
Equity reserve for retirement plan - net of tax		-	-	-	-	-	(1,204)	-
Share in other comprehensive income of an associate and joint ventures		-	-	-	-	-	-	1
Other comprehensive income (loss)		-	-	-	-	-	(1,204)	3,500
Net income for the year		-	-	-	-	8,469	-	-
Total comprehensive income (loss) for the year		-	-	-	-	8,469	(1,204)	3,500
Cash dividends	21	-	-	-	-	(3,650)	-	-
Distributions paid	21	-	-	-	-	(2,951)	-	-
Issuance of preferred shares	21	17	16,713	-	-	-	-	-
Redemption of preferred shares	21	-	-	-	-	-	-	-
Repurchase of capital securities	21	-	-	(2,974)	-	-	-	(386)
Transactions with owners		17	16,713	(2,974)	-	(6,601)	-	(386)
As of December 31, 2024		P9,502	P57,698	P34,555	P3	P33,712	(P7,670)	(P11,680)

Forward

	Note	Equity Attributable to Equity Holders of the Parent Company						
		Capital Stock	Additional Paid-in Capital	Capital Securities	Retained Earnings			Other Reserves
					Appro- priated	Unappro- priated	Reserve for Retirement Plan	
As of December 31, 2022, as previously reported	40	P9,485	P37,500	P62,712	P7,003	P23,354	(P6,437)	(P10,450)
Effect of prior period adjustments		-	-	-	-	25	-	(4)
As of December 31, 2022, as restated		9,485	37,500	62,712	7,003	23,379	(6,437)	(10,454)
Other comprehensive loss:								
Exchange differences on translation of foreign operations, as previously reported	40	-	-	-	-	-	-	(2,004)
Effect of prior period adjustments		-	-	-	-	-	-	(4)
Exchange differences on translation of foreign operations, as restated	40	-	-	-	-	-	-	(2,008)
Net loss on cash flow hedges - net of tax	35	-	-	-	-	-	-	(50)
Equity reserve for retirement plan - net of tax		-	-	-	-	-	(29)	-
Share in other comprehensive income of an associate and joint ventures		-	-	-	-	-	-	4
Total other comprehensive loss, as restated		-	-	-	-	-	(29)	(2,054)
Net income for the year, as previously reported	40	-	-	-	-	9,241	-	-
Effect of prior period adjustments		-	-	-	-	(12)	-	-
Net income for the year, as restated	40	-	-	-	-	9,229	-	-
Total comprehensive income (loss) for the year, as restated		-	-	-	-	9,229	(29)	(2,054)
Cash dividends	21	-	-	-	-	(3,053)	-	-
Distributions paid	21	-	-	-	-	(4,569)	-	-
Reissuance of preferred shares	21	-	3,485	-	-	-	-	-
Redemption of capital securities	21	-	-	(25,183)	-	-	-	(2,286)
Share issuance cost of a subsidiary		-	-	-	-	(142)	-	-
Reversal of retained earnings appropriation	21	-	-	-	(7,000)	7,000	-	-
Transactions with owners		-	3,485	(25,183)	(7,000)	(764)	-	(2,286)
As of December 31, 2023, as restated		P9,485	P40,985	P37,529	P3	P31,844	(P6,466)	(P14,794)

Forward

	Note	Equity Attributable to Equity Holders of the Parent Company						
		Capital Stock	Additional Paid-in Capital	Capital Securities	Retained Earnings			Other Reserves
					Appropriated	Unappropriated	Reserve for Retirement Plan	
As of December 31, 2021, as previously reported		P9,485	P37,500	P62,712	P7,003	P23,229	(P5,962)	(P12,379)
Effect of prior period adjustments	40	-	-	-	-	(200)	-	-
As of December 31, 2021, as restated		9,485	37,500	62,712	7,003	23,029	(5,962)	(12,379)
Other comprehensive income (loss):								
Exchange differences on translation of foreign operations, as previously reported		-	-	-	-	-	-	1,875
Effect of prior period adjustments	40	-	-	-	-	-	-	(4)
Exchange differences on translation of foreign operations, as restated	40	-	-	-	-	-	-	1,871
Net income on cash flow hedges - net of tax		-	-	-	-	-	-	54
Equity reserve for retirement plan - net of tax	35	-	-	-	-	-	(475)	-
Total other comprehensive income (loss), as restated		-	-	-	-	-	(475)	1,925
Net income for the year, as previously reported		-	-	-	-	5,727	-	-
Effect of prior period adjustments	40	-	-	-	-	225	-	-
Net income for the year, as restated	40	-	-	-	-	5,952	-	-
Total comprehensive income (loss) for the year, as restated		-	-	-	-	5,952	(475)	1,925
Cash dividends	21	-	-	-	-	(1,044)	-	-
Distributions paid	21	-	-	-	-	(4,545)	-	-
Share issuance cost of a subsidiary		-	-	-	-	(13)	-	-
Transactions with owners		-	-	-	-	(5,602)	-	-
As of December 31, 2022, as restated		P9,485	P37,500	P62,712	P7,003	P23,379	(P6,437)	(P10,454)

See Notes to the Consolidated Financial Statements.

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

			2023 As restated (Note 40)	2022 As restated (Note 40)
	Note	2024		
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

			2023 As restated (Note 40)	2022 As restated (Note 40)
	<i>Note</i>	2024		
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.

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.

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.

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. These subsidiaries are:

Name of Subsidiary	Percentage of Ownership		Country of Incorporation
	2024	2023	
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.

December 31, 2024 and 2023, FANL 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.

Adoption of Amended Standards

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;

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.

New and Amended Standards Not Yet Adopted

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.

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.

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.

January 1, 2020. 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.

Financial Statements, and PAS 20, 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.

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.

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.

entered into a pass-through arrangement, it evaluates it 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;

- (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.

Classification of Financial Instruments between Liability and Equity

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

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

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

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.

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.

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.

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.

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.

	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.

Leases

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

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.

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.

ongoing projects. This includes the costs of construction and other direct costs. GFR 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.

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.

Impairment of Nonfinancial Assets

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.

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.

Cylinder Deposits

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.

Fair Value Measurements

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;

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.

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.

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.

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.

Cost and Expense Recognition

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

Borrowing Costs

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.

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.

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.

Foreign Currency

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.

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.

Taxes

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

Current tax relating to items recognized directly in equity is recognized in equity and not in 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.

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.

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.

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.

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.

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.

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.

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).

to P66 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).

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, 2023 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:

	<i>Note</i>	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

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.

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

	LOSS Rate	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 are as follows:

Cost	Note	Buildings and Improvements and Related Facilities	Refinery and Plant Equipment	Service Stations and Other Equipment	Computers, Office and Motor Equipment	Leasehold Improvements
January 1, 2023, as previously reported		P27,116	P212,844	P20,478	P7,199	-
Effect of prior period adjustment	40	-	-	2,165	-	-
January 1, 2023, as restated		27,116	212,844	22,643	7,199	-
Additions, as restated	40	295	1,179	1,325	2,027	-
Disposals/reclassifications, as restated	40	429	10,145	(682)	13	-
Reclassification to/from investment property	11	232	-	-	-	-
Currency translation adjustment, as restated	40	(104)	(1,278)	(527)	(136)	-
December 31, 2023, as restated		27,968	222,890	22,759	9,103	-
Additions	39	264	970	1,783	928	-
Disposals/reclassifications		619	3,307	(1,337)	(41)	-
Reclassification to/from investment property	11	(220)	-	-	-	-
Currency translation adjustment		331	1,963	725	197	-
December 31, 2024		28,962	229,130	23,930	10,187	-
Accumulated Depreciation						
January 1, 2023, as previously reported		15,871	77,063	15,550	5,730	-
Effect of prior period adjustment	40	-	-	748	-	-
January 1, 2023, as restated		15,871	77,063	16,298	5,730	-
Depreciation, as restated	40	996	7,628	1,212	306	-
Disposals/reclassifications, as restated	40	(85)	30	(809)	(15)	-
Reclassification to/from investment property	11	(170)	-	-	-	-
Currency translation adjustment, as restated	40	(63)	(553)	(347)	(99)	-
December 31, 2023, as restated		16,549	84,168	16,354	5,922	-
Depreciation		970	7,926	1,028	412	-
Disposals/reclassifications		(241)	(34)	(1,395)	(54)	-
Reclassification to/from investment property	11	137	-	-	-	-
Currency translation adjustment		210	920	397	154	-
December 31, 2024		17,625	92,980	16,384	6,434	-
Carrying Amount						
December 31, 2023, as restated	40	P11,419	P138,722	P6,405	P3,181	-
December 31, 2024		P11,337	P136,150	P7,546	P3,753	-

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:

	<i>Note</i>	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

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

plant and equipment due to change in usage or 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.

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.

Agreement to subscribe to an additional 1,373,000,000 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.

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

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.

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).

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

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.

(the Offer Bonds) divided into Series C (P13,200) bearing interest at 7.6163% 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.

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.

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).

	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

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

Common Shares

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.

Preferred Shares

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.

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.

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.

34,000,000 (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

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.

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).

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).

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).

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

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).

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)

	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

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:

Year Incurred	Tax Base		Tax Effect
	NOLCO	MCIT	
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.

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%

OSD

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).

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.

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.

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		

- 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).
- 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.
- 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.
- 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.
- The Parent Company has existing lease agreements with SMC covering certain parcels of land where service stations are located.
- The Parent Company also pays SMC for its share in common expenses such as utilities and management fees.
- TBSB provides bottling services to PFISB and another venturer.
- Amounts owed by related parties consist of trade, non-trade receivables, advances and prepaid expenses.

- 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).

	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

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		Fair Value of Plan Assets		
	Defined Benefit Obligation		2024	2023	2022
Balance at beginning of year	(P4,815)	(P4,500)	(P4,486)	P2,131	P1,027
Recognized in Profit or Loss					
Current service cost	(270)	(257)	(263)	-	-
Past service cost - plan amendment*	-	-	(104)	-	-
Interest expense	(303)	(303)	(225)	-	-
Interest income	-	-	-	156	73
	(573)	(560)	(592)	156	73
Recognized in Other Comprehensive Income					
Remeasurements:					
Actuarial gains (losses) arising from:					
Experience adjustments	(729)	(233)	(127)	-	-
Changes in financial assumptions	(209)	(162)	267	-	-
Changes in demographic assumptions	(88)	22	2	-	-
Return on plan asset excluding interest	-	-	-	(629)	(768)
	(1,026)	(373)	142	(629)	(768)
Others					
Benefits paid	563	565	476	(526)	(359)
Contributions	-	-	-	1,023	1,200
Translation adjustment	(89)	53	(40)	-	-
	474	618	436	497	841
Balance at end of year	(P5,940)	(P4,815)	(P4,500)	P2,155	P1,173

*In 2022, the Parent Company added disability benefit for employees hired before January 1, 2022 resulting in the recognition of past service cost.

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.

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.

holding all other assumptions constant, would have affected the defined benefit assets/liabilities by the amounts below:

	Defined Benefit Liabilities	
	1 Percent Increase	1 Percent Decrease
2024		
Discount rate	(P95)	P155
Salary increase rate	461	(408)
	Defined Benefit Liabilities	
	1 Percent Increase	1 Percent Decrease
2023		
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.

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, filling 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.

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)

	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.

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.

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.

Foreign Currency Risk

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.

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)

P5,070 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	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
2024				
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	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
2023				
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)

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.

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
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 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

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			Financial Assets at FVPL	Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired		
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			Financial Assets at FVPL	Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired		
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.

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 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.

The table below presents a comparison by category of carrying amounts and fair values of the Group's financial instruments as of December 31:

	Note	2024		2023	
		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

	Note	2024		2023	
		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.

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.

Derivative Financial Instruments

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.

Derivative Instruments Accounted for as Cash Flow Hedges

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	Fair Value of the Hedging Instrument	Changes in the Value of the Hedging Instrument Recognized in OCI	Cost of Hedging Recognized in OCI	Amount Reclassified from Hedging Reserve to Profit or Loss
		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 -
Interest Rate Risk								
Interest rate collar	-	-	-	Derivative liabilities, Other noncurrent assets		-	21	-

No hedging ineffectiveness was recognized in the 2023 consolidated statements of income.

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 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)

December 31, 2024 and 2025. 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.

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.

Segment Assets and Liabilities

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.

Inter-segment Transactions

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.

Major Customer

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.

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".

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".

- 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.

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.

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.

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
<i>Noncurrent Assets</i>			
Property, plant and equipment - net	P166,046	P1,941	P167,987
Deferred tax assets - net	1,190	(76)	1,114
<i>Current Liabilities</i>			
Trade and other payables	23,890	2,564	26,454
<i>Noncurrent Liabilities</i>			
Deferred tax liabilities - net	4,432	24	4,456
Other noncurrent liabilities	1,243	(748)	495
<i>Equity</i>			
Retained earnings	31,834	13	31,847
Equity reserves	(21,252)	(8)	(21,260)
Non-controlling interests	8,654	20	8,674

	2023 As Previously Reported	Adjustments	January 1, 2023 As Restated
<i>Noncurrent Assets</i>			
Property, plant and equipment - net	P170,153	P1,417	P171,570
Deferred tax assets - net	1,812	(71)	1,741
<i>Current Liabilities</i>			
Trade and other payables	22,896	1,994	24,890
<i>Noncurrent Liabilities</i>			
Deferred tax liabilities - net	3,601	37	3,638
Other noncurrent liabilities	1,201	(736)	465
<i>Equity</i>			
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
<i>Cost</i>			
Additions	P6,652	P812	P7,464
Disposals/reclassifications	(1,012)	(25)	(1,037)
Currency translation adjustment	(2,147)	(33)	(2,180)
<i>Accumulated Depreciation</i>			
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

	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			
<i>Items that will not be reclassified to profit or loss</i>	(29)	-	(29)
<i>Items that may be reclassified to profit or loss</i>	(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)			
<i>Items that will not be reclassified to profit or loss</i>	(470)	-	(470)
<i>Items that may be reclassified to profit or loss</i>	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

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
<i>Net Cash Flows Provided by Operating Activities</i>			
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)
<i>Net Cash Flows Used in Investing Activities</i>			
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
<i>Net cash Flows Used in Operating Activities</i>			
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)
<i>Net Cash Flows Used in Investing Activities</i>			
Additions to property, plant and equipment	(5,397)	(856)	(6,253)

consolidated statements of changes in equity for the years ended December 31, 2023 and 2022:

	2023 As Previously Reported	Adjustments	2023 As Restated
<i>Unappropriated Retained Earnings</i>			
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
<i>Other Reserves</i>			
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)
<i>Non-controlling Interests</i>			
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
<i>Unappropriated Retained Earnings</i>			
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
<i>Other Reserves</i>			
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)
<i>Non-controlling Interests</i>			
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.

**INDEX TO SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2024**

Statement of Management's Responsibility for the Consolidated Financial Statements

Report of Independent Auditors on Supplementary Information Filed Separately from the Consolidated Financial Statements

Supplementary Schedules to the Consolidated Financial Statements

Supplementary Schedules of Annex 68 - J	Page No.
A. Financial Assets	NA ^(a)
B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	NA ^(b)
C. Amounts Receivable and Payable from Related Parties which are Eliminated during the Consolidation of Financial Statements	1 - 2
D. Long-term Debt	3
E. Indebtedness to Related Parties	NA
F. Guarantees of Securities of Other Issuers	NA
G. Capital Stock	4

^(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.

Map of the Conglomerate within which the Group belongs

Financial Soundness Indicators

Schedule of Proceeds from Recent Offering of Securities

Report on Independent Auditors on Supplementary Information Filed Separately from the Separate Financial Statements

Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
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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

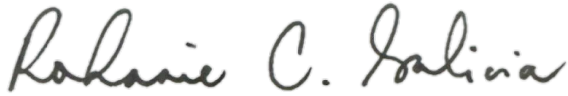
We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Petron Corporation and Subsidiaries (the “Group”) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated 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

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.

A handwritten signature in dark ink, reading "Rohanie C. Galicia". The signature is fluid and cursive, with the first name "Rohanie" being more prominent than the last name "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
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	-	P	2,277	P	4,062
Overseas Ventures Insurance Corporation Ltd.		555	(32,426)	(556)	1,456	1,456	1,785	P 4,062
Petrogen Insurance Corporation		-	-	-	-	-	-	1,456
Petron Freeport Corporation		99	(343)	-	32	32	-	-
Petron Singapore Trading Pte., Ltd.	18,209	328,344	(318,556)	-	27,997	27,997	-	32
Petron Marketing Corporation	20	1	-	-	21	21	-	27,997
New Ventures Realty Corporation and Subsidiaries	253	324	(250)	-	327	141	186	21
Mema Holdings Inc.	1,635	1,593	(2,321)	-	907	907	-	327
Petron Global Limited	-	-	-	-	-	-	-	907
Petron Finance (Labuan) Limited	-	-	-	-	-	-	-	-
Petron Oil And Gas Mauritius Ltd. and Subsidiaries	-	-	-	-	-	-	-	-
Petrochemical Asia (Hk) Limited and Subsidiaries	-	-	-	-	-	-	-	-
TOTAL	P	362,735	P	-	P	32,907	P	76
		26,595			34,878	32,907	1,971	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			29,408 P	29,222 P	186 P	29,408
Overseas Ventures Insurance Corporation Ltd.		-	(284,333) P	-	-	-	-	-
Petron Freeport Corporation		96	(38)	-	59	59	-	59
Petron Singapore Trading Pte., Ltd.		2,800	(23,373)	-	2,166	2,166	-	2,166
Petron Marketing Corporation		-	-	-	-	-	-	-
New Ventures Realty Corporation and Subsidiaries		1,837	(53)	-	1,861	76	1,785	1,861
Mema Holdings Inc.		20	-	-	36	36	-	36
Petron Global Limited		-	-	-	-	-	-	-
Petron Finance (Labuan) Limited		2	(3)	-	-	-	-	-
Petron Oil And Gas Mauritius Ltd. and Subsidiaries		2,341	(46,352)	-	1,348	1,348	-	1,348
Petrochemical Asia (Hk) Limited and Subsidiaries		-	-	-	-	-	-	-
TOTAL	P	26,595 P	(354,452) P	- P	34,878 P	32,907 P	1,971 P	34,878

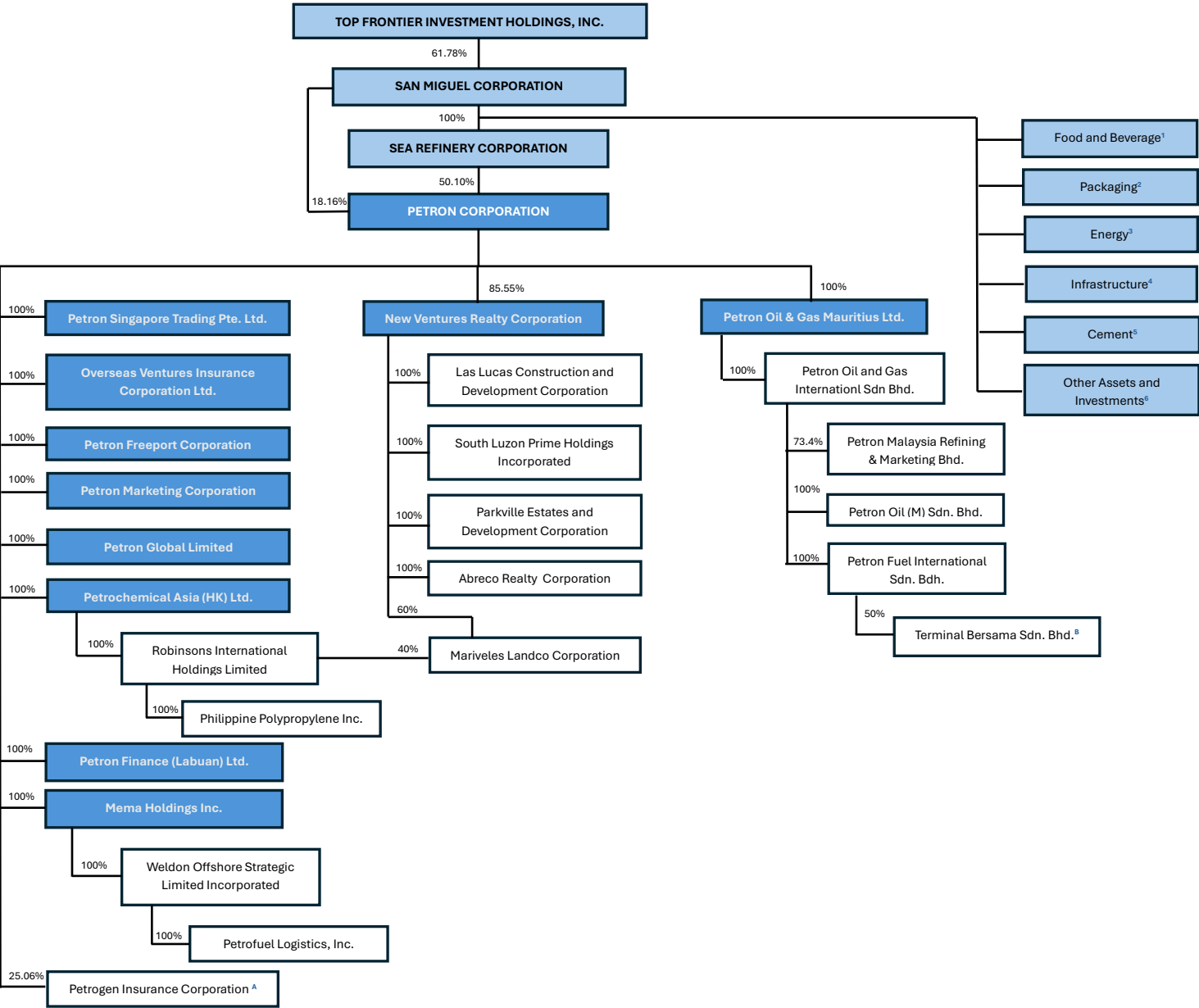
PETRON CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2024
(Amounts in Millions)

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:							
<u>Peso denominated:</u>							
Fixed	China Banking Corporation	7,000	-	6,959	7.4941%	2-year grace period; amortized in 7 semi-annual payments	Mar 2029
Floating	BDO Unibank, Inc.	5,000	-	4,969	BVAL	2.5-year grace period; amortized in 6 semi-annual payments	Apr 2029
Fixed	Bank of the Philippine Islands	624	624	624	4.5900%	12-month grace period; amortized in 16 quarterly payments	Apr 2025
Fixed	China Banking Corporation	4,500	492	4,483	7.1663%	2-year grace period; amortized in 7 semi-annual payments	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 payments	Jun 2027
Fixed	China Banking Corporation	2,375	2,371	2,371	6.4920%	One-time payment upon maturity	Sep 2025
Fixed	China Banking Corporation	624	624	624	6.8672%	One-time payment upon maturity	Sep 2025
Fixed	Philippine Depository and Trust Corporation	9,000	8,975	8,975	3.4408%	One-time payment upon maturity	Oct 2025
Fixed	Philippine Depository and Trust Corporation	9,000	-	8,942	4.3368%	One-time payment upon maturity	Oct 2027
Fixed	Philippine Depository and Trust Corporation	6,800	6,788	6,788	8.0551%	One-time payment upon maturity	Oct 2025
		<u>51,173</u>	<u>22,360</u>	<u>50,963</u>			
<u>Foreign currency - denominated</u>							
Floating	Standard Chartered Bank (Hongkong) Limited	27,594	5,237	27,118	SOFR	2-year grace period; amortized in 7 semi-annual payments	Nov 2027
Floating	MUFG Bank, Ltd., Hong Kong	10,413	1,033	10,227	SOFR	2-year grace period; amortized in 7 semi-annual payments	Mar 2028
Floating	Sumitomo Mitsui Banking Corp.	790	788	788	TONA	2-year grace period; amortized in 7 semi-annual payments	Mar 2025
Floating	MUFG Bank, Ltd., Hong Kong	28,922	-	28,347	SOFR	2-year grace period; amortized in 7 semi-annual payments	Jul 2029
		<u>67,719</u>	<u>7,058</u>	<u>66,480</u>			
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:
¹ Associate
² Joint Venture

- 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 Distilleria 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 Jakarta 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.
- 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.
- 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.
- 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 Bulacan Water Company, Inc.
- Cement** business includes San Miguel Equity Investments Inc. and subsidiaries including Northern Cement Corporation, Eagle Cement Corporation and subsidiaries, and Southern Concrete Industries, Inc.
- Other Assets and Investments** include Anchor Insurance Brokerage Corporation, Davana Heights Development Corporation and subsidiaries, Silvertides Holdings Corporation and subsidiary, Delty 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.

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

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.

**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.

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

DECEMBER 31, 2024 AND 2023

	2024	2023
Total Audit Fees¹	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 Fees²	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

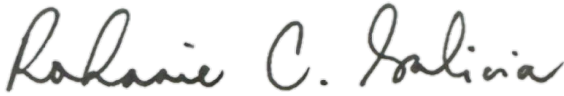
The Board of Directors and Stockholders
Petron Corporation
SMC Head Office Complex
40 San Miguel Avenue
Mandaluyong City

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.

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.

A handwritten signature in dark ink, reading "Rohanie C. Galicia". The signature is fluid and cursive, with the first name "Rohanie" being more prominent than the last name "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

**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, <i>beginning of the period</i>		P8,390,330
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings		
Effect of restatements or prior-period adjustments	(P50,953)	(50,953)
Less: <u>Category B:</u> 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, <i>as adjusted</i>		1,737,990
Add/Less: Net Income for the current year		7,712,784
Less: <u>Category C.1:</u> 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: <u>Category C.2:</u> 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: <u>Category C.3:</u> 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

APPENDIX "B"

MATERIAL PERMITS AND LICENSES

PETRON CORPORATION

	Name of Permit / License	Particulars	Issuing Agency	Issue Date	Validity Period	Expiry Date
1	Certificate of Incorporation, Amended Articles of Incorporation dated December 23, 2022	Registration No. 31131	Securities and Exchange Commission	December 22, 1966	Perpetual	N/A
2	Business permits of Petron					
2.a	Petron Mayor's Permit	Mayor's Permit No. 25-00705	City of Mandaluyong	January 7, 2025	1 year	December 31, 2025
2.b	Petron Certificate of Registration	TIN 000168801000	Bureau of Internal Revenue	January 1, 1996	Perpetual	N/A
3	Import and Export Certificate of Registration					
3.a	Petron HOC Certificate of Registration	CCN:IM0003112039	Bureau of Customs	March 10, 2025	1 year	March 10, 2026
3.b	Petron AFAB Export Certificate of Registration	EX0001062913	Bureau of Customs	February 11, 2025	1 year	February 11, 2026
3.c	Petron AFAB Import Certificate of Registration	IM0009074716	Bureau of Customs	February 11, 2025	1 year	February 11, 2026
4	Permit to discharge and shipside permits*					
4.a	Discharge Permit*	N/A	Bureau of Customs	March 13, 2025	N/A	N/A
4.b	Shipside Permit*	020-25	Bureau of Customs	January 23, 2025	N/A	N/A
5	Certificate of Accreditation as Importer	CCN:IM0009074716	Bureau of Customs	February 11, 2025	1 year	February 11, 2026
6	Permit to Produce Biofuel-Blended Gasoline (E-10 / E-Gasoline)*	ELTRD(P)-028-11-23-50849	Bureau of Internal Revenue	November 8, 2024	1 year	December 31, 2025
7	Authority to Release Imported Goods (Jet A-1)*	Control No. IRBIR0123256568239	Bureau of Internal Revenue	January 28, 2025	N/A	N/A
8	Permit to Export*	ELTFOD-P-014-03-25-00053	Bureau of Internal Revenue	March 5, 2025	N/A	N/A

9	BOC Authority to Load and Export Declaration*					
9.a	BOC Authority to Load*	P16-25-00712I	Bureau of Customs	March 10, 2025	Shipment dates	Shipment dates
9.b	BOC Export Declaration*	2025 / 120AX250307002	Bureau of Customs	March 7, 2025	Shipment dates	Shipment dates
10	Import Notice *	PPI (DSL) 2025-02-0086	Department of Energy	February 13, 2025	20 days from unloading	20 days from unloading
11	BIR and DOE denaturing request for bioethanol *					
11.a	BIR denaturing order for bioethanol / permit to transport bioethanol *	ELTFOD-D-(IA)-0159-2025	Bureau of Internal Revenue	February 11, 2025	N/A	N/A
11.b	DOE denaturing request for bioethanol*	D-EAMS0427373-PETRON-0026	Department of Energy	January 26, 2025	N/A	N/A
12	BIR permit to buy local ethanol *	ELTRD-(P)-002-02-25-00028	Bureau of Internal Revenue	February 5, 2025	Shipment dates	Shipment dates
13	Environmental Compliance Certificates					
13.a	Amlan Depot	CNC-OL-R07-2015-03-00069	Department of Environment and Natural Resources – Energy Management Bureau (DENR-EMB)	March 9, 2015	N/A	N/A
13.b	Bacolod Terminal ECC	ECC-0607-0516-135-120	DENR-EMB	May 16, 2007	N/A	N/A
13.c	Bacong Terminal ECC	ECC-R07-2105-0008	DENR-EMB	July 5, 2021	N/A	N/A
13.d	Batangas Terminal ECC	ECC-R4A-1402-0115	DENR-EMB	August 13, 2018	N/A	N/A
13.e	Bawing Terminal ECC	OL-R12-2019- 0267	DENR-EMB	May 6, 2022	N/A	N/A
13.f	Caticlan Aviation ECC Facility	OL-R06-2020- 0118	DENR-EMB	April 15, 2020	N/A	N/A
13.g	Davao Terminal ECC	OL-R11-2019- 039	DENR-EMB	September 3, 2019	N/A	N/A
13.h	Gasul Legazpi ECC	ECC-R05-2104-0005	DENR-EMB	April 28, 2021	N/A	N/A
13.i	Gasul Pasig	ECC-NCR 2005-01-11-002-120	DENR-EMB	January 11, 2005	N/A	N/A
13.j	Gasul San Fernando ECC	R03-1105-0249	DENR-EMB	September 5, 2017	N/A	N/A

13.k	Gasul San Pablo	ECC-R4A-1810-0284	DENR-EMB	October 29, 2018	N/A	N/A
13.l	Iligan Terminal ECC	ECC-R10-1006-0133	DENR-EMB	December 3, 2012	N/A	N/A
13.m	Iloilo ITP Facility ECC	ECC-OL-R06-2020-0132	DENR-EMB	May 7, 2020	N/A	N/A
13.n	Iloilo Terminal ECC	ECC-0607-0516-136-120A	DENR-EMB	November 19, 2012	N/A	N/A
13.o	Jimenez Terminal ECC	96ECC-LPG/FP1042-	DENR-EMB	June 21, 2016	N/A	N/A
13.p	JOCASP Terminal ECC	ECC-NCR-1101-0008	DENR-EMB	August 7, 2017	N/A	N/A
13.q	Laoag ITP Facility ECC	ECC-OL-R01-2020-0057	DENR-EMB	March 16, 2020	N/A	N/A
13.r	Limay Terminal ECC	R03-1111-0550	DENR-EMB	August 3, 2018	N/A	N/A
13.s	Mactan Aviation Terminal ECC	ECC-R07-0807-0257-104	DENR-EMB	March 22, 2018	N/A	N/A
13.t	Mandaue Terminal ECC	ECC-R07 0902 0063 104	DENR-EMB	December 18, 2018	N/A	N/A
13.u	Nasipit Terminal ECC	ECC-OL-R13-2020-0113	DENR-EMB	May 21, 2020	N/A	N/A
13.v	Navotas Terminal ECC	ECC-NCR-1206-0224	DENR-EMB	December 19, 2014	N/A	N/A
13.w	NLOBP Terminal ECC	ECC-NCR-1609-0061	DENR-EMB	October 3, 2016	N/A	N/A
13.x	Odiongan Terminal	ECC-R4B-1810-0008	DENR-EMB	October 25, 2018	N/A	N/A
13.y	Ormoc Terminal ECC	ECC-R8-0803-029-6280	DENR-EMB	May 7, 2008	N/A	N/A
13.z	Palawan Terminal ECC	ECC-R4B-1804-0005	DENR-EMB	February 11, 2019	N/A	N/A
13.aa	Pandacan Manufacturing ECC (Grease Plant)	ECC-LLDA-2005-209-3540	Laguna Lake Development Authority (LLDA)	October 18, 2005	N/A	N/A
13.ab	Pandacan Manufacturing ECC (Lube Oil Blending Plant)	NCR2004-09-30-545-219-LOBP	DENR-EMB	September 30, 2004	N/A	N/A
13.ac	Panglao ITP Facility ECC	CNC-OL-R07-2020-03-00277	DENR-EMB	March 3, 2020	N/A	N/A
13.ad	Pasacao Terminal ECC	ECC-OL-R05-2022-0102	DENR-EMB	April 8, 2022	N/A	N/A
13.ae	Petron Bataan Refinery ECC	ECC-CO-2202-0007	DENR-EMB	June 9, 2022	N/A	N/A
13.af	Petron Bataan Refinery Coco Methyl Ester (CME) Plant	ECC No. AFAB-2022-07	AFAB	October 6, 2022		
13.ag	Poros Terminal ECC	ECC-R01-0807-0257-0104 (5 th Amendment)	DENR-EMB	January 9, 2019	N/A	N/A
13.ah	Propylene Transfer Line Project	ECC-OL-R03-2022-0389	DENR-EMB	July 28, 2022	N/A	N/A

13.ai	Rosario Terminal ECC	ECC-R4A-1301-0028	DENR-EMB	June 26, 2013	N/A	N/A
13.aj	Roxas Terminal ECC	ECC-OL-R06-2025-0028 (Amending ECC No. ECC-0604-1117- 777-120A	DENR-EMB	February 3, 2025	N/A	N/A
13.ak	SL Pan Asia ECC	ECC-OL-R03-2019-0311	DENR-EMB	July 5, 2019	N/A	N/A
13.al	Subic PFC – Fuel Additives Blending Plant ECC	ECC-OL-R03-2022-0061	DENR-EMB	January 26, 2022	N/A	N/A
13.am	Tacloban Terminal ECC	ECC-OL-R08-2019-0137	DENR-EMB	August 1, 2019	N/A	N/A
13.an	Tagoloan Terminal ECC	95-ECC-STF/ODE-1043-852	DENR-EMB	December 22, 2020	N/A	N/A
13.ao	Zamboanga Terminal ECC	A-2017-017-ZC	DENR-EMB	August 1, 2017	N/A	N/A
14	Foreshore lease agreements (FLA) or proof of payment of occupational fees for pending applications for foreshore lease agreements) of Petron					
14.a	Petron Lease in Brgy. Buntis, Bacong Negros Oriental	N/A	DENR	January 6, 2025	25 years	January 6, 2050
14.b	Petron Lease in Brgy. Wawa, Rosario, Cavite	Official Receipt No. 6819169	DENR	December 3, 2024	1 year	December 2, 2025 (as stated in Provisional Permit Application No. MLA-042117-02)
14.c	Petron Lease in Brgy. Culasi, Roxas City	Official Receipt No. 8080677	DENR	January 1, 2025	1 year	December 31, 2025
15	Authority to Operate for the Refinery Solid Fuel- Fired Boiler Power Plant	Provisional Authority to Operate (Reference No. 25-01-31-M-PAO-N-0399L)	Energy Regulatory Commission	January 31, 2025	1 year	January 30, 2026

16	Authority of the Freeport Area of Bataan (AFAB) Certificate of Registration issued in favor of Petron	No. 2022-060	AFAB	December 31, 2024	1 year	December 31, 2025

*Note: *Obtained on per shipment / transaction basis.*

PETRON FREEPORT CORPORATION (“PFC”)

	Name of Permit / License	Particulars	Issuing Agency	Issue Date	Validity Period	Expiry Date
1	Certificate of Registration and Tax Exemption (Authority to Release Imported Goods)	Business Plate No. 0426	Subic Bay Metropolitan Authority	December 20, 2024	3 years	December 19, 2027
2	Import and Export Certificate of Registration					
2.a	Import Certificate of Registration	CCN IM0006121934	Bureau of Customs	June 25, 2024	1 year	June 25, 2025
2.b	Export Certificate of Registration	CCN EX0000776475	Bureau of Customs	June 25, 2024	1 year	June 25, 2025

NEW VENTURES REALTY CORPORATION

	Name of Permit / License	Particulars	Issuing Agency	Issue Date	Validity Period	Expiry Date
1	Mayor’s Permit	Mayor’s Permit No. 25-03998	City of Mandaluyong	January 16, 2025	1 year	December 31, 2025
2	Foreshore lease agreements (FLA) or proof of payment of occupational fees for pending applications for foreshore lease agreements) of NVRC					
2.a	Lease in Brgy. Alangan, Limay, Bataan (44 hectares)	N/A	DENR	December 23, 2009	25 years	December 22, 2034
2.b	Lease in Brgy. Alangan, Limay, Bataan (21 hectares)	Official Receipt No. 1042622	DENR	December 24, 2024	1 year	December 23, 2025
2.c	Lease in Brgy. Banago, Bacolod City	N/A	DENR	August 22, 2006	25 years	August 21, 2031
2.d	Lease in Brgy. Looc, Mandaue City	N/A	DENR	February 16, 2007	25 years	February 15, 2032
2.e	Lease in Brgy. Linao, Ormoc City	N/A	DENR	February 18, 2011	25 years	February 17, 2036
2.f	Lease in Brgy. Tominobo, Iligan City	N/A	DENR	December 13, 2005	25 years	December 12, 2030
2.g	Lease in Brgy. Casinglot, Tagoloan	N/A	DENR	February 20, 2009	25 years	February 19, 2034
2.h	Lease in Brgy. Baliwasan, Zamboanga City	N/A	DENR	June 17, 2005	25 years	June 16, 2030

2.i	Lease in Maunlad, Puerto Princesa	Official Receipt No. 1922925	DENR	April 2, 2025	1 year	April 1, 2026
2.j	Lease in La Paz, Iloilo City	Official Receipt No. 9323384	DENR	January 27, 2025	1 year	January 26, 2026
2.k	Lease in Barrio Pampanga Sasa, Davao City	FLA No. 112402 (XI-DC) 02	DENR	August 1, 2023	N/A	Awaiting issuance of Foreshore Lease Agreement

PETROFUEL LOGISTICS, INC.

	Name of Permit / License	Particulars	Issuing Agency	Issue Date	Validity Period	Expiry Date
1	Mayor's Permit	Mayor's Permit No. 25-CGP-29453	City of Pasig	January 25, 2025	1 year	December 31, 2025
2	Into-Plane Operations					
2.a	Certificate of Accreditation	N/A	Manila International Airport Authority	July 1, 2024	N/A	September 15, 2024, extended until the New NAIA Infra Corp. finalizes its accreditation process for all business concessionaires
2.b	License	N/A	GMR Megawide Cebu Airport Corporation	July 1, 2023	2 years	June 30, 2025
2.c	Endorsement Letter for Operations in Bohol-Panglao International Airport	N/A	Civil Aviation Authority of the Philippines	July 1, 2023	N/A	N/A
3	Authority to Operate a Truck-for-Hire Service ¹					
3.a	Order granting Provisional Authority	Case No. 2023-39484	Land Transportation Franchising and Regulatory Board	February 8, 2024	N/A	N/A
3.b	Order granting Provisional Authority	Case No. 2023-39485	Land Transportation Franchising and Regulatory Board	February 8, 2024	N/A	N/A

¹ Petrofuel Logistics, Inc. has pending applications for a Certificate of Public Convenience to Operate a Truck for Hire Service with Prayer for Issuance of Provisional Authority (i.e., Case No. 24-4628 for 69 trucks and Case No. 24-4837 for 170 trucks).

PETRON MALAYSIA

	Name of Permit / License	Particulars	Issuing Agency	Issue Date	Validity Period	Expiry Date
1	Master Manufacturing Licenses					
1.a	Master Manufacturing License	Motor Gasoline - All types Aviation Turbo Fuel - All types Fuel Oil, Diesel Oil,	Ministry of Domestic Trade, Co-operatives & Consumerism	March 26, 1980	No expiry	N/A
1.b	Master Manufacturing License (Euro 5 Diesel)	Pengilang Berlesen Euro5 Biodiesel No. Lesen A 001680	Ministry of Domestic Trade, Co-operatives & Consumerism	March 16, 2020	No expiry	N/A
2	Storage Licenses					
2.a	Storage License - Dangerous Products	Lesen Menyimpan Minyak Merbahaya K/P: 00016760 No. Akaun: L0011003-3	Majlis Perbandaran Port Dickson (Port Dickson Municipal Office)	January 31, 2025	1 year	December 31, 2025
2.b	Storage License - Non-Dangerous Products	Lesen Menyimpan Minyak Tidak Merbahaya K/P: 00016760 No. Akaun: L0011004-4	Majlis Perbandaran Port Dickson (Port Dickson Municipal Office)	January 31, 2025	1 year	December 31, 2025
2.c	Storage License – Diesel	Lesen Menyimpan Minyak Diesel K/P: 00016760 No. Akaun: L0011005-5	Majlis Perbandaran Port Dickson (Port Dickson Municipal Office)	January 31, 2025	1 year	December 31, 2025
3	Customs Bonded Warehouse Licence	Gudang Berlesen Persendirian (Petroleum) License No.: N1J-G2-00000001/12	Royal Malaysian Customs	January 12, 2024	2 years	November 30, 2026
4	Sales Tax License	License No.: N11-CJ-12000005/12	Royal Malaysian Customs	December 4, 2012	No expiry	N/A

5	Permit for Loading and Discharge of Products at non-designated area (SBM)	Lesen Mendarat/Memuat Barang-Barang di Tempat Selain Daripada Tempat Pendaftaran Yang Sah (SBM)- Petrol Tanpa Plumbum (UL95) Rujukan : KE.NB(88)381/02-17(13)	Royal Malaysian Customs	January 1, 2025	1 year	December 31, 2025
6	Statement of Compliance for Marine Facility	Petron Port Dickson Marine Terminal SOC: 6105/PDP/PTRON/2024	Jabatan Laut Malaysia (Malaysian Marine Department)	May 24, 2024	5 years	May 23, 2029
7	Company Registration					
7.a	Company Registration of Petron Fuel International Sdn. Bhd.	4527	Companies Commission of Malaysia	April 23, 2012	Subject to filing of annual returns	N/A
7.b	Company Registration of Petron Malaysia Refining & Marketing Bhd.	3927	Companies Commission of Malaysia	July 10, 2012	Subject to filing of annual returns	N/A
7.c	Company Registration of Petron Oil (M) Sdn. Bhd.	8823	Companies Commission of Malaysia	April 23, 2012	Subject to filing of annual returns	N/A
8	Annual Listing and Bursa Link Access					
8.a	Annual Listing – Main Market (for public listed companies)	Reference No. 300061605	Bursa Malaysia Securities Berhad	January 1, 2025	1 year	December 31, 2025
8.b	Bursa Link Access - Main market (for public listed companies)	Reference No. 300062933	Bursa Malaysia Securities Berhad	January 1, 2025	1 year	December 31, 2025
9	Storage and trading licenses issued by the local councils of Malaysia					
9.a	Storage License	N/A	Local Councils	January 1, 2025	1 year	December 31, 2025
9.b	Trading License	N/A	Local Councils	January 1, 2025	1 year	December 31, 2025
10	License to Store and Mix Biofuels	N/A	Ministry of Plantation Industries and Commodities	November 12, 2024	3 years	November 11, 2027
11	License to Test Biofuels	N/A	Ministry of Plantation Industries and Commodities	January 1, 2025	3 years	December 31, 2027

12	Statement of Compliance for Marine Facility (Terminal)	SOC: 6105/PEN/ESSBL/20 24	Jabatan Laut Malaysia (Malaysian Marine Department)	April 29, 2024	5 years	April 28, 2029
13	Authority to Handle Goods or Cargo Over Foreshore	N/A	Penang Port Commission	January 1, 2025	1 year	December 31, 2025
14	MPOB License	No. 618103025000	Malaysian Palm Oil Board	April 1, 2025	1 year	March 31, 2026