PETRON

A STEP AHEAD

2024 ANNUAL REPORT

ABOUT THE COVER

This year's abstract approach shifts away from traditional imagery, utilizing a powerful symbol to demonstrate Petron's dynamic leadership in the industry. The arrow breaking free from the cluster represents our drive to lead with strategy, competitiveness, and innovation. It reflects how Petron operates—firmly grounded in structure, guided by foresight, and always attuned to the evolving needs of the nation we serve.

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OUR VISION

As the Philippines' leading oil company, we envision an energy-secure and prosperous nation where everyone's journey is fueled by opportunities for meaningful experiences and sustainable success.

OUR PURPOSE

We drive the nation's development and uplift communities towards a sustainable future by providing innovative fuel and mobility solutions.

Towards this end, we commit to:

- Leverage on our refining, distribution and retail assets to achieve competitive advantage and long-term viability;
- Reliably provide superior products and services that meet customers' needs;
- Ensure excellent customer experience enabled by technology and adapted to local communities;
- Develop and strengthen relationships with our partners towards shared growth and success;
- Reduce our impact on the environment, and advocate for responsible supply chain; and
- Create an inclusive, nurturing and purposeful work environment.

WE ARE PETRON

Petron Corporation is the largest oil company in the Philippines, operating the country's only remaining refinery. Also a leading player in the Malaysian market, we have a combined refining capacity of 268,000 barrels per day, producing a full range of world-class fuels and petrochemicals to fuel the lives of millions of Filipinos and Malaysians.

Here in the Philippines, we are capable of supplying around 40% of the country's total fuel requirements through the operation of our 180,000 barrel-per-day oil refinery in Bataan. Considered one of the most advanced facilities in the region, our refinery processes crude oil into various petroleum products including gasoline, diesel, LPG, jet fuel, kerosene and petrochemicals.

From Bataan, we move our products mainly by sea to nearly 30 terminals located across the archipelago. Through our robust distribution network, we fuel strategic industries such as power generation, manufacturing, mining, and agribusiness, among others. Petron also supplies jet fuel at key airports to international and domestic carriers.

Through our service station network—the most extensive in the country—we retail gasoline and diesel to motorists and the public transport sector. Our wide range of world-class fuels includes Blaze 100, XCS, Xtra Advance, Turbo Diesel, and Diesel Max. We also sell our LPG brands Gasul and Fiesta Gas to households and commercial consumers through an extensive retail network.

We source our fuel additives from our blending facility at the Subic Bay Freeport. This gives us the unique capability to formulate additives suited for Philippine driving conditions.

Our product leadership also extends to our premium line of engine oils that meet or even exceed global standards. These are formulated, tested, and produced locally at our new Lube Oil Blending Plant in Tondo, Manila, having twice the capacity of our former plant in Pandacan.

We have partnered with popular food and service locator chains to give our customers a one-stop, full-service experience. We have Treats convenience stores in select stations, offering a wide variety of food, beverages, and personal items for motorists on-the-go.

In line with our efforts to increase our presence in the region, we continue to expand our business in Malaysia, which comprises integrated refining, distribution, and marketing. We operate an 88,000 barrel-per-day refinery in Port Dickson, Lumut PME Plant, 10 terminals including four affiliates, and a retail network of around 800 service stations.

As part of the San Miguel Group—one of the largest and most diversified conglomerates in the Philippines—we are committed to expand and grow our business to ensure that we have a positive impact in markets where we are present.

Message to Shareholders

Ramon S. Ang
President and Chief Executive Officer

Fellow Shareholders,

At Petron, we pride ourselves on being forward thinkers. In the highly dynamic downstream oil sector, our focus has always been on anticipating customer needs, driving innovation, and future-proofing our business as the market and industry continuously evolve.

This mindset has proven valuable as we navigate a business landscape that has increasingly become more volatile and highly competitive over the years. In 2024, with a clear focus on defending our leadership and swiftly adapting to market shifts, our company achieved strong results despite external challenges.

Petron reported consolidated revenues of ₱867.97 billion, reflecting an 8% increase from ₱801.03 billion in 2023, fueled by sustained growth both locally and internationally. Consolidated sales grew by 10% to 139.85 million barrels from the 126.91 million barrels sold in the previous year. Our Philippine operations and Singapore trading subsidiary led this growth, with combined sales reaching 92.49 million barrels, a 16% jump from 2023, supported by network expansion and strong marketing efforts. Petron Malaysia, however, faced challenges due to policy changes in the fuel subsidy program, while a shutdown in Port Dickson Refinery for maintenance in the fourth quarter limited production and exports.

At the same time, the global oil market continued to be characterized by price fluctuations due to tensions in the Middle East and weakened demand from China. While Dubai crude averaged US$80 per barrel, prices steadily dropped to US$73 per barrel in November and December after peaking at US$89 per barrel in April, putting pressure on regional refining margins.

Despite these headwinds, our company remained profitable, posting an operating income of ₱29.22 billion against ₱30.72 billion in 2023. Net income stood at ₱8.47 billion, down 16% from the previous year. Although our bottom line ended lower than 2023, our steady earnings demonstrate our resilience in sustaining growth momentum and reinforcing our leadership while adapting to market conditions. These results mirror our promise to deliver long-term value to our customers, employees, and partners through our products, services, and nation-building efforts.

In time for our 91st anniversary, we listed at the Philippine Stock Exchange (PSE) the ₱16.83 billion we raised from our latest preferred shares offering. The total amount includes the ₱13 billion base offer and an oversubscription of ₱3.83 billion, highlighting the strong demand for Petron's preferred shares and the investment community's trust and confidence in our company. This issuance is also notable for being the country's first preferred shares offering with a dedicated allocation for local small investors, significantly enhancing accessibility to the capital markets for the public.

Undisputed leadership, dedicated service

Our targeted volume-generation programs, combined with strategic expansion and supply chain optimization, have solidified our market leadership in the country. According to data from the Department of Energy (DOE), Petron grew its market share as the leading oil company in the Philippines to 24.9% in the first half of 2024, up from 23.1% at the end of 2023. We also retained our dominant position in the LPG sector, capturing 25.5% of the market.

We sustained our robust volume growth across key segments. Total retail sales in the Philippines saw an 18% increase, with our service stations and fleet accounts exceeding the previous year's performance. Similarly, commercial sales rose by 6%, driven by Petron's continued dominance in the aviation sector where we set a new company record. Aviation sales at Ninoy Aquino International Airport, the country's primary gateway, exceeded 120 million liters in 2024.

To further solidify our market position and capture industry growth, we ensured that our products were always easily accessible to our target consumers. We expanded our network by building more stations, opening additional Petron Gasul and Fiesta Gas stores, and increasing the number of Car Care Centers (CCC) and engine oil outlets. Moreover, we explored new platforms and non-traditional channels to stay top-of-mind among end-users.

// With a clear vision and purpose, Petron will continue to grow, innovate, and once again lead the way forward.

Our expansion efforts were complemented by year-round marketing initiatives designed to reward and recognize our most loyal customers. Stronger synergies and improved efficiencies also played a key role in retaining and increasing participation from our institutional customers.

To secure our relevance and competitiveness in the retail sector, we embarked on a journey to cement our leadership position. We launched the *Tapat Sa 'Yo* campaign across our service station network, emphasizing our competitive advantage in terms of value for money, product and service quality, and promos and rewards. The support of our dealer network, which shares our dedication to prioritizing customers, was instrumental in the successful roll-out of this campaign. We deeply value the public's trust in our brand and are passionate about honoring this trust through our *Tapat Sa 'Yo* promise: *Tapat sa Presyo, Tapat sa Produkto, Tapat sa Papremyo, Tapat sa Serbisyo*. These are not just words but a lasting commitment to treating our customers right.

More efficient and greener operations

Part of honoring the public's trust is making sure that our business remains dependable and responsive to the needs of our customers, communities, and the environment.

We introduced our first two Petron Power Up electric vehicle (EV) charging stations just two months apart at Petron Express Center 1 and 2 along the North Luzon Expressway. This marks the beginning of a series of EV stations we plan to establish, catering to the growing EV market in the Philippines while making our retail network more sustainable and future-ready. While this may be new territory for us, we are confident that our distinct advantages in reach, customer service, innovation, infrastructure, and sustainability will continue to further solidify our position as the industry leader.

As we heed the call for greater sustainability, we continue to lean towards more efficient operations and circular economy practices. As part of our long-term commitment to significantly reducing our plastic footprint, we launched the Lube Recycling Program, *Ready, Set, Recycle*. This initiative not only supports the country's Extended Producer Responsibility (EPR) Law but also reinforces our dedication to promoting sustainability within our operations.

To ensure a steady supply of our Fiesta Gas refillable canisters—a product launched as a safer, more sustainable, and superior alternative to charcoal, firewood, and illegally-refilled butane canisters—we developed an internal system to streamline the filling process. We are also expanding our warehouse network to support growing demand and fully optimize the system's capabilities.

Today, sustainability is a crucial factor in every investment we make. From efficiently using resources across our value chain to empowering our communities and caring for the environment, we are guided by a deep awareness of how our actions today shape the future that we at Petron and San Miguel Corporation strive to build.

Recognizing the good work we do

We continued to showcase our firm commitment to not just comply but to lead by example. In recognition of our leadership in tax compliance, Petron was awarded by the Bureau of Customs (BOC) for being a top importer based on payments of duties and taxes. Our culture of excellence in corporate governance was once again acknowledged at the ASEAN Corporate Governance Scorecard (ACGS) Arrow Awards by the Institute of Corporate Directors, clinching another victory at this prestigious competition.

Based on a report from Brand Finance, a leading global brand valuation firm, we were recognized as one of the top 10 most valuable Filipino brands for 2024, underscoring the effectiveness of our strategies. Notably, Petron was the only oil company to secure a spot in the top 10 for Sustainability Perceptions Value. Awards like this motivate us to go beyond our achievements and continuously prioritize the best interests of our customers.

Perhaps the most meaningful recognition we received in 2024 came at the 16th Annual Global CSR and ESG Summit and Awards in Hanoi, Vietnam, where our two long-standing education programs stood out among thousands of entries. Founded in 2002 and 2008, respectively, *Tulong Aral ng Petron* (TAP) and the Petron Refinery's Bataan Engineering Scholarship Program bagged the silver award for echoing our mission to make quality education accessible to all. These awards further solidify our reputation not only as a company known for integrity and transparency but, more importantly, as a force for good in our communities.

A step ahead

We measure our success in the company in many ways— from steady sales growth and the strength and resilience of our operations to the new sustainability milestones we've achieved. And as we reflect on the year, we do so with a strong sense of pride and fulfillment.

Looking ahead, we are dedicated to ensuring the long-term sustainability of our business while strengthening our role as the nation's energy backbone. With a clear vision and purpose, Petron will continue to grow, innovate, and once again, lead the way forward.

As we face future challenges and seize new opportunities, we remain confident in the support of our valued employees, partners, and shareholders.

Sa inyo pong lahat, ang aming taos-pusong pasasalamat.

Ramon S. Ang
President and Chief Executive Officer

Superiority in product quality, customer service, and value creation

OPERATIONAL HIGHLIGHTS

Being ahead means setting standards, driving change, and constantly raising the bar in how we do business. In 2024, we remained committed to delivering superior products, exceptional service, and outstanding customer value. By taking bold steps in the face of competitive pressures, we differentiated ourselves in ways that truly resonated with our customers.

Our success in the retail sector was supported by a strategy focused on maintaining competitive and affordable pricing, expanding and optimizing our service station network, actively retaining and acquiring customers, and executing targeted marketing campaigns, alongside other key business improvements.

While Petron manages the most extensive network in the country, we continued to build new service stations, making our fuels more accessible to customers and expanding our reach. To enhance customer experience, investments were made in upgrading retail facilities, including pump replacements, restroom upgrades, and switching from canopy to LED lighting. As we aim to further reduce our environmental footprint, we are gradually installing solar panels, hazardous waste storage, and rainwater harvesting and wastewater treatment facilities throughout our retail network. As of this writing, we have opened two **Electric Vehicle (EV) charging stations** at each of our mega stations along NLEX.

Petron maintained its dominance in the aviation sector with the strong growth of its jet fuel sales.

Our convenience store chain, **Treats**, continued to fuel convenience in Filipino travelers with 5 renovated and 2 new stores in 2024. The revamped Treats features a brighter, more vibrant ambiance and an expanded selection of food and drinks. The presence of new establishments, ranging from fast food chains, coffee shops, to lifestyle services and supplies stores, helped create a more enjoyable experience for motorists and commuters.

Petron further solidified its leadership in the industrial sector. We maintained our strong presence in the aviation industry through new and renewed partnerships with major local and international airlines, including Air France, which resumed its non-stop flights between Paris and Manila after two decades. Additionally, we secured multiple supply agreements with leading companies and government agencies, ensuring reliable supply and excellent service.

We opened our first electric vehicle charging station at the Petron mega station in Marilao, Bulacan, marking a series of EV stations we plan to establish in the country.

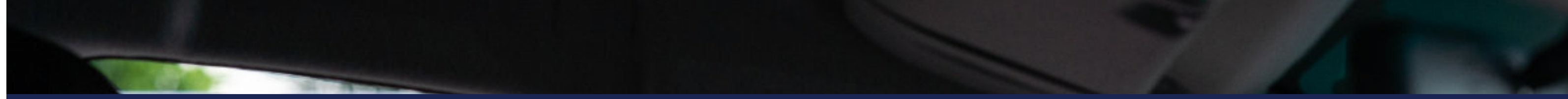
Our LPG brands, **Petron Gasul** and **Fiesta Gas**, remained the top choice for both household and commercial customers. We strengthened our presence in high-demand areas and welcomed new dealers, distributors, and franchisees.

To expand our **Reyna** line, we introduced the **Reyna Portable Griller**—a convenient grilling solution using the **Fiesta Gas** canister, making it ideal for camping, picnics, and home cooking. Designed with safety in mind, the new product features an auto-shutoff system for added user protection.

As our LPG canister business gains more ground, we have completed eight Fiesta canister warehouses, fully maximizing our new filling system's capability. Meanwhile, more LPG users are upgrading to **Gasul Elite**, our premium LPG product, known for its durability and rust- and explosion-resistant design.

Finally, our Lubes business recorded another year of growth, supported by our incentive programs, on-ground activations, and various marketing efforts. We celebrated the opening of our 60th **Car Care Center (CCC)**—our largest to date—in Urdaneta, Pangasinan, marking a significant milestone in our continuing journey to meet the diverse needs of motorists nationwide. To further expand our engine oil line, we launched the **Petron Super Coolant**, an eco-friendly, anti-rust, and descaling coolant especially formulated for aluminum alloys and cast-iron radiator systems.

The Petron Car Care Center (CCC) in Urdaneta, Pangasinan is our 60th and biggest CCC to date.



Our promise of "*Tapat Sa'yo*"

Through *Tapat Sa'yo*, we reaffirmed our commitment to placing our customers at the heart of the Petron experience. While the pillars of this campaign—such as providing world-class fuels, reliable and efficient service, maintaining clean and functional restrooms, and offering enticing year-round promotions—have always been fundamental to us, *Tapat Sa'yo* truly solidified this promise. It served as a reminder to our customers and the community of what makes Petron stand out.

"We have always believed that the Filipino people deserve only the best when it comes to their motoring needs. With *Tapat Sa'yo*, we are reaffirming our pledge to be the most trusted name among Filipino motorists," said Lemuel Cuezon, Petron Vice President for Marketing. Through the following, *Tapat Sa'yo* highlights Petron's promise to be reliable and customer-focused:

Tapat sa Produkto: We promise to deliver quality fuel products that have been specially formulated and extensively tested for Philippine driving conditions. Motorists are assured of optimal engine performance for a more enhanced driving experience.

Tapat sa Serbisyo: We are dedicated to offering fast, friendly, and dependable service. Well-trained frontliners ensure that customers receive efficient and reliable service, making every stop at Petron hassle-free.

Tapat sa Facilities: Clean, well-maintained facilities are a priority for Petron. With the widest network of service stations in the country, we guarantee that every station is equipped with essential services and clean restrooms.

Tapat sa Promos: Petron offers exciting promotions to reward Petron Value Card holders year-round, as we ensure that the excitement never stops for our loyal customers.

Tapat Sa'yo builds on insights from a consumer tracking study re-affirming Petron as the most trusted brand among Filipino motorists. The study highlighted Petron's trustworthiness, maintaining its position as the strongest brand in this area compared to its competitors.

The campaign was well received by our dealer network. Petron dealers went above and beyond, investing time and resources into preparing giveaways and transforming the campaign launch into a vibrant and festive celebration.

Tapat Sa'yo is more than just a slogan. It is a promise of our unwavering trustworthiness, loyalty, and commitment to customer satisfaction—values that will endure for years to come.

Ahead in Market Performance

2024 Philippine Market Performance

No. 1
Overall Market Share

No. 1
LPG Market Share

▲ 18%
Service Station Volumes

▲ 12%
Industrial Volumes

▲ 8%
LPG Volumes

▲ 8%
Lube Volumes

Ahead in Market Presence

Around **1,800**
Service Stations

Over **300** New LPG Stores
(Over **2,100** stores nationwide)

51 New Locators
(Over **290** locators nationwide)

7 Relaunched Treats Stores
(**57** stores nationwide)

Over **16,000**
lube outlets penetrated

7 new Car Care Centers
(**60** outlets nationwide)

Steadfast in increasing the efficiency, productivity, and reliability of our refinery

As we operate the Philippines' only remaining refinery, the **Petron Bataan Refinery (PBR)**, we continuously implement projects to increase its efficiency and ensure its long-term sustainability. In 2024, we introduced several initiatives aimed at upgrading product value, increasing plant flexibility, and ensuring the safety and well-being of our employees, communities, and the environment.

Despite economic challenges and the impact of our scheduled maintenance shutdown, we successfully maintained a stable refinery utilization rate, ensuring that we meet our requirements for the year. To maximize the benefits of the refinery's upgraded facilities, we implemented operational adjustments and process improvements to boost productivity and sustainability, reduce energy consumption, and enhance the production of high-margin petroleum products and petrochemicals, and manage expenses.

We also continued to expand our crude supply sources through strategic collaboration with international partners in addition to our major suppliers, as part of our **Crude Diversification Program** that aims to utilize a wider range of crude types that will attain an optimal mix and maximize product value and profitability.

With safety as our priority, we uphold rigorous Occupational Safety and Health (OSH) standards. Both our refinery and polypropylene plant have fully complied with all regulations during inspections by third-party organizations. As part of our commitment to sustainability, we closely monitor our water and energy usage across all operations.

In 2024, we upgraded our program for tracking steam-related systems, equipment, and processes, with a specific focus on steam consumption per process unit. Moreover, our steam generating plant, **RSFFB (Refinery Solid Fuel Fired Boiler)**, was honored with the Return on Environment (ROE) Award by Veolia for effectively balancing industrial demands with the environmental challenges of today. RSFFB, which enables us to generate steam and power more efficiently and sustainably, has generated total savings of 7.56 million liters of water from 2015 to 2023.

Finally, PBR successfully passed the required surveillance audits in February 2024 and March 2025, following the achievement of its Integrated Management System (IMS) certification in 2023.

RSFFB, which enables us to generate steam and power more sustainably, was honored with the Return on Environment Award by Veolia for effectively balancing industrial demands with pressing environmental challenges.

Maintaining a robust and reliable product chain

We are firmly committed to meeting the fuel needs of our customers safely, efficiently, and reliably across the industries and markets where we operate. With the growing volume demands, Petron continued to invest in expanding, optimizing, and integrating our supply chain including our bulk terminals, LPG facilities, into-plane operations, and manufacturing plant nationwide.

We regularly assess our facilities to ensure they remain in optimal working condition. We continued to automate our delivery system while enhancing the safety and reliability of our fleet of tank trucks. Training sessions are regularly conducted to instill our safety protocols among our drivers. With all these in place, we recorded a 99.3% delivery fulfillment rating in 2024 while significantly minimizing supply and fulfillment-related issues.

Our commitment to ensuring a stable fuel supply is matched by our readiness to effectively respond to unforeseen situations. On multiple occasions, Petron led efforts to ensure fuel security during severe weather disturbances. Despite flooding and road closures, we successfully replenished the supply at our service stations in the calamity-affected areas of Bicol and North Luzon, with our operational resilience and emergency preparedness earning commendations from the Department of Energy.

During emergency situations, we also make sure to help and assist communities in our vicinity. For example, our terminals in Pandacan, Mandaue, Palawan, Zamboanga, and Nasipit deployed emergency response teams to aid in residential fires within our fenceline communities. Our Tagoloan and Jimenez terminal, meanwhile, donated water and firefighting foam to help contain a grassfire that reached the fourth alarm. A team from our Metro Manila and Luzon Operations also assisted in addressing an oil spill in Bulacan.

Reinforcing our sustainability agenda, we launched ***Ready, Set, Recycle***, our **Lubes Recycling Program**, across our facilities and select service stations. This initiative supports our goal of adopting a circular economy and aligns with the country's Extended Producer Responsibility Law (RA 11898). In 2024, we exceeded our plastic footprint reduction targets through our waste diversion programs.

Our Terminal Ecowatch Program marked its tenth anniversary, ensuring that our terminals lead in sustainability, operational efficiency, and environmental stewardship. In 2024, we recorded 9.2 million safe-manhours, reaching an accumulated 128 million safe manhours without lost time incident. This was achieved through our religious and consistent implementation of Health, Safety, Security, and Environment (HSSE) programs and the dedication and cooperation of all Petron terminals.


We launched our Lubes Recycling Program to support our commitment to a circular economy and align with the country's Extended Producer Responsibility Law.

Petron celebrated the tenth anniversary of its Terminal Ecowatch Program with Bawing terminal achieving the best performance.

Management Systems	Facilities
Occupational Health/Safety Management System, ISO 45001:2018	**30** Terminals + Operations Services Department (OSD)
Quality Management System, ISO 9001:2015	**30** Terminals + OSD
Environmental Management System, ISO 14001:2015	**30** Terminals
International Ship & Port Facility Security	**15** Terminals

2024 Awards and Recognitions

Occupational Safety and Health (OSH)	
Department of Labor and Employment's Gawad Kaligtasan at Kalusugan (GKK) Bronze Awardee	Tagoloan Terminal
GKK Special OSH Award - Best Practice Award for OSH Capability Building including Information Strategies	Zamboanga Terminal
GKK Special OSH Award - Best Practice Award for Safety Control Program	Bawing Terminal
Certificate of Appreciation (Child Labor Prevention)	Tacloban Terminal
Plaque of Appreciation (Safety Milestone Award)	Nasipit Terminal
Workplace Advocates on Safety In The Philippines Incorporated - Safety Excellence Award	JOCASP, New Lube Oil Blending Plant (NLOBP), Pandacan Lube Oil Warehouse and Distribution (LWD), Subic, Poro, Bacolod, Mactan, Mandaue, Tacloban, Davao, Jimenez Terminals
Department of Labor and Employment Certificate of Appreciation	Rosario, Roxas, Tacloban Terminals, Pasacao Sales Office
Bureau of Fire Protection (BFP) Kaisa	NLOBP, Iloilo Terminal
BFP Kaisa Star Seal	Pandacan LWD, Nasipit Terminal
BFP Certificate/Plaque of Appreciation	Batangas, Palawan, Iloilo, Roxas, Tacloban, Davao, Nasipit, Gasul Pasig, Rosario, Bawing Terminals

Environmental Performance	
Department of Environment and Natural Resources Certificate of Appreciation	Limay, Nasipit, Gasul Pasig, Rosario, Tagbilaran, Tacloban Terminals

Others	
Department of Education Certificate/Plaque of Appreciation	Poro, Limay, Palawan, Iloilo, Roxas, Tacloban, Bawing, Davao, Jimenez, Nasipit, Tagoloan, Zamboanga, Gasul, Pasig, Rosario, and Mandaue Terminals, Pasacao Sales Office
Philippine Coast Guard Certificate of Appreciation	Poro, Palawan, Limay, Tagoloan, Ormoc, Roxas, Zamboanga, Bawing Terminals
Philippine Ports Authority Outstanding Port Operator	Bawing Terminal
Bureau of Customs Plaque of Appreciation (Top Importers Recognition)	Tagoloan Terminal
Philippine Air Force Certificate of Appreciation	JOCASP
Philippine Red Cross Certificate of Recognition	NLOBP, Poro, Limay, Iloilo, Tacloban, Iligan, Jimenez, Nasipit, and Mactan Terminals, Pasacao Sales Office

Nurturing a culture of excellence and leadership

We maintain a culture of leadership and excellence through a well-equipped and motivated workforce. In 2024, we upheld our strategy of continuous improvement by providing opportunities for our employees to grow and succeed within the organization.

To support employee development, we significantly increased training hours, reinforcing our commitment to fostering a supportive learning environment. Succession planning continued to be a key priority, as we identified high-potential employees and tailored development programs to meet leadership needs. Moreover, we expanded our coaching and mentoring initiatives to better prepare the next generation of leaders. In the same way, we continued to engage our partners in training, particularly for safety, in keeping with our high standards for operational excellence.

Aside from our training programs, we foster innovation, camaraderie, and engagement through various contests and awards. The Petron Bataan Refinery (PBR) held its first **Technical Forum** showcasing the depth of skills and knowledge behind the PBR workforce. The forum not only served as a technical showcase but also as a platform for generating new ideas to further boost the refinery’s competitiveness and sustainability.

We also held our first full-scale in-person **National Sales Convention (NASCON)** in five years. The annual event, which kicked off with a high-energy sportsfest, was designed to celebrate the group's achievements, outline new goals, and honor top performers. Meanwhile, the **Terminal Operations Excellence Awards** brought together representatives from our Operations Division to recognize the division's successes and set the direction for the year ahead.

We also provide our employees with opportunities to showcase their creativity and talents through sports tournaments, talent competitions, and other engaging company-wide activities. To mark our 91st anniversary, we hosted the **S.I.K.A.P (Sparking Ideas to Kindle Actions with Purpose) Fair**, which featured a series of talks and breakout sessions on diverse topics, from environmental preservation to nation-building. These sessions were meant to inspire our workforce and deepen their understanding of and involvement in the fulfillment of our new Vision and Purpose.

The health and well-being of our employees remained a top priority. Petron facilitates access to medical consultations and comprehensive healthcare services through company physicians. We also partnered with trusted healthcare providers to offer wellness webinars on important topics such as mental health, lifestyle, and viral diseases.

To enhance employee communication, we gave our intranet, **Petron Hub**, a new look through exciting key features. These include a refreshed, user-friendly interface, an updated library, better navigation, and more streamlined content.

2024 Social Performance Highlights

2,343
Employee Count

321
New Hires

6.4%
Attrition Rate

100%
% Employees who received Performance Reviews

0	**0**	**0**
Incidence of Child Labor	Incidence of discrimination in any aspect of operations	Operations and Suppliers identified in which the right to exercise freedom of association and collective bargaining may be at risk

1,780
Number of Antigen Testing Conducted

422,497.75
Training Hours

418,328.75
Live Programs

1,087.00
Self-Directed Learning (LinkedIn Learning)

3,082
Coaching/Mentoring Hours

Petron Malaysia opened its 800th service station—the Petron Pedas Linggi Layby Southbound.

Reaching new milestones in Malaysia

Petron Malaysia showed the same commitment to innovation, customer satisfaction, and sustainability, continuously adapting to evolving market demands and industry shifts.

With the implementation of the targeted subsidy for retail diesel reshaping the domestic market, we strengthened our retail network to increase our presence, boost brand visibility, and expand customer reach. We opened 27 new service stations in 2024, achieving a significant milestone with our **800th station** under the Petron Malaysia Group.

The rollout of our upgraded **Indoor-Outdoor Payment Terminal** at our service stations was completed eight months ahead of schedule, and enabled a more seamless, secured, and cashless payment option. We also further expanded our non-fuel products and services, welcoming more partners, to provide more convenience and wider offerings in our stations.

Petron Malaysia became the first oil and gas company to partner with Tenaga Nasional Berhad (TNB) for an electric vehicle (EV) charging station project, providing access to EV charging facilities in rural areas. We piloted this project in two stations in the East Coast region, marking a major step in our ongoing efforts to fuel convenience while reducing our carbon footprint.

At **Port Dickson Refinery (PDR)**, we optimized our Diesel Hydrotreater (DHT) which allowed further diversification of our crude slate, processing more Malaysian Crude Oil (MCO) and reducing import reliance. The expansion of the marine import facility in PDR also allowed us to receive and process larger MCO parcels, increasing efficiency and minimizing environmental impact from fewer vessel shipments. Our commitment to operational efficiency further resulted in a 16% reduction in the refinery's energy consumption compared to the previous year.

Infrastructure and operational upgrades across our distribution and terminal facilities heightened reliability, safety, and product quality, while efficiently meeting growing market demand. Our safety practices resulted in 37.82 million injury-free manhours and extended our Loss Time Injury (LTI) free record to 27.82 years.

In 2024, we made significant progress in sustainability by installing solar panels at 35 service stations and expanding rainwater harvesting systems to 24 additional locations. Like in the Philippines, we improved energy efficiency in Malaysia with LED and solar street lighting while reinforcing biodiversity efforts through mangrove and tree planting.

Notably, Petron Mambau became our first service station to receive the GreenRE Silver certification, setting a new benchmark for sustainable service station operations.

As we continue to strengthen our environmental, social, and governance (ESG) efforts, we are proud to have joined the FTSE4Good Bursa Malaysia (F4GBM) Index in 2024, ranking among the top 18% of publicly listed companies recognized for outstanding ESG practices.

In collaboration with TNB, we launched electric vehicle charging stations at two locations in support of the nation's goal to reduce carbon emission.

Our promise to bridge gaps and provide equal opportunities

CORPORATE SOCIAL RESPONSIBILITY

In 2024, Petron continued its unwavering efforts to fuel hope in the lives of Filipinos. Led by our Corporate Social Responsibility (CSR) arm, **Petron Foundation Inc. (PFI)**, our advocacies focusing on Education, Environment, Livelihood, Health, Community Engagement, and Road Safety demonstrate our purpose to enrich our communities and lead them to a more sustainable future.

Education

Through our flagship education programs, ***Tulong Aral ng Petron* (TAP)** and the **Bataan Engineering Scholarship Program**, we continued to create opportunities for young Filipinos by welcoming more scholars. In 2024, we supported over 2,400 scholars nationwide, from elementary to college, including 300 new Grade 1 students. In addition, we welcomed ten new TAP college scholars from Mindanao—specifically Bawing, Davao, Tagoloan, Zamboanga, and Jimenez. Like the previous batch, these scholars have been part of the program since Grade 1.

Thirty new scholars were similarly added to our roster for the **Petron Engineering Scholarship Program** in partnership with the Bataan Peninsula State University (BPSU) in the past two school years. Four scholars who graduated with an Electrical Engineering degree passed the Licensure Board Exam. Additionally, 18 recent graduates, including 14 with BS Mechanical Engineering and four with BS Electrical Engineering degrees, received support from Petron for their upcoming board exams in 2025, signifying our sustained investment in uplifting future generations.

Meanwhile, after taking a pause due to the pandemic, face-to-face shopping activities and the **Best U Can Be (BUCB)** skills workshop under TAP made a successful comeback. These events reunited our scholars, TAP parents, program partners, and, most importantly, our dedicated employee-volunteers.

Through our flagship education program, Tulong Aral ng Petron, we welcomed new college scholars from Mindanao as we continue to create opportunities for young Filipinos across the country.

Environment

Our environment programs help minimize our carbon footprint and protect natural habitats near our facilities, primarily through ***Puno ng Buhay***. Advancing our carbon sequestration and climate mitigation efforts, Petron Foundation engaged the University of the Philippines Los Baños-College of Forestry and Natural Resources and the UPLB Foundation Inc. to conduct a scientific assessment of sequestered carbon in our mangrove rehabilitation sites across Davao, Roxas, and Bulacan, covering 55 hectares. The first carbon sequestration report is scheduled for release in 2025.

We made significant strides in advancing one of our key advocacies in Bataan, the **Bataan Integrated Coastal Management Program**. All planned activities, including fence repairs, nipa hut construction, and the regular monitoring and cleanup of our adopted mangrove project site, alongside the creation of a mussel farming site, were successfully implemented in Abucay, Bataan. Petron also supported the rehabilitation of a 7.5-kilometer fish sanctuary in Limay which led to the deployment of nearly 300 artificial reefs, the establishment of floating flag markers, and the construction of a floating raft, among other initiatives. We also extended support to local fisherfolk and actively participated in the **Pawikan Conservation and Protection Program of Bataan**.

Through our partnership with the local government of Limay, Bataan, floating markers and artificial coral reefs were installed to safeguard critical fish habitats.

With more than a million propagules planted, our nationwide reforestation program, Puno ng Buhay, *continues to significantly reduce Petron's environmental footprint in areas where we operate through carbon capture.*

The Petron Automotive Care Education (ACE) Program—designed to professionally train and certify automotive mechanics—made its return in 2024.

Students from Klang Valley and Port Dickson benefitted from the meaningful support extended by Petron Malaysia.

Entrepreneurship and Community Engagement

In 2024, Petron Foundation and Petron Lube Trade partnered with Don Bosco-One TVET Philippines, Inc. to relaunch the **Petron Automotive Care Education (ACE) Program**. ACE provides a valuable opportunity to support PFI's mission of alleviating poverty through education. The program focuses on professionally training and certifying automotive mechanics, creating a skilled talent pool for Petron Car Care Centers and Lube Bay Stations. By the end of the year, two batches of mechanics from Cebu, Davao, Iloilo, Surigao, Iligan, and NCR successfully graduated from the program.

As we empower our communities, the Carbon-Alangan Upland Farmers Association in Limay, Bataan received support from the Foundation for the establishment of a small-scale piggery and vegetable farming business, benefitting 25 families. We also extended our support to the women's group SALAPI (*Samahang Alangan at Lamao para sa Pag-unlad, Inc.*), who supplies the refinery's rag requirements, as well as the TAP Parents Association of Rosario, Cavite, whose members produce eco-bags made from recycled Petron tarpaulins.

Volunteerism

Our volunteers are the backbone of many of our CSR programs. By participating in these initiatives, they engage with our fenceline communities, contribute to the success of various projects, and gain a deeper, more rewarding employee experience. Employee volunteers from various divisions were actively involved in numerous activities throughout the year. These include ***Brigada Eskwela***, the distribution of school supplies through TAP, and the Best U Can Be workshops. Employees from our refinery and terminals also played a key role in celebrating Earth Month, Environment Month, and International Coastal Cleanup Day, aligning with the company's sustainability goals. Petron employees also dedicated their time to repack emergency food rations for calamity victims at the Department of Social Welfare and Development National Relief Operations Center in Pasay.

Petron Malaysia

Petron Malaysia also reaffirmed its commitment to uplifting local communities while caring for the environment. Through the help of its partners and employee-volunteers, Petron Malaysia played a vital role in providing essential educational support to underprivileged students across Klang Valley and Port Dickson. Our road safety awareness campaign also continued in collaboration with the Royal Malaysia Police, the Road Transport Department Malaysia, and other local partners.

We also spearheaded a nationwide road tour, promoting sustainability and community engagement across 14 locations in celebration of National Month and Malaysia Day. Over the course of the 28-day journey, a series of CSR activities focused on the environment, education, livelihood, and road safety were held in collaboration with our dealers, volunteers, and government partners, further reinforcing our commitment to making a positive impact in our communities.

FEATURE STORY

Learning That Lasts

Sustainability has been a core focus of Petron's CSR initiatives, ensuring a lasting impact across generations. In education, this means not just providing financial and academic support but also equipping scholars with life skills that empower them beyond the classroom.

After taking a hiatus due to the pandemic, Petron Foundation successfully relaunched the Best U Can Be (BUCB) program under its *Tulong Aral ng Petron* (TAP) initiative, in collaboration with AHA! Learning Center. Through a series of engaging workshops, scholars will acquire practical skills that are vital for both their personal and academic development.

Its first two sessions emphasized the importance of public speaking, active listening, and note-taking, among other important communication skills that are essential for the scholars' growth and success. By honing these abilities, scholars will enhance their confidence in self-expression and interpersonal interactions.

Jaton Zulueta, Executive Director of AHA! Learning Center, explained how each module was designed. "We craft each lesson to spark curiosity and inspire a love for learning. Our goal is to make learning enjoyable and relevant, ensuring every scholar feels supported and eager to learn more. This program goes beyond textbooks. We focus on getting students to speak up not only in class but in social situations. It's important that TAP scholars grow into well-adjusted members of their communities."

For many scholars, BUCB has been a much-anticipated activity, offering a space to explore their strengths and uncover their full potential.

Wendy Bautista, a Grade 7 TAP scholar from Timoteo Paez Integrated School, related how the program helped her overcome self-doubt during public speaking sessions. "*Dati po, nahihiya akong kausapin yung isa sa mga teachers, pero natutunan ko pong makipag-communicate nang maayos*. I'm thankful *po kasi mas lumawak yung kaalaman namin, at na-discover ko po na kaya ko pala gawin yung mga bagay na di ko naisip na kaya kong gawin*," Wendy shared.

Petron Foundation plans to broaden the scope of BUCB by introducing new workshops focusing on personality development and career planning. With the best interests of our scholars at heart, TAP remains dedicated to empowering them to become confident, capable individuals, fully equipped to succeed in the future.

2024 Corporate Social Responsibility Highlights

EDUCATION

2,416
Tulong Aral ng Petron (TAP) scholars from elementary to college for SY 2023-2024

313
TAP graduates (elementary to college)

92%
TAP scholars advanced to high school

18,000+
TAP scholars since 2002

108
Petron Schools equivalent to 258 classrooms built since 2002

34,708
Students and teachers assisted through Brigada Eskwela 2024

121
Public schools supported through Brigada Eskwela 2024

10,291
Teachers, school heads, and administrators trained since 2002

ENVIRONMENT

1 million+
Trees and mangroves planted since 2000

55 hectares
Adopted for mangrove reforestation

36,766
Trees and mangroves planted in 2024

25 tons
Debris collected from clean-up activities in 2024

31 km
Coastal areas and creeks cleaned in 2024

100%
Volunteer participation in environmental celebrations

COMMUNITY

100%
Participation of Petron terminals in social development and initiatives

4,350
Livelihood Loan Assistance Program beneficiaries since 2011

42
Petron Automotive Care Education (ACE) graduates since 2015

30
New Electrical and Mechanical Engineering scholars from Bataan Peninsula State University (BPSU) for SY 2023-2024 and 2024-2025

75
Petron engineering scholars currently employed in the Petron Bataan Refinery with regular positions

210
Scholars hired, including BPSU scholars hired as apprentices or cadets

Board of Directors

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.

Estelito P. Mendoza, Filipino, born 1930, served as a Director of the Company from 1974 to 1986; thereafter, from January 8, 2009 until March 26, 2025. He was a member of the Corporate Governance Committee and the Audit Committee. He was likewise a member of the Board of Directors of SMC and Philippine National Bank("PNB"). He was engaged in the practice of law for more than 70 years, and presently under the firm name Estelito P. Mendoza and Associates. He was consistently listed for several years as a "Leading Individual in Dispute Resolution" among lawyers in the Philippines in the following directories/journals: "The Asia Legal 500", "Chambers of Asia" and "Which Lawyer?" yearbooks. He was also a Professorial Lecturer of law at the University of the Philippines and served as Solicitor General, Minister of Justice, Member of the Batasang Pambansa and Provincial Governor of Pampanga. He was also the Chairman of the Sixth (Legal) Committee, 31st Session of the UN General Assembly and the Special Committee on the Charter of the United Nations and the Strengthening of the Role of the Organization. He obtained a Bachelor of Laws degree from the University of the Philippines (cum laude) and a Master of Laws degree from Harvard University. He was the recipient on June 28, 2010 of a Presidential Medal of Merit as Special Counsel on Marine and Ocean Concerns and was also awarded by the University of the Philippines Alumni Association its 1975 "Professional Award in Law" and in 2013 its "Lifetime Distinguished Achievement Award".

Of the companies in which Atty. Mendoza held directorships other than Petron until March 2025, SMC and PNB are also listed with the PSE.

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. Ms. Calderon graduated magna cum laude from the University of the East in 1973 with a degree in Business Administration major in Accounting and earned her master's degree in Business Administration from the Ateneo de Manila University in 1980.

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

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

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

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

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

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

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

Horacio C. Ramos, Filipino, born 1945, served as a Director of the Company from May 2018 until April 17, 2025. He was previously the President of Clariden Holdings, Inc. (2012 – 2024), a Director of SMC (2014 to 2016), the Secretary of the Department of Environment and Natural Resources (February 12 - June 30, 2010), and the Director of Mines and Geosciences Bureau (June 1996 - February 2010). Mr. Ramos has a Bachelor of Science degree in Mining Engineering from the Mapua Institute of Technology obtained in 1967, and has a Graduate Diploma in Mining and Mineral Engineering from the University of New South Wales, Australia in 1976, and a Master of Engineering in Mining Engineering also from the University of New South Wales, Australia in 1978.

Mr. Ramos 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.

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.

Corporate Governance

Petron Corporation ("Petron" or the "Company") believes that corporate governance is a necessary component of what constitutes sound strategic business management, and it therefore undertakes every effort necessary to create awareness within the organization.

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

Corporate Governance Manual

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 Securities and Exchange Commission ("SEC") pursuant to its Memorandum Circular No. 19 (2016) (the "Company Corporate Governance Manual").

The Company Corporate Governance Manual institutionalizes the principles, policies, programs, and procedures of good corporate governance in the entire organization.

Petron is in material compliance with the Company Corporate Governance Manual.

The Company Corporate Governance Manual recognizes and upholds the rights of stakeholders in the Company and reflects the key internal control features necessary for good corporate governance, such as the duties and responsibilities of the Board of Directors and the board committees, the active operation of the Company in a sound and prudent manner, the presence of organizational and procedural controls supported by an effective management information and risk management reporting systems, and the adoption of independent audit measures that monitor the adequacy and effectiveness of the Company's governance, operations and information systems.

Pursuant to the Company Corporate Governance Manual, in 2024, the Board of Directors appointed Atty. Jhoanna Jasmine M. Javier-Elacio, Vice President – Office of the General Counsel and Corporate Secretary ("OGCCS"), as the Compliance Officer tasked to monitor compliance with the Company Corporate Governance Manual and applicable laws, rules and regulations. Under the Company Corporate Governance Manual, the Compliance Officer directly reports to the Chairperson of the Board of Directors and has direct access to the Board of Directors.

The Compliance Officer, through the OGCCS, periodically releases memoranda to employees, officers and directors on good governance policies being adopted by the Company and new corporate governance requirements set by applicable law, rules and regulations.

Shareholders' Rights

The Company is committed to respect the legal rights of its stockholders.

Voting Rights of Common and Preferred Shares

Common stockholders have the right to elect, remove and replace directors and vote on corporate acts and matters that require their consent or approval in accordance with the Revised Corporation Code of the Philippines (the "Corporation Code").

At each stockholders' meeting, a common stockholder is entitled to one vote, in person or by proxy, for each share of the capital stock held by such stockholder, subject to the provisions of the Company's by-laws, including the provision which specifically provides for cumulative voting in the election of directors.

Preferred stockholders generally have no right to vote, except in respect of certain corporate acts as provided and specified in the Corporation Code, including, but not limited to, the following cases: (a) the amendment of the Company's articles of incorporation or by-laws; (b) the extension or shortening of the Company's corporate term; (c) a sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets of the Company; (d) an increase or decrease in capital stock; or (e) a merger or consolidation involving the Company.

The Board of Directors is required by the Company Corporate Governance Manual to be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. The stockholders are encouraged to attend such meetings and, if they cannot attend, they are apprised ahead of time of their right to appoint a proxy. The definitive information statement for a stockholders' meeting of the Company provides a sample proxy for the convenience of the stockholders.

Right to Information of Shareholders

Accurate and timely information is made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

For the annual stockholders' meeting in 2024, the notice, agenda, and the QR Code linked to the definitive information statement posted on the Company website were published online and in print in the Philippine Daily Inquirer and The Philippine Star on April 4 and 5, 2024, with the second publication completed 46 days before the meeting. The rationale for each agenda item was explained in the definitive information statement.

Through the definitive information statement prepared by the Company for each annual stockholders' meeting, the Company publicizes its most recent audited financial statements showing in reasonable detail its assets and liabilities and the result of its operations.

At the annual meeting of the stockholders, the Board of Directors presents to the stockholders a financial report of the operations of the Company for the preceding year, which includes financial statements duly signed and certified by an independent public accountant, and allows the stockholders to ask and raise to Management questions or concerns. Duly authorized representatives of the Company's external auditor are also present at the meeting to respond to appropriate questions concerning the financial statements of the Company.

In addition to the foregoing, the Company maintains an investor relations unit and replies to requests for information and email and telephone queries from the stakeholders. The Company keeps stakeholders informed through its timely disclosures to the SEC, the Philippine Stock Exchange ("PSE"), and the Philippine Dealing & Exchange Corp. ("PDEx"), its regular quarterly briefings and investor briefings and conferences, and its website and social media accounts. The Company website makes available for viewing and downloading the Company's disclosures and filings with the SEC, PSE and PDEx, its media releases, and other salient information of the Company, including its governance, business, operations, performance, corporate social responsibility projects and sustainability efforts.

Right to Dividends

Stockholders have the right to receive dividends, subject to the discretion of the Board of Directors.

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

As of December 31, 2024, the outstanding capital stock of the Company was comprised of 9,375,104,497 common shares; 6,597,000 Series 3B preferred shares; 5,000,000 Series 4A preferred shares; 2,995,000 Series 4B preferred shares; 6,005,000 Series 4C preferred shares; 8,500,000 Series 4D preferred shares; and 8,330,000 Series 4E preferred shares.

The Series 2A and 2B preferred shares were redeemed by the Company on November 4, 2019 (since the 5th anniversary of the listing date, November 3, 2019, fell on a non-business day) and November 3, 2021, respectively.

The Series 3 preferred shares were issued by the Company on June 25, 2019. 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, 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 preferred shares since their issuance and listing in June 2019. The Series 3A preferred shares were redeemed by the Company on December 26, 2024 (since the 5.5th anniversary of the listing date, December 25, 2024, fell on a non-business day).

The first tranche of the Series 4 preferred shares was issued by the Company on July 7, 2023. The dividend on the Series 4A preferred shares is at the fixed rate of 6.7079% per annum, on the Series 4B preferred shares at the fixed rate of 6.7972% per annum, and on the Series 4C preferred shares at the fixed rate of 7.0861% per annum, 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 4A, 4B and 4C preferred shares since their issuance and listing in July 2023.

The second tranche of the Series 4 preferred shares was issued by the Company on September 23, 2024. 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 ₱1,000.00 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 Series 4D and 4E preferred shares since their listing in September 2024.

Common Share Dividend Payments

Dividends of common shares are paid out within 30 days after the declaration by the Board of Directors, to the extent practicable.

On March 5, 2024, a cash dividend of ₱0.10 per common share was declared, which was paid out on April 4, 2024. The stockholders who had enrolled in the Cash Dividend Direct Credit Program of the Company received their cash dividends via direct deposit to their nominated bank account on the pay-out date. The rest of the stockholders were issued checks covering their cash dividends.

Preferred Share Dividend Payments

The cash dividends declared in 2024 for the preferred shares are set out below.

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

Appraisal Right

The stockholders have the right to dissent and demand payment of the fair value of their shares in the manner provided for under the Corporation Code upon voting against a proposal for any of the following corporate acts: (a) a change or restriction in the rights of any stockholder or class of shares; (b) creation of preferences in any respect superior to those of outstanding shares of any class; (c) extension or shortening of the term of corporate existence; (d) a sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets; (e) merger or consolidation; and (f) an investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation is organized.

Rights of Minority Shareholders

Minority stockholders are granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the stockholders' meeting, provided the items are for legitimate business purposes and in accordance with law, jurisprudence and best practice.

The Company's by-laws and the Company Corporate Governance Manual specifically provide that a special meeting of the stockholders may be called at the written request of one or more stockholders representing at least 20% of the total issued and outstanding capital stock of the Company entitled to vote, and which request states the purpose or purposes of the proposed meeting and delivered to and called by the Corporate Secretary at the Company's principal office.

The Company Corporate Governance Manual expressly provides that the vote of at least 2/3 of the stockholders is necessary to remove a director.

Participation in Shareholders' Meetings:
Venue, Proxy, Voting Procedures and Open Forum

The Company conducted its annual stockholders' meeting in 2024 in a hybrid format - through livestreaming for the stockholders in accordance with applicable laws and regulations on holding meetings through remote communication, with the directors at the principal office of the Company. The procedure and further details for attending and voting the meeting through remote communication (including the requirements for the submission of ballots and proxies) were discussed in the definitive information statement released for the meeting.

All the other past physical meetings of the stockholders before 2020 were held in the principal place of business of the Company or a location within Metro Manila, Philippines designated by the Board of Directors.

The Company encourages shareholders' voting rights and exerts efforts to remove excessive unnecessary costs and other administrative impediments to the meaningful participation in meetings and/or voting by all its stockholders, whether individual or institutional investors.

The Company releases to the stockholders, together with the notice of the meeting and the definitive information statement for the annual stockholders' meeting, sample proxy and ballot forms for their convenience. Proxy and ballots can be sent by email to the dedicated email address for the stockholders' meeting or by mail to the office of the Company's stock transfer agent.

Before the stockholders' meeting starts, the Corporate Secretary explains the voting and voting tabulation procedures.

As mentioned above, at each stockholders' meeting, a common stockholder is entitled to one vote, in person or by proxy, for each share of the common capital stock held by such stockholder, subject to the provisions of the Company's bylaws, including the provision on cumulative voting in the case of the election of directors.

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

Preferred stockholders have no right to vote, except on certain corporate acts specified in the Corporation Code. During the annual stockholders' meeting in 2024, each preferred share was entitled to one vote in respect of the ratification of the amendment of the Company's by-laws.

If at any stockholders' meeting a vote by ballot shall be taken, the Company's by-laws require the Chairperson to appoint two (2) Inspectors of Votes who will act as the Chairperson and the Vice Chairperson of the Voting Committee and, in turn, designate the other members of the Voting Committee. The Voting Committee to be created will adopt its own rules to govern the voting and take charge of the voting proceedings and the preparation and distribution of the ballots. Each member of the Voting Committee, who need not be a stockholder, will subscribe to an oath to faithfully execute his/her duties as an inspector of votes with strict impartiality and according to the best of his/her ability. In any event, the external auditor of the Company will be requested to supervise the voting proceedings.

The stockholders are allowed to ask and raise to Management questions or concerns at the open forum during each annual meeting of the stockholders. In 2024, a dedicated email address was created by the Company to which the shareholders could send their questions and/or comments prior to or during the meeting. Questions and comments could have also been written in the space provided in the sample ballot/proxy form.

Board of Directors

Compliance with the principles of good corporate governance starts with the Board of Directors.

Responsibility, Duties and Functions

The Board of Directors is responsible for overseeing management of the Company and fostering the long-term success of the Company and securing its sustained competitiveness and profitability in a manner consistent with the fiduciary responsibilities of the Board of Directors and the corporate objectives and best interests of the Company and its stakeholders.

The Board of Directors determines and formulates the Corporation's vision, mission, and strategic objectives and the means to attain them. The Board of Directors yearly reviews and approves the corporate strategies of the Company, together with company business plans and capital expenditure and operating budgets. It also periodically evaluates and monitors the overall performance of Management and the implementation of the strategies, plans and budgets for the year.

The specific functions of the Board of Directors include the appointment of competent, professional, honest and highly motivated management officers for an effective management succession planning program of the Company, and the encouragement of the use of alternative dispute resolutions for the settlement of issues between the Company and its stockholders or other third parties, including regulatory authorities.

Conflict of Interest and Abstention from Voting in Case of Conflict

A director's office is one of trust and confidence. A director should therefore act in the best interest of the Company and its stakeholders in a manner characterized by transparency, accountability and fairness.

The Company Corporate Governance Manual requires a director to exercise leadership, prudence and integrity in directing the Company towards sustained progress.

The Company Corporate Governance Manual further expressly requires a director to conduct fair business transactions with the Company by fully disclosing any interest in any matter or transaction to be acted upon by the Board of Directors and excuse himself/herself in the decision-making process of the Board of Directors with respect to it. In general, a director is required to ensure that personal interest does not cause actual or potential conflict of interest with, or bias against, the interest of the Company or prejudice the decisions of the Board of Directors.

Multiple Board Seats

The Company Corporate Governance Manual requires a director to exercise due discretion in accepting and holding directorships in other companies and ensure that his/her capacity to diligently and efficiently perform his/her duties and responsibilities and regularly update his/her knowledge and skills as a director of the Company is not compromised.

A director is expressly required to notify the Board of Directors before accepting a directorship in another company.

Composition and Diversity of Background and Skills;
Adoption of the Board Diversity Policy

The Board of Directors is composed of 15 members (with three (3) independent directors in 2024) who are elected from the list of nominees short-listed by the Corporate Governance Committee. The Corporate Governance Committee determines whether the nominees have all the qualifications and none of the disqualifications, as well as the qualities that will enable the Board of Directors to fulfill its responsibilities and duties, including the pursuit of the Company's corporate strategies. The directors are elected annually at the stockholders' meeting and hold the position until their successors have been duly elected and qualified pursuant to the Company's by-laws.

The Company Corporate Governance Manual expressly recognizes that optimal decision-making in the Board of Directors will be achieved with board diversity. Thus, the differences in age, skills, industry experience, background, gender, competence and knowledge, and other distinctions between and among directors are considered and balanced in determining optimum board composition.

The Board of Directors adopted the Board Diversity Policy in August 2023 to further strengthen board diversity. This policy provides the framework for inclusion to promote diversity in the Board of Directors 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.

Newly elected directors are given an orientation program by the OGCSS covering the profile and business of the Company and its corporate policies, including the CG Manual. The Company sponsors annual corporate governance seminars for the continuing education of the directors and the officers and their compliance with the corporate governance seminar requirements under Memorandum Circular No. 20 (Series of 2013) of the SEC.

In 2024, the only executive directors of the Company are Messrs. Ramon S. Ang and Lubin B. Nepomuceno and neither of them serves as a director of more than two (2) listed companies outside the San Miguel Group to which the Company belongs.

The membership of the Board of Directors is a combination of executive and non-executive directors (who included the three (3) independent directors) in order that no director or small group of directors can dominate the decision-making process. The non-executive directors possess such qualifications and stature that enable them to effectively participate in the deliberations of the Board of Directors. The diverse and varied skills, background and expertise of the directors ensure that matters that come before the Board of Directors are extensively discussed and evaluated.

The names, profiles, backgrounds and shareholdings of the directors, including the remuneration paid them, are disclosed in the definitive information statement of the Company made available prior to annual stockholders' meetings as well as in the SEC Form 17-A and the Annual Corporate Governance Report of the Company. All these reports can be accessed in the company website.

The Company may use professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the Board of Directors, as may be necessary.

Meetings and Seminars Attended

In 2024, the Board of Directors had seven (7) meetings held February 15, March 5, May 7, May 21, June 26, August 6 and November 5.

The schedule of the meetings for any given year is presented to the directors the year before. The Board of Directors was advised of the schedule of the board meetings for 2024 at the board meeting held on November 7, 2023. Should any matter requiring immediate approval by the Board of Directors arise, such matters are reviewed, considered and approved at meetings of the Executive Committee, subject to the Company's by-laws. Special meetings of the Board of Directors may also be called when necessary in accordance with the Company's by-laws.

In keeping abreast of the latest best practices in corporate governance and complying with applicable legal requirements, including SEC Memorandum Circular No. 13 (Series of 2013), all the directors of the Company attended a corporate governance seminar in 2024 conducted by providers duly accredited by the SEC.

The attendance of the directors at the meetings and corporate governance seminar held in 2024 is set out below:

Attendance for 2024 Meetings and Corporate Governance Seminar 2024

Director's Name	Feb 15 Special Board Meeting	Mar 5 Regular Board Meeting	May 7 Regular Board Meeting	May 21 Annual Stockholder's Meeting	May 21 Organizational Board Meeting	Jun 26 Special Board Meeting	Aug 6 Regular Board Meeting	Nov 5 Regular Board Meeting	Attendance at Corporate Governance Seminar in 2024
Ramon S. Ang	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lubin B. Nepomuceno	✓	✓	✓	✓	✓	✓	✓	✓	✓
Estelito P. Mendoza	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jose P. De Jesus	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ron W. Haddock	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mirzan Mahathir	✓	✓	✓	✓	✓	✓	✓	✓	✓
Aurora T. Calderon	✓	✓	✓	✓	✓	✓	✓	✓	✓
Francis H. Jardeleza	✓	✓	✓	✓	✓	✓	✓	✓	✓
Virgilio S. Jacinto	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nelly Favis-Villafuerte	✓	✓	✓	✓	✓	✓	✓	✓	✓
Horacio C. Ramos	✓	✓	✓	✓	✓	✓	✓	✓	✓
John Paul L. Ang	✓	✓	✓	✓	✓	▽	✓	✓	✓
Artemio V. Panganiban	✓	✓	✓	✓	✓	✓	✓	✓	✓
Margarito B. Teves	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ricardo C. Marquez	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ — Present
▽ — Absent

Independent Directors

In 2024, the Company had three (3) independent directors in its Board of Directors, namely, former Supreme Court Chief Justice Artemio V. Panganiban, Mr. Margarito B. Teves, and Mr. Ricardo C. Marquez.

Mr. Teves served as the Lead Independent Director.

The Company Corporate Governance Manual defines an independent director as "a person who, apart from his fees and shareholdings, has no business or relationship with the Corporation, which could, or could reasonably be perceived to, materially interfere with the exercise of his independent judgment in carrying out his responsibilities as a director."

An independent director is required by the Company Corporate Governance Manual to submit to the Corporate Secretary a certification confirming that he possesses all the qualifications and none of the disqualifications of an independent director at the time of his/her election and/or re-election as an independent director.

The Chairperson; the President and Chief Executive Officer

Mr. Ramon S. Ang, the President and Chief Executive Officer of the Company, is empowered to act as the Chairman of the meetings of the Board of Directors in accordance with the by-laws of the Company.

Under the Company's by-laws, the Chairperson presides at all board and stockholders' meetings. Under the Company Corporate Governance Manual, the Chairperson is responsible for matters such as the following: (a) ensuring that the meetings of the Board of Directors are held in accordance with the Company's by-laws or as the Chairperson may deem necessary; (b) supervising the preparation of the agenda of the meeting; and (c) facilitating discussions on key issues.

Board Committees

The Board of Directors constituted the board committees described below in accordance with the principles of good corporate governance and pursuant to the Company's by-laws.

The Company Corporate Governance Manual sets out the role, authority, duties and responsibilities, and the procedures of each committee, and guides the conduct of its functions.

Executive Committee

The Executive Committee is composed of not less than three (3) members, which shall include the Chairperson of the Board of Directors and the President, with two (2) alternate members. When the Board of Directors is not in session, the Executive Committee may exercise the powers of the former 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) a distribution of dividends to the stockholders, and (f) such other matters as may be specifically excluded or limited by the Board of Directors.

In 2024, the Executive Committee was chaired by Mr. Ramon S. Ang, with Ms. Aurora T. Calderon and Lubin B. Nepomuceno as members. Mr. John Paul L. Ang and Atty. Virgilio S. Jacinto were alternate members of the Executive Committee.

The Executive Committee held three (3) meetings in 2024, with attendance as shown below. The resolutions approved by the Executive Committee were passed with the unanimous vote of the committee members in attendance (whether regular members or alternate members) and later presented to and ratified by the Board of Directors at the board meeting held after each approved resolution.

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

Audit Committee

The Audit Committee is composed of at least three (3) 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.

In 2024, the Audit Committee was chaired by Independent Director Mr. Margarito B. Teves, with Independent Directors former Chief Justice Artemio V. Panganiban and Mr. Ricardo C. Marquez, and Ms. Aurora T. Calderon as a member. Atty. Estelito P. Mendoza also served as a member of the Audit Committee until March 26, 2025. Mr. Ferdinand K. Constantino acted as advisor to the committee.

The Audit Committee held four (4) meetings on March 5, May 7, August 6, and November 5, with attendance as indicated below.

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

Corporate Governance Committee

The Corporate Governance Committee 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.

The Corporate Governance Committee was chaired by Independent Director former Chief Justice Artemio V. Panganiban, with Independent Directors Mr. Margarito B. Teves and Mr. Ricardo C. Marquez, and Atty. Virgilio S. Jacinto as a member. Atty. Estelito P. Mendoza also served as a member of the Corporate Governance Committee until March 26, 2025.

In 2024, the Corporate Governance Committee held one (1) meeting on March 5, with the following members in attendance:

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

Risk Oversight Committee

The Risk Oversight Committee, created on May 8, 2017, is composed of at least three (3) members, the majority of whom are independent directors. The Chairperson is an independent director and is not the Chairperson of the Board of Directors or any other board committee. At least one member of the committee has relevant thorough knowledge and experience on risk and risk management.

The Risk Oversight Committee that shall be responsible for the oversight of the enterprise risk management system of the Company to ensure its functionality and effectiveness.

In 2024, the Risk Oversight Committee was chaired by Independent Director Mr. Ricardo C. Marquez, with Independent Director Mr. Margarito B. Teves and Ms. Aurora T. Calderon as members. The Risk Oversight Committee did not hold meetings in 2024.

Related Party Transaction Committee

The Related Party Transaction Committee is composed of at 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 has been chaired by independent director former Chief Justice Artemio V. Panganiban, with Independent Director Mr. Margarito B. Teves and Ms. Aurora T. Calderon as members.

In 2024, the Related Party Transaction Committee held one (1) meeting, with attendance indicated below:

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

Annual Assessment of Board, Committee and Individual Directors Performance; Results of the 2024 Assessment

The Board of Directors adopted an annual self-assessment form which covers board, committee and individual performance. The assessment form is accomplished by all the directors each year-end.

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

All the 15 directors accomplished the annual self-assessment for 2024. The average self-rating by the Directors covering all four (4) topics discussed above was 4.77 (out of a possible 5.0), broken down as follows: (1) Fulfilment of Board Key Responsibilities – The ratings averaged 4.80 based on a series of nine (9) questions; (2) Board-Management Relationship – The ratings averaged 4.70 based on a series of four (4) questions; (3) Effectiveness of Board Processes and Meetings–- The ratings averaged 4.79 based on a series of nine (9) questions; and (4) Individual Performance of Directors–- The ratings averaged 4.79 based on a series of 10 questions.

External Audit

R.G. Manabat & Co./KPMG ("KPMG") was the independent auditor of the Company appointed by the stockholders for year 2024 upon the recommendation of the Audit Committee and endorsement by the Board of Directors. The partner of KPMG who led the audit of the Company for its 2024 financial statements was appointed in 2024.

The Company Corporate Governance Manual requires the external auditor to observe and enable an environment of good corporate governance as reflected in the financial records and reports of the Company, undertake an independent audit, and provide objective assurance on the manner by which the financial statements are prepared and presented to the shareholders.

Duly authorized representatives of KPMG are expected to attend the Company's annual stockholders' meetings to respond to appropriate questions concerning the financial statements of the Company. KPMG auditors are also given the opportunity to make a representation or statement in case they decide to do so.

As in the previous years, representatives of KPMG attended the annual stockholders' meeting held on May 21, 2024.

Internal Audit

The Company has in place an independent internal audit function performed by the Internal Audit Department ("IAD") presently led by Ms. Liane Mel C. Apilado, Assistant Vice President – Internal Audit.

The Audit Committee considers the appointment of the internal auditor and the terms and conditions for his/her engagement and removal.

The IAD provides the Board of Directors, Management, and shareholders with reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate, and complied with.

The IAD is guided by the International Standards on Professional Practice of Internal Auditing. The IAD Head, in order to achieve the necessary independence to fulfill his/her responsibilities, directly reports functionally to the Audit Committee and administratively to the President.

The Company Corporate Governance Manual requires the head of the IAD to submit to the Audit Committee and the Management an annual report on IAD's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee, and which shall include significant risk exposures, control issues and such other matters as may be needed or requested by the Board of Directors and Management.

Disclosure System

The Company Corporate Governance Manual recognizes that the essence of corporate governance is transparency. The Company has established corporate disclosure policies and procedures that (a) are practical and in accordance with best practices and regulatory expectations and (b) will ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of the financial condition, results and business operations of the Corporation.

All material information about the Company which could adversely affect its viability or the interest of its stockholders and other stakeholders (such as earnings results, acquisition or disposal of significant assets, board changes, related party transactions, shareholdings of directors and changes to ownership) are fully, fairly, accurately and timely disclosed to the public.

All information disclosed by the Company is released through the approved stock exchange procedure for Company announcements and the Company's annual report. The Company's website is also updated as soon as disclosures are approved by the PSE.

Stakeholder Relations

The Corporation maintains open and easy communication with its stakeholders, including for purposes of providing redress for any concern relating their rights, through stakeholder engagement touchpoints in the Company such as the Investor Relations Office, the Office of the Corporate Secretary and its customer care, corporate communications group and stock transfer agent.

In addition, the Company keeps the public informed through the Company's timely PSE, PDEx, and SEC disclosures, its regular quarterly briefings and investor briefings and conferences and the Company's website and replies to information requests and email and telephone queries.

The Company's disclosures and filings with the SEC, PSE, and PDEx (including its annual reports, SEC Form 17-A, reports on SEC Form 17-C, and Integrated Annual Corporate Governance Report), its media releases, and other salient information on the Company, including its governance, business, operations, performance, corporate social responsibility projects and sustainability efforts are found in the Company website ***www.petron.com***.

Various Corporate Policies

Revised and Newly Adopted Governance and Personnel Policies

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.

Orientation sessions with new employees were held to inform them of all personnel policies.

- **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 old policy already expressly provided the commitment of the Company that it shall not tolerate retaliation in any form against a director, officer, employee or any the other interested party who, in good faith, raises a concern or reports a possible violation of the policy. The Company reiterated in the revised policy its commitment against retaliation, which action will be subject to appropriate sanctions that include dismissal or termination of contractual relations with the Company.

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

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

- **Anti-Sexual Harassment Policy**

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

- **Policy on Conflict of Interest**

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

- **Diversity, Equity, and Inclusion Policy**

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

- **Policy on Child and Forced Labor**

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

- **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.

  The other provisions of the Code of Conduct and Ethical Business Policy of the Company previously revised on May 8, 2018 by the Board of Directors remain effective.

  The Company's Revised Code of Conduct and Ethical Business Policy sets the standards for ethical and business conduct of the directors, officers and employees and expresses the commitment of the Company to conduct its business fairly, honestly, impartially and in good faith, and in an uncompromising ethical and proper manner.

  All the directors, officers and employees of the Company are expressly required to comply with the Company's Revised Code of Conduct and Ethical Business Policy and conduct themselves in a manner that avoids even the mere appearance of improper behavior.

  Among the standards set by the Revised Code of Conduct and Ethical Business Policy include (a) the open, honest and arm's length dealings with its dealers customers, dealers, suppliers, vendors, contractors, creditors, financial institutions, and joint venture partners, (b) the supply of products and services of the highest quality backed by efficient after sales service, (c) the conduct of business in a manner that preserves the environment, protects the health and safety of its employees, customers, suppliers, contractors, and other stakeholders, and the general public, (d) the observance of the vision and the mission of the Company and its core values of professionalism, integrity, fairness, commitment to excellence, and care of the environment, and includes the prohibitions against conflict of interest, bribery, gifts, disclosure of non-public information of the Company and misuse of company property, and (e) professional competence of the employees.

  The procedure under the Revised Code of Conduct and Ethical Business Policy requires anyone with any information or knowledge of any prohibited act or violation to promptly report the same to the Department Head, any Vice President, the Human Resources Management Department, the IAD or the General Counsel. Disciplinary measures may be imposed after an investigation.

  All incoming employees are oriented with the policies of the Company, including the Revised Code of Conduct and Ethical Business Policy. And as part of their pre-employment requirements, all such incoming employees are required to declare in their acceptance of the company policies, rules and procedures, including those relating to conflict of interest, gifts, and insider trading.

- **Board Diversity Policy**

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

Policy on Dealings in Securities

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

Personal Data Privacy Policy

On May 16, 2017, the Board of Directors of the Company adopted the Personal Data Privacy Policy of the Company. The Personal Data Privacy Policy of the Company mandates that all processing of personal data within the Company should be conducted in compliance with law and the data privacy principles of (i) transparency that allows a data subject to be aware of the nature, purpose, and extent of the processing of his/her personal data by the Company and his/her rights as a data subject; (ii) use for legitimate purpose that requires the processing of personal data by the Company to be compatible with a declared and specified legitimate purpose, and (iii) proportionality that requires the processing of personal data to be adequate, relevant, suitable, necessary, and not excessive in relation to a declared and specified purpose. The Company also has its data protection officer.

Policy on Related Party Transactions

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

On November 7, 2023, upon the recommendation of the Related Party Transaction Committee of the Board of Directors and pursuant to the Policy on Related Party Transactions of the Company, the Board of Directors approved the proposed transactions for 2024 between the Company and its subsidiary Petron Singapore Trading Pte. Ltd.

Financial Highlights

Amounts in Million Pesos, except earnings per share and sales volume data

Sales Volume (in thousand barrels)

2024	139,853
2023	126,914
2022	112,812

Net Sales

2024	867,966
2023	801,027
2022	857,638

Total Assets *

2024	468,802
2023	445,769
2022	461,417

Total Equity *

2024	104,210
2023	99,660
2022	113,601

Gross Profit

2024	46,213
2023	46,598
2022	33,850

Operating Income *

2024	29,223
2023	30,713
2022	19,535

Earnings Per Share *

2024	0.30
2023	0.27
2022	0.04

Return on Assets *

2024	1.85%
2023	2.23%
2022	1.59%

Net Income *

2024	8,471
2023	10,112
2022	6,925

EBITDA *

2024	43,076
2023	45,179
2022	33,496

Return on Equity *

2024	8.31%
2023	9.48%
2022	6.17%

**** 2023 and 2022 restated***

Strong and steady volume growth sustained profitability

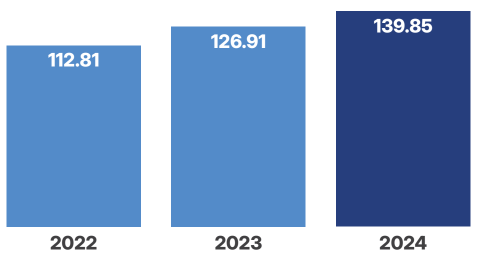
The year 2024 was marked with slow global economic growth, lingering geopolitical risks, inflationary pressures and policy uncertainties. Oil prices remained volatile due to continued conflicts particularly in the Middle East and China's struggling post-pandemic economy. Benchmark Dubai averaged US80/bbl in 2024. While the decline from the previous year was only 3%, significant volatility was seen in 2024 as it peaked at $89 in April before dropping to $73 by year-end. Finished product prices were likewise weighed down by the weak demand compressing the regional refining cracks.

Consolidated sales volume increased by 10% to 140 million barrels (MMB) from the previous year's 127 MMB. The Company's Philippine operations and Singapore trading subsidiary posted a combined 16% incremental volume. Petron Malaysia's volume, on the other hand, remained unchanged as the 2% additional domestic sales were offset by reduced exports due to lower production following the Port Dickson refinery maintenance shutdown in the fourth quarter of 2024. Sales in key segments, Retail and Commercial, grew steadily driven by extensive marketing efforts, strategic growth initiatives, and higher domestic demand.

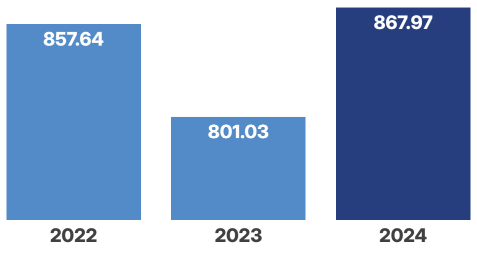
Despite the decline in average selling price per liter, net sales went up by 8% to ₱868 billion from ₱801 billion in the previous year owing to the growth in volume.

Gross profit slightly decreased by 1% to ₱46.2 billion due to lower refining margins. Operating income slid by 5% to ₱29.2 billion as additional expenses were incurred to support volume growth. Likewise, earnings before interest, taxes, depreciation, and amortization (EBITDA) also slipped by 5% to ₱43.1 billion.

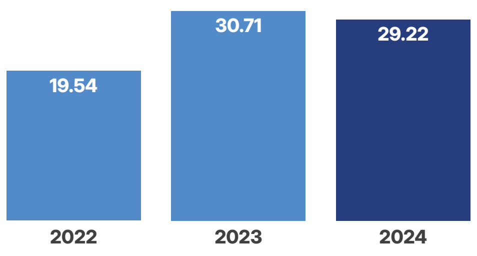
Sales Volume, in Million Barrels



Net Sales, in Billions



Operating Income, in Billions



Total assets and equity grew by 5%

Consolidated assets increased to ₱468.8 billion, ₱23 billion more than the end-2023 level of ₱445.8 billion. The overall increase can be traced mainly to the higher level of inventories and prepayments, partly offset by lower receivables.

Similarly, liabilities totaling ₱364.6 billion climbed by 5% owing to higher trade payables and increased borrowings.

Equity rose to ₱104.2 billion from ₱99.7 billion as of December 31, 2023, coming from the net income earned during the year and currency translation gain on investments in foreign subsidiaries.

Internally generated cash used to service debts and finance capital expenditures

Cash generated from operations amounting to ₱33.4 billion were utilized for payment of interests, dividends and distributions, and funding of various capital expenditures. Proceeds from the issuance of new Series 4D and 4E Preferred shares were mostly used for the redemption of Series 3A Preferred shares. Cash balance ended at ₱30.4 billion, 10% higher than the ₱27.5 billion balance as of December 31, 2023.

In Million Pesos	2024	2023	2022
Beginning Cash Balance	27,519	37,183	36,406
Operating Inflows (Outflows) *	13,208	20,316	(21,805)
Investing Outflows *	(10,216)	(7,550)	(3,238)
Financing Inflows (Outflows)	(1,285)	(21,753)	22,794
Effects of Exchange Rate Changes	1,163	(677)	3,026
Ending Cash Balance	30,389	27,519	37,183

** 2023 and 2022 restated*

Financial Statements

Audit Committee Report

The Board of Directors
Petron Corporation

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

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

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

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

Margarito B. Teves
Chairperson
Independent Director

Estelito P. Mendoza
Director

Artemio V. Panganiban
Independent Director

Aurora T. Calderon
Director

Ricardo C. Marquez
Independent Director

PETRON

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

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

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

EMMANUEL E. ERAÑA
Senior Vice President and Chief Finance Officer

Signed this 4th day of March 2025

PETRON CORPORATION, SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City 1550, Metro Manila, Philippines PO Box 014 MCPO 0708 Tel.: (632) 8-884-9200 • Pandacan Terminal, Jesus St., Pandacan, Manila Tel.: (632) 8-563-8526 to 32 • Mandaue Terminal, Looc, Mandaue City, Cebu Tel.: (032) 344-7341 • Davao Depot, Km. 9, Bo. Pampanga, Davao City Tel.: (082) 234-2185 / 233-0399 • Internet: http://www.petron.com

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. 55;
Book No. I;
Series of 2025

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

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
3 1 1 7 1

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

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)
S M C H e a d O f f i c e C o m p l e x
4 0 S a n M i g u e l A v e n u e
M a n d a l u y o n g C i t y

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

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

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

REPORT OF INDEPENDENT AUDITORS

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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

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

- We tested operating effectiveness of the key controls over revenue recognition. We involved our information technology specialists, as applicable, to assist in the audit of automated controls and the design and operating effectiveness of controls over the recording of revenue transactions.
- We checked on a sampling basis, the sales transactions to the delivery documents for the year.
- We checked sales transactions for the last month of the financial year and also the first month of the following financial year to the delivery documents to assess whether these transactions are recorded in the correct financial year.
- We tested journal entries posted to revenue accounts, including any unusual or irregular items.
- We tested credit notes recorded after the financial year to identify potential reversals of revenue which were inappropriately recognized in the current financial year.

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

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

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

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

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

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

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

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

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

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

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

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

Other Information

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

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

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

R.G. MANABAT & CO.

Rohanie C. Galicia

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

March 19, 2025
Makati City, Metro Manila

PETRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Million Pesos)

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

Forward

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

See Notes to the Consolidated Financial Statements.

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

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

See Notes to the Consolidated Financial Statements.

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

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

See Notes to the Consolidated Financial Statements.

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

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

Forward

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

Forward

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

See Notes to the Consolidated Financial Statements.

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

	Note	2024	2023 As restated (Note 40)	2022 As restated (Note 40)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	*40*	**P12,994**	P13,110	P8,405
Adjustments for:				
Interest expense and other financing charges	*26, 37*	**20,961**	19,095	13,094
Depreciation and amortization	*25, 37, 40*	**13,456**	13,292	12,005
Retirement benefits costs	*30*	**270**	257	367
Interest income	*26*	**(1,201)**	(1,284)	(898)
Unrealized foreign exchange losses (gains) - net		**2,043**	(327)	670
Allowance for impairment (net reversal) of receivables and inventories	*7, 8, 40*	**(343)**	29	287
Share in net income of an associate and joint ventures	*13*	**(114)**	(89)	(66)
Gain on lease termination	*26, 40*	**(3,509)**	-	-
Other losses (gains) - net		**592**	154	(775)
Operating income before working capital changes		**45,149**	44,237	33,089
Changes in noncash assets, certain current liabilities and others	*33, 40*	**(11,758)**	(4,986)	(38,582)
Changes in noncash assets and liabilities of new subsidiary	*12*	**-**	-	(3,165)
Cash generated from (used in) operations		**33,391**	39,251	(8,658)
Contribution to retirement fund	*30*	**(1,023)**	(1,015)	(900)
Interest paid		**(19,928)**	(18,264)	(12,086)
Income taxes paid		**(413)**	(948)	(1,001)
Interest received		**1,181**	1,292	840
Net cash flows provided by (used in) operating activities		**13,208**	20,316	(21,805)

Forward

	Note	2024	2023 As restated (Note 40)	2022 As restated (Note 40)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	*9, 40*	**(P9,960)**	(P7,047)	(P6,253)
Proceeds from sale of property and equipment		**12**	49	9
Acquisition of investment property	*11*	**(376)**	(244)	(286)
Proceeds from sale of investment property		**-**	1	12
Dividend received from an associate	*13*	**108**	-	-
Increase in other noncurrent assets		**-**	(9)	(22)
Payment for acquisition of a subsidiary	*12, 40*	**-**	(300)	-
Net cash from consolidation of a new subsidiary	*12*	**-**	-	3,302
Net cash flows used in investing activities		**(10,216)**	(7,550)	(3,238)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans, bonds and advances	*28, 33*	**385,910**	289,660	373,935
Payments of:				
Loans and bonds	*33*	**(377,659)**	(287,868)	(342,654)
Lease liabilities	*29, 33*	**(2,780)**	(2,463)	(2,347)
Cash dividends and distributions	*21, 33*	**(6,723)**	(7,356)	(6,127)
Repurchase of capital securities	*21*	**(3,360)**	(27,469)	-
Issuance/reissuance of preferred shares	*21*	**16,730**	13,885	-
Redemption of preferred shares	*21*	**(13,403)**	-	-
Share issuance cost of a subsidiary		**-**	(142)	(13)
Net cash flows provided by (used in) financing activities		**(1,285)**	(21,753)	22,794
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**1,163**	(677)	3,026
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,870**	(9,664)	777
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**27,519**	37,183	36,406
CASH AND CASH EQUIVALENTS AT END OF YEAR	*5*	**P30,389**	P27,519	P37,183

See Notes to the Consolidated Financial Statements.

PETRON CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Million Pesos, Except Par Value, Number of Shares and Per Share Data, Exchange Rates and Commodity Volumes)

1. Reporting Entity

Petron Corporation (the "Parent Company" or "Petron") was incorporated under the laws of the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 22, 1966. On September 13, 2013, the SEC approved the extension of the Parent Company's corporate term to December 22, 2066. Under its Articles of Incorporation (AOI), the Parent Company has a corporate life of 50 years or for such longer period as may hereafter be authorized by the laws of the Philippines. Pursuant to the Revised Corporation Code of the Philippines, which took effect in February 2019, the Parent Company shall have a perpetual existence because the Parent Company did not elect to retain its specific corporate term under its AOI.

Petron is the only oil refining and the leading marketing company in the Philippines. Petron envisions an energy-secure and prosperous nation where everyone's journey is fueled by opportunities for meaningful experiences and sustainable success.

Petron operates the modern refinery in Bataan, with a rated capacity of 180,000 barrels a day. Petron's refinery processes crude oil into a full range of world-class petroleum products including liquefied petroleum gas (LPG), gasoline, diesel, jet fuel, kerosene, and petrochemicals. From the refinery, Petron moves its products mainly by sea to more than 30 terminals and facilities strategically located across the country. Through this network, Petron supplies fuels to its service stations and various essential industries such as power-generation, transportation, manufacturing, agriculture, etc. Petron also supplies jet fuel at key airports to international and domestic carriers.

With around 1,800 service stations and hundreds of industrial accounts, Petron remains the leader in the Philippine fuel market. Petron retails gasoline and diesel to motorists and public transport operators. Petron also sells its LPG brands "Gasul" and "Fiesta" to households and other industrial consumers through an extensive dealership network. In line with efforts to increase its presence in the regional market, Petron exports various products to Asia-Pacific countries.

Petron sources its fuel additives from its blending facility in Subic Bay. This gives Petron the capability to formulate unique additives suitable for the driving conditions in the Philippines. Petron also has a facility in Mariveles, Bataan where the refinery's propylene production is converted into higher-value polypropylene resin.

Today, Petron is one of the leading oil companies in Malaysia with an integrated business which includes an 88,000 barrel-per-day refinery, 10 product terminals and facilities, and a network of 800 service stations.

The Parent Company is a public company under Section 17.2 of Securities Regulation Code (SRC) and its shares of stock are listed for trading at the Philippine Stock Exchange (PSE). As of December 31, 2024, the Parent Company's public float stood at 26.71%.

The intermediate parent company of Petron is San Miguel Corporation (SMC) while its ultimate parent company is Top Frontier Investment Holdings, Inc. Both companies are incorporated in the Philippines.

As of December 31, 2024, the three (3) principal common shareholders of the Company holding at least 5% of its common stock were SEA Refinery Corporation ("SEA Refinery") (50.10%), PCD Nominee Corporation - Filipino (20.11%), and SMC (18.16%). SEA Refinery is wholly-owned by SMC. SMC thus holds an aggregate 68.26% ownership of the common shares of the Company.

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

2. Basis of Preparation

Statement of Compliance
The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards (IFRS) Accounting Standards issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards consist of PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Financial and Sustainability Reporting Standards Council (FSRSC).

The consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on March 4, 2025.

Basis of Measurement
The consolidated financial statements of the Group have been prepared on the historical cost basis of accounting except for the following which are measured on an alternative basis at each reporting date:

Items	Measurement Bases
Derivative financial instruments	Fair value
Financial assets at fair value through profit or loss (FVPL)	Fair value
Retirement benefits liability	Present value of the defined benefit obligation less fair value of plan assets

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional currency. All financial information presented in Philippine peso is rounded off to the nearest million (P000,000), except when otherwise indicated.

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. These subsidiaries are:

Name of Subsidiary	Percentage of Ownership 2024	2023	Country of Incorporation
Overseas Ventures Insurance Corporation Ltd. (Ovincor)	**100.00**	100.00	Bermuda
Petron Freeport Corporation (PFC)	**100.00**	100.00	Philippines
Petron Singapore Trading Pte., Ltd. (PSTPL)	**100.00**	100.00	Singapore
Petron Marketing Corporation (PMC)	**100.00**	100.00	Philippines
New Ventures Realty Corporation (NVRC) and Subsidiaries	**85.55**	85.55	Philippines
Petron Global Limited (PGL)	**100.00**	100.00	British Virgin Islands
Petron Finance (Labuan) Limited (PFL)	**100.00**	100.00	Malaysia
Petron Oil and Gas Mauritius Ltd. (POGM) and Subsidiaries	**100.00**	100.00	Mauritius
Petrochemical Asia (HK) Limited (PAHL) and Subsidiaries	**100.00**	100.00	Hong Kong
Mema Holdings, Inc. (Mema) and Subsidiaries	**100.00**	100.00	Philippines

Ovincor is engaged in the business of non-life insurance and re-insurance.

The primary purpose of PFC and PMC is to, among others, sell on wholesale or retail and operate service stations, retail outlets, restaurants, convenience stores and the like.

PSTPL's principal activities include those relating to the procurement of crude oil, ethanol, catalysts, additives, coal and various petroleum finished products; crude vessel chartering and commodity risk management.

NVRC's primary purpose is to acquire real estate and derive income from its sale or lease. As of December 31, 2024 and 2023, NVRC owns 100% of Las Lucas Construction and Development Corporation (LLCDC), Parkville Estates and Development Corporation (PEDC), South Luzon Prime Holdings, Inc. (SLPHI), Abreco Realty Corporation (ARC) and 60% of Mariveles Landco Corporation (MLC).

PGL is a holding company incorporated in the British Virgin Islands.

POGM is a holding company incorporated under the laws of Mauritius. POGM owns an offshore subsidiary Petron Oil and Gas International Sdn. Bhd. (POGI).

As of December 31, 2024 and 2023, POGI owns 73.4% of Petron Malaysia Refining & Marketing Bhd (PMRMB) and 100% of both Petron Fuel International Sdn Bhd (PFISB) and Petron Oil (M) Sdn Bhd (POMSB), collectively hereinafter referred to as "Petron Malaysia".

Petron Malaysia is involved in the refining and marketing of petroleum products in Malaysia.

PFL is a holding company incorporated under the laws of Labuan, Malaysia.

PAHL is a holding company incorporated in Hong Kong in March 2008. As of December 31, 2024 and 2023, PAHL owns 100% of Robinsons International Holdings Limited (RIHL) which owns 100% of Philippine Polypropylene, Inc. (PPI) and 40% of MLC.

Mema is a holding company acquired by the Parent Company on June 30, 2022. As of December 31, 2024 and 2023, Mema owns 100% of Weldon Offshore Strategic Limited Incorporated which owns 100% of Petrofuel Logistics, Inc. (PLI). PLI provides logistics and freight forwarding services for the hauling, carriage, transportation, forwarding, and/or storage, and into-plane operation requirements mainly of the Group.

Non-controlling interests represent the interests not held by the Parent Company in NVRC and PMRMB in 2024 and 2023.

3. Summary of Material Accounting Policies

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

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;

  - clarified that only covenants with which the entity must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

  - provided additional disclosure requirements for noncurrent liabilities subject to conditions within 12 months after the reporting period to enable the assessment of the risk that the liability could become repayable within 12 months; and

  - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

- Supplier Finance Arrangements (Amendments to PAS 7, *Statement of Cash Flows,* and PFRS 7, *Financial Instruments: Disclosures)*. The amendments introduce new disclosure objectives to provide information about the supplier finance arrangements of an entity that would enable users to assess the effects of these arrangements on the liabilities and cash flows, and the exposure to liquidity risk.

  Under the amendments, an entity discloses in aggregate for its supplier finance arrangements:

  - the terms and conditions of the arrangements;

  - beginning and ending carrying amounts and associated line items of the financial liabilities that are part of a supplier finance arrangement, distinguishing those for which suppliers were already paid, and range of payment due dates including those for comparable trade payables not part of a supplier finance arrangement; and

  - the type and effect of non-cash changes in the carrying amounts.

  The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in PFRS 7 on factors an entity might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

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

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.

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

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

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

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

  The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the entity uses a presentation currency other than its functional currency.

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

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

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

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

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to new standards:

  - Gain or Loss on Derecognition (Amendments to PFRS 7 Financial Instruments: Disclosure). The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13 Fair Value Measurement.

  - Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7 Financial Instruments: Disclosure). The amendments:

    - clarified that the Guidance on implementing PFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7;

    - made the wordings on the disclosure of deferred difference between fair value and transaction price in paragraph IG14 of PFRS 7 consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts in PFRS 9 Financial Instruments and PFRS 13 Fair Value Measurement; and

    - simplified the wordings on credit risk disclosures in paragraph IG20B that the illustration does not include financial assets that are purchased or originated credit impaired.

  - Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9 Financial Instruments). The amendments:

    - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and

    - replaced the term 'their transaction price (as defined in IFRS 15)' with 'the amount determined by applying IFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

  - Determination of 'De Facto Agent' (Amendments to PFRS 10 Consolidated Financial Statements). The amendments revised the wording on whether a party is a de facto agent when directed by 'those that direct the activities of the investor' to be non-conclusive given this may require judgement.

  - Cost Method (Amendments to PAS 7 Statement of Cash Flows). The amendments replaced the term 'cost method' with 'at cost' given the definition of 'cost method' has previously been removed from PFRS Accounting Standards.

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

- PFRS 17, *Insurance Contracts*, replaces the standard, PFRS 4, *Insurance Contracts*, and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The new standard applies to all insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  PFRS 17 aims to increase transparency and to reduce diversity in the accounting for insurance contracts. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and simplified approach (the premium allocation approach) mainly for short-duration contracts.

  On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two years after its effective date as decided by the International Accounting Standards Board (IASB).

  On February 14, 2025, the FSRSC further deferred the date of initial application by two years, making PFRS 17 effective for annual reporting periods beginning on or after January 1, 2027, with comparative figures required. Early adoption is permitted. The Insurance Commission issued CL No. 2025-04, aligning with this deferral.

- PFRS 18, *Presentation and Disclosure in Financial Statements*, replaces PAS 1, *Presentation of Financial Statements*. The new standard introduces the following key requirements:

  - Entities are required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, income tax, and discontinued operations. Subtotals and totals are presented in the statement of income for operating profit or loss, profit or loss before financing and income taxes, and profit or loss.

  - Management-defined performance measures are disclosed in a single note to the financial statements.

  - Enhanced guidance is provided on how to group information in the financial statements. Additionally, entities are required to use the operating profit or loss subtotal as the starting point for the statement of cash flows when presenting cash flows from operating activities under the indirect method.

  PFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with retrospective application required. Early adoption is permitted. The Group is still in the process of assessing the impact of the new standard.

Deferral of the local implementation of Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

- The amendments address an inconsistency in the requirements in PFRS 10 and PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  Originally, the amendments apply prospectively for annual reporting periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the FSRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

<u>Current versus Noncurrent Classification</u>
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.

<u>Financial Instruments</u>
Recognition and Initial Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

A financial asset (unless a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as at FVPL, includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets
The Group classifies its financial assets, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

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

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's cash and cash equivalents, trade and other receivables, noncurrent receivables and deposits, and restricted cash are included under this category.

Financial Assets at FVPL. All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. This includes derivative financial assets that are not designated as cash flow hedge. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVPL.

At initial recognition, the Group may irrevocably designate a financial asset as at FVPL if the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on different bases.

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the consolidated statements of income as incurred. Changes in fair value and realized gains or losses are recognized in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income. Any interest earned from investment in debt instrument designated as at FVPL is recognized in the consolidated statements of income. Any dividend income from investment in equity instrument is recognized in the consolidated statements of income when the right to receive payment has been established, unless the dividend clearly represents a recovery of the part of the cost of the investment.

The Group's derivative assets that are not designated as cash flow hedge and investments in equity instruments at FVPL are classified under this category.

Financial Liabilities
The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Financial Liabilities at FVPL. Financial liabilities are classified under this category through the fair value option. Derivative instruments (including embedded derivatives) with negative fair values, except those covered by hedge accounting relationships, are also classified under this category.

The Group carries financial liabilities at FVPL using their fair values and reports fair value changes in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective accounting hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest expense incurred is recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income.

The Group's derivative liabilities that are not designated as cash flow hedge are classified under this category.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Interest expense and other financing charges" account in the consolidated statements of income. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the consolidated statements of income.

The Group's liabilities arising from its trade transactions or borrowings such as loans payable, accounts payable and accrued expenses, long-term debt, lease liabilities and other noncurrent liabilities are included under this category.

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

- the rights to receive cash flows from the asset have expired; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group is required to repay.

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

Impairment of Financial Assets
The Group recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost.

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

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

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

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

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

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.

Derivative Financial Instruments and Hedge Accounting
The Group uses derivative financial instruments, such as forwards, swaps and options to manage its exposure on foreign currency, interest rate and commodity price risks. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized in the consolidated statements of income.

Freestanding Derivatives
The Group designates certain derivatives as hedging instruments to hedge the exposure to variability in cash flows associated with recognized liabilities arising from changes in foreign exchange rates and interest rates.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedging instrument are expected to offset the changes in cash flows of the hedged item.

Cash Flow Hedge. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the "Hedging reserve" account in the consolidated statements of changes in equity. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the consolidated statements of income.

The Group designates only the intrinsic value of options and the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the time value of options, the forward element of forward contracts and the foreign currency basis spread of financial instruments are separately accounted for as cost of hedging and recognized in other comprehensive income. The cost of hedging is removed from other comprehensive income and recognized in the consolidated statements of income, either over the period of the hedge if the hedge is time related, or when the hedged transaction affects the consolidated statements of income if the hedge is transaction related.

When the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is transferred and included in the initial cost of the hedged asset or liability. For all other hedged transactions, the amount accumulated in equity is reclassified to the consolidated statements of income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the consolidated statements of income.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument expires, is sold, is terminated or is exercised, hedge accounting is discontinued prospectively. The amount that has been accumulated in equity is: (a) retained until it is included in the cost of non-financial item on initial recognition, for a hedge of a transaction resulting in the recognition of a non-financial item; or (b) reclassified to the consolidated statements of income as a reclassification adjustment in the same period or periods as the hedged cash flows affect the consolidated statements of income, for other cash flow hedges. If the hedged future cash flows are no longer expected to occur, the amounts that have been accumulated in equity are immediately reclassified to the consolidated statements of income.

The Group has no outstanding derivatives accounted for as cash flow hedge as at December 31, 2024 and 2023 (Note 35).

Inventories
Inventories are carried at the lower of cost and net realizable value (NRV). For petroleum products and crude oil, the NRV is the estimated selling price in the ordinary course of business, less the estimated costs to complete and/or market and distribute.

For financial reporting purposes, the Group uses the first-in, first-out method in costing petroleum products and crude oil. Cost is determined using the moving-average method in costing lubes and greases, blending components, polypropylene, materials and supplies inventories. For income tax reporting purposes, cost of all inventories is determined using the moving-average method.

For financial reporting purposes, duties and taxes related to the acquisition of inventories are capitalized as part of inventory cost. For income tax reporting purposes, such duties and taxes are treated as deductible expenses in the year these charges are incurred.

Business Combination
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "Selling and administrative expenses" account in the consolidated statements of income.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the consolidated statements of income.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of income. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statements of income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statements of income.

- *Goodwill in a Business Combination*
  Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units.

  Each unit or group of units to which the goodwill is allocated:

  - represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

  - is not larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

  Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. An impairment loss with respect to goodwill is not reversed.

<u>Investments in Shares of Stock of Associates and Joint Ventures</u>
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.

<u>Property, Plant and Equipment</u>
Property, plant and equipment, except for land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less impairment in value, if any.

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

Capital projects in progress (CPIP) represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. CPIP is not depreciated until such time that the relevant assets are ready for use.

For financial reporting purposes, depreciation for property, plant and equipment other than those assets used in production such as refinery and plant equipment, which commences when the assets are available for its intended use, are computed using the straight-line method. Depreciation of refinery and plant equipment used in production is computed based on the unit of production method (UPM) which considers the expected capacity over the estimated useful lives of these assets. UPM closely reflects the expected pattern of consumption of the future economic benefits embodied in these assets.

The estimated useful lives of the assets are as follows:

	Number of Years
Buildings and improvements and related facilities	7 - 50
Refinery and plant equipment	4 - 30
Service stations and other equipment	3 - 30
LPG cylinders	12-15
Computers, office and motor equipment	2 - 15
Land and leasehold improvements	2 - 12 or the term of the lease, whichever is shorter

For financial reporting purposes, duties and taxes related to the acquisition of property, plant and equipment are capitalized. For income tax reporting purposes, such duties and taxes are treated as deductible expenses in the year these charges are incurred.

In 2024, the Parent Company changed the depreciation method for tax reporting purposes from double-declining balance method to UPM method for production-related assets and straight-line method for all other depreciable assets to align with financial reporting. The alignment of depreciation method aims to simplify the accounting and reporting of depreciation and to eliminate possible discrepancies arising from the use of different methodologies for financial reporting and taxation.

The remaining useful lives, residual values, and depreciation methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

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

Fully depreciated assets are retained in the accounts until they are no longer in use.

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

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.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognized in the consolidated statements of income if the carrying amount of the right-of-use asset has been reduced to zero.

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

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease

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

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

When the Group is an intermediate lessor, it accounts for the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the recognition exemption, it classifies the sublease as an operating lease.

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

The Group identified the use of loaned equipment related to the sale of goods to be accounted for under PFRS 16. The Group provides equipment such as pumps, tanks, signage and other ancillary equipment necessary for the operation of the business. These are loaned to the customers for the duration of the contract for the sole purpose of storing, handling and selling products and shall, at all times, remain the property of Petron. The Group allocates portion of the revenue to the use of loaned equipment and presented as part of "Sales" in the consolidated statements of income based on adjusted market assessment approach. Lease revenue from the use of loaned equipment is contingent to, and recognized at the same time as, the sale of goods.

The Group recognizes lease payments received under operating leases as rent income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as rent income. Contingent rents are recognized as income in the period in which they are earned.

<u>Investment Property</u>
Investment property consists of property held to earn rentals and/or for capital appreciation but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property, except for land, is measured at cost including transaction costs less accumulated depreciation and any accumulated impairment in value. Cost also includes any related asset retirement obligation (ARO), if any. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Land is stated at cost less any impairment in value.

CPIP represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. CPIP is not depreciated until such time that the relevant assets are ready for use.

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

	Number of Years
Buildings and improvements	7 - 50
Land and leasehold improvements	10 -12 or the term of the lease, whichever is shorter

The useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognized in the consolidated statements of income in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is an actual change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is an actual change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

<u>Intangible Assets</u>
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are recognized in the consolidated statements of income in the year in which the related expenditures are incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and amortization method used for an intangible asset with a finite useful life are reviewed at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income consistent with the function of the intangible asset.

Amortization is computed using the straight-line method over the following estimated useful lives of the other intangible assets with finite lives:

	Number of Years
Software	5 - 7
Franchise fee	3 - 10
Other intangibles	3 - 16

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statements of income when the asset is derecognized.

As of December 31, 2024 and 2023, the Group has existing and pending trademark registration for its products for a term of 10 years and renewable every 10 years. It has copyrights for its 7-kg LPG container, Gasulito with stylized letter "P" and two flames, Powerburn 2T, Petron New Logo (22 styles), Philippine Card Designs and Malaysian Card Designs, and Petron font. Copyrights endure during the lifetime of the creator and for another 50 years after creator's death. It also has registered industrial designs for its certain lubricant and oil bottles and containers, 2.7kg LPG cylinders, gas cylinder and gas cylinder valve.

The amount of intangible assets is included as part of "Other noncurrent assets - net" in the consolidated statements of financial position.

Expenses incurred for research and development of internal projects and internally developed patents and copyrights are expensed as incurred and are part of "Selling and administrative expenses" account in the consolidated statements of income.

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.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income. After such a reversal, the depreciation and amortization charge are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. An impairment loss with respect to goodwill is not reversed.

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;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3: inputs for the asset or liability that are not based on observable market data.

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

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

Provisions

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

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

The Group recognizes provisions arising from legal and/or constructive obligations associated with the cost of dismantling and removing an item of property, plant and equipment and restoring the site where it is located, the obligation for which the Group incurs either when the asset is acquired or as a consequence of using the asset during a particular year for purposes other than to produce inventories during the year.

Capital Stock

Common Shares. Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preferred Shares. Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the option of the Parent Company, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Parent Company.

Preferred shares are classified as a liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the consolidated statements of income as accrued.

Additional Paid-in Capital

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Capital Securities

Senior Perpetual Capital Securities (SPCS) and *Redeemable Perpetual Securities (RPS)* are classified as equity instruments in the consolidated financial statements since these securities are perpetual securities in respect of which there is no fixed redemption date and the redemption is at the option of the Parent Company. Also, the Parent Company has the sole and absolute discretion to defer payment of any or all of the distribution (Note 21).

Incremental costs directly attributable to the issuance of capital securities are recognized as a deduction from equity, net of tax. The proceeds received net of any directly attributable transaction costs are credited to capital securities.

Retained Earnings

Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments. Appropriated retained earnings represent that portion which is restricted and therefore not available for any dividend declaration.

Equity Reserve

The equity reserve includes the effect of transactions with non-controlling interests and equity adjustments.

Translation Reserve

The translation reserve comprises of all foreign currency differences arising from the translation of the financial statements of foreign operations.

Reserve for Retirement Plan

The reserve for retirement plan represents re-measurements of net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest).

Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

The hedging reserve also includes cost of hedging which reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts, time value of options and foreign currency basis spread which are initially recorded in other comprehensive income.

Treasury Stock
Own equity instruments which are reacquired are carried at cost and deducted from equity. No gain or loss is recognized on the purchase, sale, reissuance or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue
The Group recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has concluded that it acts as a principal as it controls the goods or services before transferring to the customer.

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

Sale of Goods. Revenue is recognized at the point in time when control of petroleum and related products is transferred to the customer, which is normally upon delivery of the goods. The Group provides trade discounts and volume rebates to certain customers based on the level of their purchases which may be applied against the amount of their existing or future payables to the Group. Trade discounts and volume rebates do not result to significant variable consideration and are generally determined based on concluded sales transactions as at the end of each month. The general payment terms with customers are combination of prepayments and credit terms on an average of 45 days from invoice date.

The Group identified several performance obligations related to the sale of goods and accounted for them separately:

- *Provisions of Technical Support.* The Group provides technical information, assistance and advice relating to the uses, handling and disposition of the products, loaned equipment and the machinery and equipment necessary or appropriate for the customers' needs. Revenue is recognized over time upon rendering of services to the customer. The Group allocates portion of the revenue to the technical support based on expected cost plus a margin approach.

- *Consumer Loyalty Program.* The Group has Consumer Loyalty Programs which allows customers to accumulate points when they purchase products at participating service stations. These points can be redeemed for Group's products, rewards, discounts and other privileges from partner merchants. Revenue is allocated between the goods sold and the points issued that are expected to be redeemed. This allocation is based on the relative stand-alone selling price of the points. A deferred liability account is set up for these points. The liability will be reversed when the Group has fulfilled its obligations to supply the discounted products under the terms of the program or when it is no longer probable that the points under the program will be redeemed. The deferred liability is based on the best estimate of future redemption profile. All the estimates are reviewed on an annual basis or more frequently, where there is indication of a material change.

Service Income. Revenue is recognized over time when the performance of contractually agreed task has been rendered and control over the services has been transferred to the customer. General payment terms is on an average of 45 days from invoice date.

Other sources of revenue are as follows:

Interest Income. Interest income is recognized using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

Dividend Income. Dividend income is recognized when the Group's right to receive the payment is established.

Rent Income. Rent income from operating leases (net of any incentives given to the lessees), other than from the use of loaned equipment, is recognized on a straight-line basis over the lease terms. Lease incentives granted are recognized as an integral part of the total rent income over the term of the lease.

Other Income. Other income is recognized when there is incidental economic benefit, other than the usual business operations, that will flow to the Group and that can be measured reliably.

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.

Employee Benefits

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

Retirement Benefits Costs and Other Employee Benefit Costs. Petron has a tax qualified and funded defined benefit pension plan covering all permanent, regular, full-time employees administered by trustee banks. Some of its subsidiaries have separate unfunded, noncontributory, retirement plans.

The net defined benefit retirement liability or asset is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of economic benefits available in the form of reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning projected salaries of employees. Actuarial gains and losses are recognized in full in the period in which they occur in OCI. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

Defined benefit costs comprise the following:

- Service costs;
- Net interest on the defined benefit retirement liability or asset;
- Remeasurements of defined benefit retirement liability or asset; and
- Settlement gain or loss, if any.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statements of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit retirement liability or asset is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the net defined benefit retirement liability or asset. Net interest on the net defined benefit retirement liability or asset is recognized as expense or income in the consolidated statements of income.

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

Settlement gain or loss pertains to the difference between the present value of the defined benefit obligation being settled, as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement. Any gain or loss on settlement is recognized as income or expense in the consolidated statements of income.

The Group also provides other benefits to its employees as follows:

Corporate Performance Incentive Program. The Group has a corporate performance incentive program that aims to provide financial incentives for the employees, contingent on the achievement of the Group's annual business goals and objectives. The Group recognizes achievement of its business goals through key performance indicators (KPIs) which are used to evaluate performance of the organization. The Group recognizes the related expense when the KPIs are met, that is when the Group is contractually obliged to pay the benefits.

Savings Plan. The Group established a Savings Plan wherein eligible employees may apply for membership and have the option to contribute 5% to 15% of their monthly base pay. The Group, in turn, contributes an amount equivalent to 50% of the employee-member's contribution. However, the Group's 50% share applies only to a maximum of 10% of the employee-member's contribution. The Savings Plan aims to supplement benefits upon employees' retirement and to encourage employee-members to save a portion of their earnings. The Group accounts for this benefit as a defined contribution pension plan and recognizes a liability and an expense for this plan as the expenses for its contribution fall due. The Group has no legal or constructive obligations to pay further contributions after payments of the equivalent employer-share. The accumulated savings of the employees plus the Group's share, including earnings, will be paid in the event of the employee's: (a) retirement, (b) resignation after completing at least five years of continuous services, (c) death, or (d) involuntary separation not for cause.

Land/Home Ownership Plan. The Group established the Land/Home Ownership Plan, an integral part of the Savings Plan, to extend a one-time financial assistance to Savings Plan members in securing housing loans for residential purposes.

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.

Foreign Operations. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Philippine peso at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Philippine peso at average exchange rates for the period.

Foreign currency differences are recognized in OCI and presented in the "Other reserves" account in the consolidated statements of changes in equity. However, if the operation is not a wholly-owned subsidiary, the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated statements of income as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in share of stock of an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in OCI, and presented in the "Other reserves" account in the consolidated statements of changes in equity.

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.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

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

Value-added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Other current assets" or "Trade and other payables" accounts in the consolidated statements of financial position.

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

Operating Segments
The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 37 to the consolidated financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

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

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

4. Use of Judgments, Estimates and Assumptions

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

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

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

Determining Functional Currency. The Parent Company has determined that its functional currency is the Philippine peso. It is the currency of the primary economic environment in which the Parent Company operates. It is the currency that mainly influences the sales price of goods and services and the costs of providing these goods and services.

Identification of Distinct Performance Obligation. The Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. The Group has determined that it has distinct performance obligations other than the sale of petroleum products such as the provision of technical support and consumer loyalty program and allocates the transaction price into these several performance obligations.

Determining the Incremental Borrowing Rate. The Group cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific judgement estimates.

Determining the Lease Term of Contracts with Renewal Options - Group as Lessee. The Group determines the lease term as the noncancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. At lease commencement date, the Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew the lease by considering all relevant factors that create an economic incentive for it to exercise the renewal option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.

Determining Whether the Group is acting as a Principal or Agent in a Revenue Transaction. The determination whether the Group is a principal or agent in a contract is made by identifying each specified goods or services promised to the customers in the contract and evaluating whether the Group obtains control of the specified goods and services before it is transferred to the customer.

For the sale of petroleum products to dealers, the Group transfers the control of the goods upon delivery, hence, the Group has determined that it is acting as principal in the sales transactions with dealers. The dealers are likewise acting as principal in the sales transactions to end consumers on the basis of the following: (a) the dealers have the primary responsibility to provide specified goods to the end consumers; (b) the dealers bear inventory risk before the goods are transferred to end consumers; and (c) the dealers have discretion to establish prices for specified goods.

For the Group's consumer loyalty program, the Group has determined that it is acting as principal with respect to the loyalty points and the delivery of goods and services to be delivered in exchange for the points. The Group has discretion to establish value of points in the consumer loyalty program and the points issued by the Group can be redeemed for goods and services provided by the Group or by partner merchants at the discretion of the customer.

For the Group's fleet card transactions, the Group has likewise determined that it is acting as principal in the sales transactions with the customers since the Group has the primary responsibility for providing goods purchased through fleet cards and the Group has discretion to establish prices for specified goods in a fleet card transaction.

Determining Impairment Indicators of Other Non-financial Assets. PFRS Accounting Standards require that an impairment review be performed on property, plant and equipment, investment in shares of stock of an associate and interest in joint ventures, investment property, right-of-use assets and intangible assets when events or changes in circumstances indicate that the carrying value may not be recoverable. Determining the recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of recoverable amounts are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on financial performance.

Taxes. Significant judgment is required in determining current and deferred tax expense. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax expenses in the year in which such determination is made.

In the determination of the Group's current taxable income, entities within the Group has an option to either apply the optional standard deduction (OSD) or continue to claim itemized standard deduction. Entities within the Group, at each taxable year from the effectivity of the law, may decide which option to apply; once an option to use OSD is made, it shall be irrevocable for that particular taxable year. For 2024, 2023 and 2022, majority of the entities within the Group opted to continue claiming itemized standard deductions except for certain subsidiaries of NVRC such as LLCDC, MLC, SLPHI, ARC and PEDC, as they opted to apply OSD (Note 27).

Contingencies. The Group is currently involved in various pending claims and lawsuits which could be decided in favor of or against the Group. The Group's estimate of the probable costs for the resolution of these pending claims and lawsuits has been developed in consultation with in-house as well as outside legal counsel handling the prosecution and defense of these matters and is based on an analysis of potential results. The Group currently does not believe that these pending claims and lawsuits will have a material adverse effect on its financial position and financial performance. It is possible, however, that future financial performance could be materially affected by the changes in the estimates or in the effectiveness of strategies relating to these proceedings.

Estimates and Assumptions

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

Assessment for ECL on Trade and Other Receivables. The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade and other receivables. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience. The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate.

The Group has assessed that the forward-looking default rate component of its ECL on trade and other receivables is not material because substantial amount of receivables are normally collected within one year. Moreover, based on Management's assessment, current conditions and forward-looking information does not indicate a significant increase in credit risk exposure of the Group from its trade receivables.

Net reversal of impairment on trade and other receivables amounted to P9, P14 and P8 in 2024, 2023 and 2022, respectively (Notes 7 and 23). Receivables written-off amounted to P2 in 2024, P7 in 2023 and P97 in 2022 (Note 7).

The carrying amount of trade and other receivables amounted to P82,762 and P86,479 as of December 31, 2024 and 2023, respectively (Note 7).

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

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

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

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

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks, the Government of the Philippines and companies with good credit standing and relatively low risk of defaults. Accordingly, no additional provision for ECL on other financial assets at amortized cost was recognized in 2024 and 2023. The carrying amounts of other financial assets at amortized cost are as follows:

	Note	2024	2023
Cash in banks and cash equivalents	*5*	**P28,177**	P24,373
Noncurrent deposits	*14*	**141**	124
		P28,318	P24,497

Net Realizable Values of Inventories. In determining the NRV of inventories, management takes into account the most reliable evidence available at the time the estimates are made. Future realization of the carrying amount of inventories of P90,570 and P77,318 as of the end of 2024 and 2023, respectively (Note 8), is affected by price changes in different market segments for crude and petroleum products. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next financial year.

The Group recognized loss on inventory write-down amounting to P107 in 2024, P363 in 2023 and P356 in 2022 (Note 8).

Allowance for Inventory Obsolescence. The allowance for inventory obsolescence consists of collective and specific valuation allowance. A collective valuation allowance is established as a certain percentage based on the age and movement of stocks. In case there is write-off or disposal of slow-moving items during the year, a reduction in the allowance for inventory obsolescence is made. Review of allowance is done every quarter, while a revised set-up or booking is posted at the end of the year based on evaluations or recommendations of the proponents. The amount and timing of recorded expenses for any year would therefore differ based on the judgments or estimates made.

In 2024, 2023 and 2022, the Group increased/(reduced) the allowance for inventory obsolescence amounting to (P76), P43 and P73, respectively (Note 8).

Fair Value Measurements. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Note 35.

Estimated Useful Lives of Property, Plant and Equipment, Right-of-Use Asset, Investment Property and Intangible Assets with Finite Useful Lives. The Group estimates the useful lives of property, plant and equipment, right-of-use asset, investment property and intangible assets with finite useful lives based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, right-of-use asset, investment property, intangible assets with finite useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property, plant and equipment, right-of-use asset, investment property, intangible assets with finite useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment, right-of-use asset, investment property, intangible assets with finite useful lives would increase recorded cost of goods sold and selling and administrative expenses and decrease noncurrent assets.

There is no change in estimated useful lives of property, plant and equipment, right-of-use asset, investment property and intangible assets with finite useful lives based on management's review at the reporting date.

Property, plant and equipment, net of accumulated depreciation, amounted to P169,302 and P167,987 as of December 31, 2024 and 2023, respectively. Accumulated depreciation of property, plant and equipment, amounted to P134,309 and P124,531 as of December 31, 2024 and 2023, respectively (Note 9).

Right-of-use assets, net of accumulated depreciation, amounted to P2,925 and P5,286 as of December 31, 2024 and 2023, respectively. Accumulated depreciation of right-of-use asset amounted to P1,679 and P2,628 as of December 31, 2024 and 2023, respectively (Note 10).

Investment property, net of accumulated depreciation, amounted to P28,243 and P27,194 as of December 31, 2024 and 2023, respectively. Accumulated depreciation of investment property amounted to P24,657 and P21,184 as of December 31, 2024 and 2023, respectively (Note 11).

Intangible assets with finite useful lives, net of accumulated amortization, amounted to P68 and P101 as of December 31, 2024 and 2023, respectively (Note 14). Accumulated amortization of intangible assets with finite useful lives amounted to P861 and P780 as of December 31, 2024 and 2023, respectively.

Fair Value of Investment Property. The fair value of investment property presented for disclosure purposes is based on market values, being the estimated amount for which the property can be sold or based on a most recent sale transaction of a similar property within the same vicinity where the investment property is located.

In the absence of current prices in an active market, the valuations are prepared by considering: (a) the aggregate estimated future cash flows expected to be received from leasing out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation; or (b) the depreciated replacement cost of the asset, which estimates the current replacement cost of new assets and adjusted for obsolescence, including physical, functional and economic obsolescence.

Estimated fair values of investment property amounted to P66,809 and P55,065 as of December 31, 2024 and 2023, respectively (Note 11).

Impairment of Goodwill. The Group determines whether goodwill is impaired at least annually. This requires the estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate to calculate the present value of those cash flows.

The recoverable amount of goodwill arising from the acquisition of Petron Malaysia has been determined based on the value in use using discounted cash flows (DCF). Assumptions used in the DCF include terminal growth rate of 3% in 2024 and 2023, respectively, and discount rates of 7.7% and 8.4% in 2024 and 2023, respectively (Note 12).

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

No impairment losses were recognized in 2024, 2023 and 2022 in relation to the goodwill arising from the acquisition of Petron Malaysia which accounts for almost 99% of goodwill in the consolidated statements of financial position as of December 31, 2024 and 2023.

Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carry forward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets amounted to P560 and P1,114 as of December 31, 2024 and 2023, respectively (Note 27).

Present Value of Defined Benefit Retirement Obligation. The present value of defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are described in Note 30 to the consolidated financial statements and include discount rate and salary increase rate.

The Group determines the appropriate discount rate at the end of each year. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement liabilities. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement benefits liability.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

While it is believed that the assumptions of the Group are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's retirement benefits liability.

Retirement benefits costs recognized in the consolidated statements of income amounted to P417, P454 and P519 in 2024, 2023 and 2022, respectively. Remeasurement losses of the net defined retirement obligation recognized in OCI amounted to P1,655, P38 and P626 in 2024, 2022 and 2022, respectively. The retirement benefits liability amounted to P3,785 and P2,684 as of December 31, 2024 and 2023, respectively (Notes 17 and 30).

Asset Retirement Obligation (ARO). The Group has ARO arising from the refinery, leased service stations, terminals and blending plant. Determining ARO requires estimation of the costs of dismantling, installing and restoring leased properties to their original condition. The Group determined the amount of ARO based on the dismantling costs as estimated by the operating unit responsible for the asset, discounted at the Group's current credit-adjusted risk-free rate ranging from 3.24% to 7.18% depending on the life of the capitalized costs. The Group also conducts periodic review of the estimates of dismantling costs to consider actual expenses incurred during the actual retirement of assets and uses this as input in determining future liability. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

The ARO amounted to P1,379 and P3,658 as of December 31, 2024 and 2023, respectively (Notes 17 and 19).

5. Cash and Cash Equivalents

This account consists of:

	Note	**2024**	2023
Cash on hand		**P2,212**	P3,146
Cash in banks		**9,410**	7,899
Short-term placements		**18,767**	16,474
	34, 35	**P30,389**	P27,519

Cash in banks earn annual interest at the respective bank deposit rates. Short-term placements include demand deposits which can be withdrawn at any time depending on the immediate cash requirements of the Group and earn annual interest at the respective short-term placement rates ranging from 1.00% to 6.00% in 2024, 1.00% to 6.94% in 2023, and 0.05% to 6.32% in 2022 (Note 26).

6. Financial Assets at Fair Value

This account consists of:

	Note	2024	2023
Derivative assets not designated as cash flow hedge		**P1,044**	P1,162
Proprietary membership shares		**458**	389
	34, 35	**1,502**	1,551
Less: noncurrent portion	*14*	**458**	389
		P1,044	P1,162

The fair values presented have been determined directly by reference to published market prices, except for derivative assets which are based on inputs other than quoted prices that are observable (Note 35).

The noncurrent portion pertaining to proprietary membership shares which are not expected to be realized in the next 12 months, is included in "Other noncurrent assets - net" account in the consolidated statements of financial position (Note 14).

Changes in fair value of assets at FVPL recognized in the consolidated statements of income in 2024, 2023, and 2022 amounted to P70, P37, and P54, respectively (Note 26).

7. Trade and Other Receivables

This account consists of:

	Note	2024	2023
Trade	*34*	**P57,652**	P55,659
Related parties - trade	*28, 34*	**3,782**	3,646
Allowance for impairment loss on trade receivables		**(690)**	(702)
		60,744	58,603
Government		**19,968**	24,351
Related parties - non-trade	*28*	**1,049**	995
Others		**1,205**	2,730
Allowance for impairment loss on non-trade receivables		**(204)**	(200)
		22,018	27,876
	34, 35	**P82,762**	P86,479

Trade receivables are non-interest bearing and are generally on a 45-day average term. Penalties are charged when the account becomes overdue.

Government receivables pertain to duty drawback, VAT and specific tax claims as well as subsidy receivables from the Government of Malaysia under the Automatic Pricing Mechanism. The filing and the collection of claims is a continuous process and is closely monitored.

Related parties - non-trade consists of advances made by the Parent Company to Petron Corporation Employee Retirement Plan (PCERP) and other receivables from SMC and its subsidiaries.

Others mainly consist of receivables from various non-trade customers and counterparties for matured hedging transactions.

A reconciliation of the allowance for impairment losses at the beginning and end of 2024 and 2023 is shown below:

	Note	2024	2023
Balance at beginning of year		**P1,211**	P1,251
Additions	*23*	**8**	17
Write off	*4*	**(2)**	(7)
Reversal		**(17)**	(31)
Currency translation adjustment		**27**	(19)
Balance at end of year		**1,227**	1,211
Less noncurrent portion for long-term receivables	*34*	**333**	309
		P894	P902

The Group computes impairment loss on trade and other receivables based on past collection experiences, current circumstances and the impact of future economic conditions, if any, available at the reporting period. Loss rates are based on actual credit loss experience over the past three years. Economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of the impact of future economic conditions, if any, over the expected lives of the trade and other receivables are also considered.

The following table provides information about the exposure to credit risk and ECL of trade and other receivables as of December 31, 2024 and 2023:

	Weighted Average Loss Rate	Gross Carrying Amount	ECL
December 31, 2024			
Retail	**1.03%**	**P9,123**	**P94**
Lubes	**0.05%**	**2,063**	**1**
Gasul	**4.05%**	**1,557**	**63**
Industrial	**0.90%**	**24,437**	**221**
Others	**1.11%**	**46,476**	**515**
		P83,656	**P894**

	Weighted Average Loss Rate	Gross Carrying Amount	ECL
December 31, 2023			
Retail	1.07%	P7,866	P84
Lubes	0.07%	1,499	1
Gasul	3.67%	1,442	53
Industrial	1.10%	23,106	254
Others	0.95%	53,468	510
		P87,381	P902

8. Inventories

This account consists of:

	2024	2023
Crude oil and others	**P46,757**	P30,862
Petroleum	**34,947**	36,997
Materials and supplies	**5,295**	5,061
Lubes, greases and aftermarket specialties	**3,571**	4,398
	P90,570	P77,318

The cost of these inventories amounted to P91,288 and P78,363 as of December 31, 2024 and 2023, respectively.

If the Group had used the moving-average method (instead of the first-in, first-out method, which is the Group's policy), the cost of petroleum, crude oil and other products would have increased by P167 and P1,522 as of December 31, 2024 and 2023, respectively.

Inventories (including distribution or transshipment costs) charged to cost of goods sold amounted to P798,698, P731,648, and P803,977 in 2024, 2023, and 2022, respectively (Note 22).

Research and development costs on these products constituted the expenses incurred for internal projects in 2024, 2023 and 2022 (Note 23).

The movements in allowance for write-down of inventories to NRV and inventory obsolescence at the beginning and end of 2024 and 2023 are as follows:

	Note	2024	2023
Balance at beginning of year		**P1,045**	P999
Additions/reductions:			
Inventory obsolescence	*4*	**(76)**	43
Inventory write-down	*4*	**107**	363
Reversals		**(363)**	(356)
Translation adjustment		**5**	(4)
Balance at end of year		**P718**	P1,045

The losses and reversals are included as part of "Cost of goods sold" account in the consolidated statements of income. Reversal of write-down corresponds to inventories sold during the year (Note 22).

9. Property, Plant and Equipment

The movements and balances of property, plant and equipment as of and for the years ended December 31 follow:

	Note	Buildings and Improvements and Related Facilities	Refinery and Plant Equipment	Service Stations and Other Equipment	Computers, Office and Motor Equipment	Land and Leasehold Improvements	CPIP	Total
Cost								
January 1, 2023, as previously reported		P27,116	P212,844	P20,478	P7,199	P4,472	P13,630	P285,739
Effect of prior period adjustment	*40*	-	-	2,165	-	-	-	2,165
January 1, 2023, as restated		27,116	212,844	22,643	7,199	4,472	13,630	287,904
Additions, as restated	*40*	295	1,179	1,325	2,027	167	2,471	7,464
Disposals/reclassifications, as restated	*40*	429	10,145	(682)	13	168	(11,110)	(1,037)
Reclassification to/from investment property	*11*	232	-	-	-	31	104	367
Currency translation adjustment, as restated	*40*	(104)	(1,278)	(527)	(136)	(97)	(38)	(2,180)
December 31, 2023, as restated		27,968	222,890	22,759	9,103	4,741	5,057	292,518
Additions	*39*	264	970	1,783	928	151	6,064	10,160
Disposals/reclassifications		619	3,307	(1,337)	(41)	137	(4,286)	(1,601)
Reclassification to/from investment property	*11*	(220)	-	-	-	(800)	108	(912)
Currency translation adjustment		331	1,963	725	197	150	80	3,446
December 31, 2024		**28,962**	**229,130**	**23,930**	**10,187**	**4,379**	**7,023**	**303,611**
Accumulated Depreciation								
January 1, 2023, as previously reported		15,871	77,063	15,550	5,730	1,372	-	115,586
Effect of prior period adjustment	*40*	-	-	748	-	-	-	748
January 1, 2023, as restated		15,871	77,063	16,298	5,730	1,372	-	116,334
Depreciation, as restated	*40*	996	7,628	1,212	306	105	-	10,247
Disposals/reclassifications, as restated	*40*	(85)	30	(809)	(15)	-	-	(879)
Reclassification to/from investment property	*11*	(170)	-	-	-	61	-	(109)
Currency translation adjustment, as restated	*40*	(63)	(553)	(347)	(99)	-	-	(1,062)
December 31, 2023, as restated		16,549	84,168	16,354	5,922	1,538	-	124,531
Depreciation		970	7,926	1,028	412	120	-	10,456
Disposals/reclassifications		(241)	(34)	(1,395)	(54)	1	-	(1,723)
Reclassification to/from investment property	*11*	137	-	-	-	(774)	-	(637)
Currency translation adjustment		210	920	397	154	1	-	1,682
December 31, 2024		**17,625**	**92,980**	**16,384**	**6,434**	**886**	**-**	134,309
Carrying Amount								
December 31, 2023, as restated	*40*	P11,419	P138,722	P6,405	P3,181	P3,203	P5,057	P167,987
December 31, 2024		**P11,337**	**P136,150**	**P7,546**	**P3,753**	**P3,493**	**P7,023**	**P169,302**

In 2024 and 2023, certain property, plant and equipment were reclassified to/from investment property due to change in usage of the asset from/to used in operations to/from leased to another party under an operating lease agreement (Note 11).

No impairment loss was required to be recognized in 2024, 2023 and 2022 based on management's assessment of impairment indicators.

Certain fully depreciated property, plant and equipment with aggregate costs of P36,040 and of P31,610 as of December 31, 2024 and 2023, respectively, are still being used in the Group's operations.

The Group capitalized interest amounting to P90, P417 and P536 in 2024, 2023, and 2022, respectively (Notes 15, 18, 26 and 29). The capitalization rates used to determine the amount of interest eligible for capitalization ranged from 2.81% to 9.43% in 2024 and from 2.83% to 9.52% in 2023.

Capital Commitments

As of December 31, 2024 and 2023, the Group has outstanding commitments to acquire property, plant and equipment amounting to P6,880 and P7,535, respectively.

10. Right-of-Use Assets

The movements and balances of right-of-use assets as of and for the years ended December 31 follow:

	Note	Land	Buildings and Improvements and Related Facilities	Service Stations and Other Equipment	Total
Cost					
January 1, 2023		P6,434	P1,188	P71	P7,693
Additions		720	40	-	760
Remeasurements/ expiration		(491)	(2)	-	(493)
Currency translation adjustment		(40)	(4)	(2)	(46)
December 31, 2023		6,623	1,222	69	7,914
Additions		351	6	-	357
Cancellation/termination	39	(3,796)	-	-	(3,796)
Remeasurements/ expiration		469	(419)	-	50
Currency translation adjustment		66	9	4	79
December 31, 2024		**3,713**	**818**	**73**	**4,604**
Accumulated Depreciation					
January 1, 2023		1,798	482	15	2,295
Remeasurements/ expiration		(292)	-	-	(292)
Depreciation		407	228	4	639
Currency translation adjustment		(13)	(1)	-	(14)
December 31, 2023		1,900	709	19	2,628
Remeasurements/ expiration		(4)	(421)	-	(425)
Cancellation/termination	39	(1,184)	-	-	(1,184)
Depreciation		407	218	6	631
Currency translation adjustment		26	3	-	29
December 31, 2024		**1,145**	**509**	**25**	**1,679**
Carrying Amount					
December 31, 2023		P4,723	P513	P50	P5,286
December 31, 2024		**P2,568**	**P309**	**P48**	**P2,925**

The Group recognized right-of-use assets for leases of office space, buildings, machinery and equipment, service stations and parcels of land. The leases typically run for a period of two to 999 years. Some leases contain an option to renew the lease at the end of the lease term and are being subjected to reviews to reflect current market rentals. The renewal option provides operational flexibility in managing the leased asset portfolio and aligns the business needs of the Group. The Group recognized interest expense related to these leases amounting to P1,259 and P1,124 in 2024 and 2023, respectively (Notes 26 and 29).

The Group also has certain leases of property and equipment with lease terms of 12 months or less and leases of equipment with low value. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases. The expenses relating to short-term leases, leases of low-value assets and variable lease payments that do not depend on an index or a rate amounted to P586, P14 and P6, respectively, in 2024, and P491, P30 and P4, respectively, in 2023 (Note 29).

The Group had total cash outflows for leases of P3,386, P2,988 and P2,746 in 2024, 2023 and 2022, respectively (Note 29).

The remeasurements pertain mainly to the change in the estimated dismantling costs of ARO during the year (Note 4).

11. Investment Property

The movements and balances of investment property as of and for the years ended December 31 follow:

	Note	Land	Land and Leasehold Improvements	Buildings and Improvements	Right-of-Use	CPIP	Total
Cost							
January 1, 2023		P9,326	P4,164	P19,037	P15,525	P350	P48,402
Additions		-	-	137	1,473	107	1,717
Disposals/reclassifications/ remeasurements		(17)	-	(14)	(172)	-	(203)
Reclassifications from/to property, plant and equipment	9	-	(31)	(232)	-	(104)	(367)
Currency translation adjustment		(173)	-	(525)	(465)	(8)	(1,171)
December 31, 2023		9,136	4,133	18,403	16,361	345	48,378
Additions	39	40	-	169	1,743	201	2,153
Disposals/reclassifications/ remeasurements		6	-	(2)	(485)	-	(481)
Reclassifications from/to property, plant and equipment	9	-	800	220	-	(108)	912
Currency translation adjustment		299	-	818	806	15	1,938
December 31, 2024		**9,481**	**4,933**	**19,608**	**18,425**	**453**	**52,900**
Accumulated Depreciation							
January 1, 2023		-	874	11,469	7,622	-	19,965
Depreciation		-	30	663	1,249	-	1,942
Disposals/reclassifications/ remeasurements		-	-	208	(487)	-	(279)
Reclassifications from/to property, plant and equipment	9	-	(61)	170	-	-	109
Currency translation adjustment		-	-	(533)	(20)	-	(553)
December 31, 2023		-	843	11,977	8,364	-	21,184
Depreciation		-	13	670	1,354	-	2,037
Disposals/reclassifications/ remeasurements	39	-	-	218	(351)	-	(133)
Reclassifications from/to property, plant and equipment	9	-	774	(137)	-	-	637
Currency translation adjustment		-	-	537	395	-	932
December 31, 2024		**-**	**1,630**	**13,265**	**9,762**	**-**	**24,657**
Carrying Amount							
December 31, 2023		P9,136	P3,290	P6,426	P7,997	P345	P27,194
December 31, 2024		**P9,481**	**P3,303**	**P6,343**	**P8,663**	**P453**	**P28,243**

In 2024 and 2023, certain investment property were reclassified from/to property, plant and equipment due to change in usage of the asset from/to used in operations to/from leased to another party under an operating lease agreement (Note 9).

No impairment loss was required to be recognized in 2024, 2023 and 2022 based on management's assessment of impairment indicators.

There are no other direct selling and administrative expenses other than depreciation and real property taxes arising from investment property that generated income in 2024, 2023 and 2022.

The fair value of investment property amounting to P66,809 and P55,065 as of December 31, 2024 and 2023, respectively, has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques.

For properties with available appraisal reports, the fair value of investment property amounting to P34,272 and P24,902 as of December 31, 2024 and 2023, respectively, were determined by external, independent property appraisers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent appraisers provide the fair value of the Group's investment property on a regular basis. The fair value of investment property amounting to P19,234 and P19,091 as of December 31, 2024 and 2023, respectively, were determined by using the depreciated replacement cost method. The net present value of lease liability recognized in investment property as of December 31, 2024 and 2023 represents the remaining fair value amounting to P13,303 and P11,072, respectively.

Valuation Technique and Significant Unobservable Inputs
The valuation of investment property applied the following approaches below:

Sales Comparison Approach. The market value of land was determined using the Sales Comparison Approach. The comparative approach considers the sale of similar or substitute property, registered within the vicinity, and the related market data. The estimated value is established through such process of comparing available data. The property being valued is then compared with sales transactions involving similar properties in the market. Listings and offerings may also be considered. The observable inputs to determine the market value of the property are the following: location characteristics, size, time element, quality and prospective use, bargaining allowance and marketability.

Depreciated Replacement Cost Method. The fair value of land and leasehold improvements and buildings and related improvements and facilities were arrived at using the depreciated replacement cost method, which estimates the current replacement cost of new assets and adjusted for obsolescence, including physical, functional and economic obsolescence.

Income Approach. The rental value of the subject property was determined using the Income Approach. Under the Income Approach, the remaining lease payments on the property is first determined followed by the application of the proper capitalization rate is applied to arrive at its net present value. The rental value of the property is determined on the basis of what a prudent lessor or a prospective lessee are willing to pay for its use and occupancy considering the prevailing rental rates of similar property and/or rate of return a prudent lessor generally expects on the return on its investment.

12. Business Combination, Investment in Shares of Stock of Subsidiaries, Goodwill and Non-Controlling Interests

Business Combination and Investment in Shares of Stock of Subsidiaries
The following are the major developments relating to the Parent Company's investment in shares of stock of subsidiaries:

Mema
On February 16, 2022, the Parent Company paid P104 for the acquisition of 10,000,000 common shares with par value of P1.00 per share representing 100% of the authorized capital stock of Mema. The Mema group includes the subsidiary engaged in hauling and logistics services (Note 2). On June 30, 2022, control over the investee has been transferred to the Group after the resolution of the substantive pending issues agreed by both the seller and the Parent Company. On December 29, 2022, P300 adjustment in purchase price was agreed by the Parent Company and the seller which was settled in February 2023.

The fair value of net assets acquired amounted to P426 on June 30, 2022. The Group recognized P22 gain on acquisition, presented under "Other income - net" in the consolidated statement of income in 2022, which pertains to the excess of fair value of assets acquired and liabilities assumed over the consideration paid/accrued.

The following summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

	June 30, 2022
Assets	
Cash and cash equivalents	P3,406
Accounts and other receivables	2,034
Prepaid expenses and other current assets	69
Property, plant and equipment - net	219
Other noncurrent assets	15
Liabilities	
Accounts and other payables	(5,303)
Other liabilities	(14)
Total Identifiable Net Assets	**P426**

The fair value of trade and other receivables amounted to P2,034. None of the receivables has been impaired and the full amount is expected to be collected. As of December 31, 2024, P2,034 was already collected and minimal amount is still outstanding.

Accounts and other payables amounting to P5,198 was settled as of December 31, 2024 from the existing cash and the collected receivables.

The fair value of the acquired property, plant and equipment was measured using depreciated replacement cost by considering the current replacement cost of new assets and adjusted for obsolescence, including physical, functional and economic obsolescence.

Mema has contributed to Group's net income of P26 from the acquisition date to December 31, 2022. Had the acquisition occurred on January 1, 2022, the Group's revenue and net income in 2022 would have been P857,638 and P6,921, respectively. Mema has no contribution to consolidated sales since the entity provides hauling and logistics services to the Parent Company.

On October 27, 2022, the Parent Company and Mema executed a Subscription Agreement to subscribe to an additional 1,375,000,000 common shares of Mema for a subscription price of P1,375 or P1.00 per common share, of which P899 was paid in 2022 as deposit for future stock subscription pending SEC's approval of Mema's increase in authorized capital stock which was obtained in March 2023. The remaining P476 was paid in 2023.

On July 19, 2023, the Parent Company and Mema executed another Subscription Agreement to subscribe to an additional 2,770,000,000 common shares of Mema for a subscription price of P2,770 or P1.00 per common share, of which P1,305 was paid in 2023 and P828 was paid in 2024.

LLCDC, PEDC and ARC
On July 30, 2024, the BOD and Stockholders approved the merger among ARC, PEDC and LLCDC, with LLCDC as the surviving entity, effective (to the extent allowed by applicable law or regulation) on the first day of the month following the issuance by the SEC of the Certificate of Merger.

The application for the merger is ongoing as of December 31, 2024.

<u>Goodwill</u>
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

<u>Impairment of Goodwill from Petron Malaysia</u>
Goodwill arising from the acquisition of Petron Malaysia, which accounts for 99% of total goodwill in the consolidated statements of financial position as of December 31, 2024 and 2023, is allocated at the POGI Group cash generating unit (CGU) instead of each individual acquiree company's CGU as it is expected that the POGI Group CGU will benefit from the synergies created from the acquiree companies in combination.

The Group tested the goodwill for impairment. Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the CGU and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results, and reasonable and justifiable assumptions for future business performance but excluding net cash inflows from expansion projects like new stations. The cash flows are based on long range plan anchored on budget approved by the Management for the first five (5) years.

- A discount rate of 7.7% and 8.4% in 2024 and 2023, respectively, was applied based on the weighted average cost of capital using the Capital Asset Pricing Model (CAPM).

- The Group used terminal growth rate of 3% in 2024 and 2023 because it is in the process of increasing its network of service stations and upgrading its facilities and hence foresees growth in cash flows generated perpetually.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on internal sources (historical data).

For purposes of terminal growth rate sensitivity, terminal growth rate scenarios of 2%, 3%, and 4% are applied on the discounted cash flows analysis. Based on the sensitivity analysis, any reasonably possible change in the key assumptions would not cause the carrying amount of goodwill to exceed its recoverable amount.

No impairment losses were recognized in 2024, 2023 and 2022 in relation to the goodwill arising from the acquisition of Petron Malaysia.

<u>Non-controlling Interests</u>
The following table summarizes the financial information relating to each of the Group's subsidiaries that has material non-controlling interests:

	December 31, 2024		December 31, 2023	
	NVRC	**PMRMB**	NVRC	PMRMB As restated (Note 40)
Non-controlling Interests Percentage	**14.45%**	**26.60%**	14.45%	26.60%
Carrying amount of non-controlling interest	**P443**	**P8,650**	P481	P8,193
Current assets	**P472**	**P32,022**	P667	P30,567
Noncurrent assets	**6,678**	**28,397**	9,357	25,736
Current liabilities	**(962)**	**(25,347)**	(1,146)	(23,843)
Noncurrent liabilities	**(1,042)**	**(4,337)**	(3,586)	(3,316)
Net assets	**P5,146**	**P30,735**	P5,292	P29,144
Net income (loss) attributable to non-controlling interests	**(P29)**	**P31**	P8	P875
Other comprehensive income (loss) attributable to non-controlling interests	**P -**	**P630**	P -	(P410)
Sales/Revenues	**P77**	**P198,763**	P395	P209,861
Net income (loss)	**(P91)**	**P219**	P133	P3,308
Other comprehensive income	**-**	**1**	-	1
Total comprehensive income (loss)	**(P91)**	**P220**	P133	P3,309
Cash flows provided by operating activities	**P115**	**P330**	P195	2,740
Cash flows provided by (used in) investing activities	**(42)**	**(1,842)**	3	(1,061)
Cash flows provided by (used in) financing activities	**(107)**	**1,896**	(119)	(2,688)
Effects of exchange rate changes on cash and cash equivalents	**-**	**-**	-	(8)
Net increase (decrease) in cash and cash equivalents	**(P34)**	**P384**	P79	(P1,017)

13. Investment in Shares of Stock of an Associate and Joint Ventures

This account consists of:

	2024	2023
Investment in an associate	**P1,155**	P1,153
Investment in joint ventures	**10**	5
	P1,165	P1,158

Investment in Shares of Stock of an Associate
As of December 31, 2024 and 2023, the Parent Company owns 25.06% of Petrogen accounted for as an investment in an associate. Petrogen was incorporated and registered with the Philippine SEC on August 23, 1996 primarily to engage in the business of non-life insurance and re-insurance.

Following are the condensed financial information of Petrogen as of and for the years ended December 31, 2024 and 2023:

	2024	2023
Percentage of ownership	**25.06%**	25.06%
Current assets	**P6,955**	P5,482
Noncurrent assets	**1,990**	1,921
Current liabilities	**(4,337)**	(2,806)
Net assets	**P4,608**	P4,597
Revenue	**P662**	P475
Net income	**P439**	P337
Other comprehensive loss	**P -**	(P24)
Share in net assets	**P1,155**	P1,153
Carrying amount of investment in shares of stock of an associate	**P1,155**	P1,153

The Group recognized P110, P84 and P63 in 2024, 2023 and 2022, respectively, as share in net income of Petrogen and received dividends of P108 in 2024 accounted for using equity method.

Investment in Joint Ventures
Investment in joint ventures pertains to 33.33% and 50.00% equity interest in PDSI and TBSB, respectively. PDSI is a Philippine company engaged in the business of receiving, storing and handling the out-loading of petroleum products of the three major oil companies to serve the fuel requirement of their respective customers. TBSB is a Malaysian company operating as a liquified petroleum gas bottling plant.

On June 22, 2022, the Bureau of Internal Revenue (BIR) has approved the cancellation of PDSI's registration.

The Group recognized P4, P5 and P3 in 2024, 2023 and 2022, respectively, as share in net income of joint ventures accounted for using equity method.

14. Other Assets

This account consists of:

	Note	2024	2023
Current			
Prepaid taxes		**P42,212**	P36,360
Input VAT		**6,946**	2,310
Prepaid expenses	*28*	**1,584**	1,384
Special-purpose fund		**351**	170
Others - net	*28*	**15**	305
		P51,108	P40,529
Noncurrent			
Catalyst - net		**P515**	P629
Proprietary membership shares	*6*	**458**	389
Prepaid rent		**233**	165
Noncurrent deposits	*34, 35*	**141**	124
Intangibles - net	*4*	**68**	101
Input VAT		**27**	43
Others - net	*28*	**561**	479
		P2,003	P1,930

Prepaid taxes include unused creditable withholding taxes and excise taxes paid by the Group for products sold to tax exempt entities for subsequent filing with the government as refund claims.

Input VAT includes the taxes paid on purchases of goods and services which can be recovered as tax credit against future output VAT liability of the Group.

The "Others - net" under "Noncurrent" account includes marketing assistance to dealers and other prepayments amounting to P223, P287 and P256 as of December 31, 2024, 2023 and 2022, respectively, net of amortization amounting to P27, P108 and P47 in 2024, 2023 and 2022, respectively.

The amortization of prepaid rent amounted to P36 in 2024, P70 in 2023 and nil in 2022.

Amortization of intangibles, marketing assistance to dealers, other prepayments included as part of "Depreciation and amortization" under "Selling and administrative expenses" account in the consolidated statements of income amounted to P76, P130 and P58 in 2024, 2023 and 2022, respectively (Notes 23 and 25).

Amortization of catalyst, intangibles and other prepayments included as part of "Depreciation and amortization" under "Cost of goods sold" account in the consolidated statements of income amounted to P256, P334 and P236 in 2024, 2023 and 2022, respectively (Notes 22 and 25).

15. Short-term Loans

This account pertains to unsecured Philippine peso and Malaysian ringgit-denominated loans obtained from various banks with maturities ranging from 3 to 178 days and annual interest ranging from 3.96% to 8.00% in 2024, from 4 to 180 days and 3.71% to 7.53% in 2023, and from 5 to 181 days and 1.28% to 6.88% in 2022 (Note 26). These loans are intended to fund the importation of crude oil and petroleum products (Note 8) and working capital requirements.

Interest expense on short-term loans amounted to P8,144 in 2024, P7,835 in 2023, and P4,316 in 2022 (Note 26). Interest expense amounting to P42 was capitalized as part of property, plant and equipment in 2024 while P176 in 2023 and P169 in 2022 (Note 9).

16. Liabilities for Crude Oil and Petroleum Products

This account pertains to liabilities to suppliers of crude oil, petroleum and other products that are non-interest bearing and generally settled on a 30-day term. Details of the supply agreements in relation to importations of crude oil requirements of the Group are disclosed in Note 31.

Liabilities for crude oil and petroleum products are payable to the following:

	Note	**2024**	2023
Third parties		**P51,601**	P44,832
Related parties	*28*	**24**	8
	34, 35	**P51,625**	P44,840

17. Trade and Other Payables

This account consists of:

	Note	**2024**	2023 As restated (Note 40)
Trade		**P8,948**	P6,693
Specific taxes and other taxes payable		**4,468**	7,852
Due to related parties	*28*	**7,788**	5,099
Cylinder deposits	*40*	**3,432**	2,564
Accrued interest		**1,153**	1,375
Dividends payable	*33*	**1,039**	948
Deferred liability on consumer loyalty program		**831**	747
Accrued rent		**223**	499
Accrued payroll		**149**	211
Retirement benefits liability	*30*	**124**	63
Asset retirement obligation - current	*19*	**58**	46
Retention payable		**241**	24
Insurance liabilities		**3**	3
Others	*12, 39*	**555**	330
	34, 35	**P29,012**	P26,454

Trade payables are liabilities to haulers, contractors and suppliers that are non-interest bearing and are generally settled on a 30-day term.

Cylinder deposits pertain to deposits made by the dealers for the LPG cylinders loaned to them. These deposits are non-interest bearing and are refundable to dealers upon surrender of the LPG cylinders subject to certain conditions (Note 40).

Others include provisions (Note 39), accruals of selling and administrative expenses, advances and other payables which are normally settled within a year.

The Group recognized revenue that was included in the deferred liability on consumer loyalty program amounting to P1,475 and P1,468 in 2024 and 2023, respectively (Note 37).

18. Long-term Debt

This account consists of long-term debt of the Parent Company:

	Note	**2024**	2023
Unsecured Peso-Denominated (net of debt issue costs)			
Fixed retail bond of 3.4408% due until 2025 and 4.3368% due until 2027	*(e)*	**P17,917**	P17,869
Term loan of 7.4941% due in 2029	*(m)*	**6,959**	-
Fixed rate retail bonds of 7.8183% due in 2024 and 8.0551% due in 2025	*(b)*	**6,788**	19,948
Floating rate term loan due in 2029	*(n)*	**4,969**	-
Term loan of 7.1663% due until 2027	*(f)*	**4,483**	4,975
Term loan of 7.4206% due until 2027	*(g)*	**3,114**	4,355
Term loan of 7.5496% due until 2027	*(h)*	**3,114**	4,355
Term loan of 6.4920% due in 2025	*(i)*	**2,371**	2,365
Term loan of 4.5900% due until 2025	*(d)*	**624**	1,872
Term loan of 6.8672% due in 2025	*(j)*	**624**	622
Term loan of 5.5276% due until 2024	*(a)*	**-**	1,606
Unsecured Foreign Currency-Denominated (net of debt issue costs)			
Floating rate dollar loan - US$500 million due until 2029	*(o)*	**28,347**	-
Floating rate dollar loan - US$669 million due until 2027	*(k)*	**27,118**	36,245
Floating rate dollar loan - US$225 million due in 2028	*(l)*	**10,227**	12,172
Floating rate yen loan - JP¥15 billion due until 2025	*(c)*	**788**	2,512
	33, 34, 35	**117,443**	108,896
Less current portion		**29,418**	25,642
		P88,025	P83,254

a. On July 25, 2017, the Parent Company drew P15,000 from a P15,000 term loan facility which was signed on July 14, 2017 and executed on July 17, 2017. The facility is amortized over 7 years and is subject to a fixed interest rate of 5.5276% per annum. The proceeds were used to refinance the bridge loan availed on December 23, 2016 for the acquisition of the Refinery Solid Fuel-Fired Power Plant in 2016. The Parent Company has fully settled the facility as of December 31, 2024.

b. On October 19, 2018, the Parent Company offered P20,000 fixed retail bonds (the "Offer Bonds") divided into Series C (P13,200) bearing interest at 7.8183% per annum and Series D (P6,800) bearing interest at 8.0551% per annum. The Series C Offer Bonds matured on April 19, 2024 (5.5-year term) while the Series D Offer Bonds is due on October 19, 2025 (7-year term). Interests on these Offer Bonds are payable quarterly, commencing on January 19, 2019, and thereafter, on April 19, July 19, October 19 and January 19 of each year. The net proceeds from the issuance of the Offer Bonds were used primarily to settle short-term loans availed by the Parent Company to fund crude oil purchases and redeem a portion of the Parent Company's remaining Undated Subordinated Capital Securities (USCS) (Note 21), and the balance for general corporate purposes. The Offer Bonds were listed with the Philippine Dealing & Exchange Corp. on October 19, 2018.

c. On April 22, 2020, the Parent Company drew JP¥15 billion from a JP¥15 billion term loan facility signed and executed on March 27, 2020. The proceeds were used to partially prepay its US$1 billion term loan facility. The JP¥ facility is amortized over 5 years with a 2-year grace period, after which the total principal will be amortized in 7 equal semi-annual installments beginning March 27, 2022. It is subject to a floating interest rate based on JP¥ LIBOR plus a spread, repriced every 1, 3 or 6 months. Due to the global discontinuation of JPY LIBOR by December 31, 2021, an amendment was made to the JPY Facility adopting the Tokyo Overnight Average Rate (TONA) as the new benchmark rate. Beginning December 29, 2021, the floating interest rate on the JPY15 billion facility is based on TONA plus a spread, repriced every 1, 3 or 6 months. The Parent Company has paid the principal amortizations amounting to JP¥4.29 billion each in 2024 and 2023.

d. On April 27, 2020, the Parent Company drew P5,000 from a P5,000 term loan facility which was signed and executed on April 23, 2020. The facility is subject to a fixed interest rate of 4.59% per annum and amortized over 5 years with a 12-month grace period, after which the total principal will be amortized in 16 equal quarterly payments beginning July 27, 2021. The proceeds were used for general corporate purposes. The Parent Company has paid the principal amortizations amounting to P1,250 each in 2024 and 2023.

e. On October 12, 2021, the Parent Company issued P18,000 retail bonds divided into Series E due in 2025 (P9,000) and Series F due in 2027 (P9,000) with interest rates of 3.4408% p.a. and 4.3368% p.a., respectively. The Bonds are listed on the Philippine Dealing & Exchange Corp. The proceeds were used for the redemption of the Company's Series A Bonds, the partial financing of a power plant project and payment of existing indebtedness.

f. On May 19, 2022, the Parent Company drew and availed a P5,000 term loan facility which was signed and executed on May 17, 2022. The facility is subject to a fixed interest rate of 7.1663% per annum and amortized over 5 years with a 2-year grace period, after which the total principal will be amortized in 7 semi-annual payments beginning May 19, 2024. The proceeds were used for partial financing of a power plant project. As of December 31, 2024, the P500 portion of the facility has already been paid.

g. On June 15, 2022, the Parent Company drew and availed a P5,000 term loan facility which was signed and executed on June 10, 2022. The facility is subject to a fixed interest rate of 7.4206% interest per annum and amortized over 5 years with a 15-month grace period, after which the total principal will be amortized in 16 equal quarterly payment beginning September 15, 2023. The proceeds were used to partially pay the US$1,000 million term loan facility. The Parent Company has paid the principal amortizations amounting to P1,250 and P625 in 2024 and 2023, respectively.

h. On June 16, 2022, the Parent Company drew and availed a P5,000 term loan facility which was signed and executed on June 7, 2022. The facility is subject to a fixed interest rate of 7.5496% interest per annum and amortized over 5 years with a 15-month grace period, after which the total principal will be amortized in 16 equal quarterly payments beginning September 16, 2023. The proceeds were used to pay balances of the US$1,000 million and various loan facilities. The Parent Company has paid the principal amortizations amounting to P1,250 and P625 in 2024 and 2023, respectively.

i. On September 8, 2022, the Parent Company drew and availed a P2,375 term loan facility which was signed and executed on September 6, 2022. The facility is subject to a fixed interest rate of 6.4920% per annum and will be fully paid on September 8, 2025. The proceeds were used to pay existing indebtedness.

j. On September 30, 2022, the Parent Company drew and availed a P625 term loan facility which was signed and executed on September 6, 2022. The facility is subject to a fixed interest rate of 6.8672% per annum and will be fully paid on September 8, 2025. The proceeds were used to pay existing indebtedness.

k. On November 8, 2022, the Parent Company signed and executed a US$550 million term loan facility. Initial drawdown of US$117 million was made on November 15, 2022, the proceeds of which were used to partially pay the US$800 million term loan facility. On November 29, 2022, the Company drew an additional US$150 million from the facility to fully prepay its US$150 million term loan facility. Additional US$228 million was drawn on December 15, 2022 to further partially prepay the US$800 million term loan facility. The US$550 million term loan facility is amortized over 5 years with a 2-year grace period, after which the total principal will be amortized in 7 equal semi-annual installments beginning November 8, 2024. The facility is subject to a floating interest rate based on Secured Overnight Financing Rate (SOFR) plus a spread, repriced every 1, 3 or 6 months.

   On January 20, 2023, the Parent Company drew US$30 million to partially prepay its JP¥15 billion term loan facility. Additional US$25 million was drawn on February 3, 2023, to partially prepay the US$800 million long-term loan facility.

   On February 17, 2023, Parent Company has upsized its US$550 million term loan facility to US$669 million and drew US$88 million from the additional US$119 million loan facility on May 15, 2023 to fully pre-terminate the US$800 million long-term loan facility. On August 14, 2023, the remaining US$31 million was drawn. Proceeds were used to redeem the Parent Company's P7,000 Series B Bonds on October 27, 2023. As of December 31, 2024, the US$192 million portion of the facility has already been paid.

l. On July 13, 2023, the Parent Company made a full drawdown of US$225 million term loan which was used to partially fund the redemption of US$500 million SPCS. The facility was signed on March 28, 2023, which subsequently increased from US$150 million to US$225 million on June 8, 2023. The facility is amortized over 5 years with a 2-year grace period, after which the total principal will be amortized in 7 equal semi-annual installments beginning on March 28, 2025. The facility is subject to a floating interest rate based on SOFR plus a spread, repriced every 1, 3 or 6 months. In 2024, the Parent Company has prepaid portion of the facility amounting to US$45 million.

m. On March 6, 2024, the Parent Company made a full drawdown of P7,000 unsecured term loan facility signed and executed on January 16, 2024. The facility is amortized over 5 years with 2 years grace period, after which the total principal will be amortized in 7 equal semi-annual installments beginning March 6, 2026. The facility is subject to interest payable in semi-annual amortizations with fixed interest rate of 7.4941% per annum for the first 2 years and will thereafter be repriced to a new fixed rate until maturity on March 6, 2029. The proceeds were used to partially redeem Series C Offer Bonds on April 19, 2024.

n. On April 18, 2024, the Parent Company made a full drawdown of P5,000 unsecured term loan facility signed and executed on April 15, 2024. The facility is amortized over 5 years with 2.5 years grace period, after which the total principal will be amortized in 6 equal semi-annual installments beginning October 18, 2026. The facility is subject to a floating interest rate payable in semi-annual amortizations. The proceeds were used to partially redeem Series C Offer Bonds on April 19, 2024.

o. The Parent Company drew US$133 million, US$96 million, US$130 million and US$141 million on July 23, July 30, September 12 and October 28, 2024, respectively, from a US$500 million term loan facility signed and executed on July 11, 2024. The facility is amortized over 5 years with 2-year grace period, after which the total principal will be amortized in 7 equal semi-annual installments beginning July 11, 2026. The facility is subject to a floating interest rate payable monthly based on SOFR plus a spread, repriced every 1, 3 or 6 months. The proceeds were partially used to repay outstanding indebtedness and settle liabilities for crude oil importations.

The above-mentioned debt agreements contain, among others, covenants relating to merger and consolidation, maintenance of certain financial ratios, restrictions on loans and guarantees, disposal of a substantial portion of assets, significant changes in the ownership or control of subsidiaries, payments of dividends and redemption of capital stock.

The Group has two financial covenants, namely, net leverage ratio not to exceed 6.5x and ratio of consolidated gross debt to consolidated net worth not to exceed 2.75x. In November 2020, the Group secured consent to amend the testing of its net leverage ratio from semi-annual to incurrence-based, while the ratio of consolidated gross debt to consolidated net worth remained to be tested quarterly.

As of December 31, 2024 and 2023, the Group has complied with the financial covenants of its debt agreements.

Total interest incurred on the above-mentioned long-term loans (including amortization of debt issue costs) amounted to P9,005, P8,331 and P6,165 in 2024, 2023 and 2022, respectively (Note 26). Interest amounting to P38 was capitalized in 2024, P187 in 2023 and P269 in 2022 (Note 9).

Movements in debt issue costs follow:

	Note	**2024**	2023
Balance at beginning of year		**P1,366**	P1,335
Additions		**721**	616
Amortization for the year	*26*	**(638)**	(585)
Balance at end of year		**P1,449**	P1,366

Repayment Schedule

As of December 31, 2024 and 2023, the annual maturities of long-term debt are as follows (Note 34):

2024

Year	**Gross Amount**	**Debt Issue Costs**	**Net**
2025	**P29,810**	**P392**	**P29,418**
2026	**24,740**	**646**	**24,094**
2027	**40,456**	**305**	**40,151**
2028	**13,790**	**88**	**13,702**
2029 and beyond	**10,096**	**18**	**10,078**
	P118,892	**P1,449**	**P117,443**

2023

Year	Gross Amount	Debt Issue Costs	Net
2024	P26,035	P393	P25,642
2025	37,411	557	36,854
2026	18,923	237	18,686
2027	26,113	175	25,938
2028 and beyond	1,780	4	1,776
	P110,262	P1,366	P108,896

19. Asset Retirement Obligation

Movements in the ARO are as follows:

	Note	**2024**	2023
Balance at beginning of year		**P3,658**	P3,559
Accretion for the year	*26*	**207**	226
Additions		**75**	6
Effect of change in estimates	*4*	**58**	(264)
Translation adjustment		**21**	(13)
Settlement		**(1)**	-
Effect of change in discount rate		**(39)**	144
Derecognition	*39*	**(2,600)**	-
Balance at end of year including current portion		**P1,379**	P3,658

20. Other Noncurrent Liabilities

This account consists of:

	Note	2024	2023 As restated (Note 40)
Cash bonds		**P426**	P439
Others		**61**	56
	34, 35	**P487**	P495

Cash bonds represent deposits from customers as a form of collateral.

Others account includes liability to a contractor and supplier.

21. Equity

a. Capital Stock

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.

On November 3, 2014, the Parent Company issued and listed in the PSE 10,000,000 Series 2 Preferred Shares at an offer price of P1,000.00 per share. The Series 2 Preferred Shares were issued in two (2) sub-series, (i) 7,122,320 Series 2A preferred shares (the "Series 2A Preferred Shares") and (ii) 2,877,680 Series 2B preferred shares (the "Series 2B Preferred Shares"). Proceeds from issuance in excess of par value less related transaction costs amounting to P9,889 was recognized as additional paid-in capital.

The Series 2A Preferred Shares may be redeemed by the Parent Company starting on the fifth anniversary from the listing date while the Series 2B Preferred Shares may be redeemed starting on the seventh anniversary from the listing date. Series 2A and Series 2B Preferred Shares have dividend rates of 6.3000% and 6.8583%, respectively. Cash dividends are payable quarterly every February 3, May 3, August 3 and November 3 of each year, as and if declared by the Parent Company's BOD.

All shares rank equally as regards to the Parent Company's residual assets, except that holders of preferred shares participate only to the extent of the issue price of the shares plus any accumulated and unpaid cash dividends.

On March 5, 2015, the Parent Company redeemed the 2010 Preferred Shares at P100.00 per share, which were delisted by the PSE on March 6, 2015 in line with the latter's rule on the delisting of redeemed shares which are not re-issuable at the time of redemption under the issuing Parent Company's AOI. On July 6, 2015, the SEC approved the amendment of the AOI of the Parent Company to provide a re-issuability feature of its preferred shares.

On May 31, 2019, the SEC issued a permit for the Parent Company's public offering and sale of 15,000,000 cumulative, non-voting, non-participating, non-convertible, peso-denominated perpetual preferred shares with an oversubscription option of 5,000,000 preferred shares (collectively, the "Series 3 Preferred Shares") at an issue price of P1,000.00 per share.

On June 25, 2019, the Parent Company issued and listed on the PSE 20,000,000 Series 3 Preferred Shares. The net proceeds from the issuance were used for the repayment of the Parent Company's outstanding short-term loans and for general corporate purposes while the remaining balance was allocated for the redemption of the Series 2A Preferred Shares in November 2019.

The Series 3 Preferred Shares were issued in two (2) sub-series: (i) 13,403,000 Series 3A Preferred Shares with dividend rate of 6.8713% per annum and first optional redemption date on its 5.5th anniversary from the issuance date; and (ii) 6,597,000 Series 3B Preferred Shares with dividend rate of 7.1383% per annum and first optional redemption date on its 7th anniversary from the issuance date. Cash dividends are payable quarterly on March 25, June 25, September 25 and December 25 of each year, as and if declared by the Parent Company's BOD. Proceeds from reissuance of treasury stocks in excess of cost less related transaction costs amounting to P17,847 was recognized as additional paid-in capital.

On November 4, 2019, the Parent Company redeemed its 7,122,320 Series 2A Preferred Shares issued on November 3, 2014 at a redemption price of P1,000.00 per share, with a record date of October 10, 2019. The redemption was approved by the Parent Company's BOD on March 12, 2019.

On November 3, 2021, the Parent Company redeemed its 2,877,680 Series 2B Preferred Shares issued on November 3, 2014 at a redemption price of P1,000.00 per share, with a record date of October 7, 2021. The redemption was approved by the Parent Company's BOD on March 9, 2021.

On July 7, 2023, the Parent Company issued and listed on the PSE 5,000,000 Series 4A, 2,995,000 Series 4B, and 6,005,000 Series 4C preferred shares (inclusive of the oversubscription of 1,500,000 shares) under the 50,000,000 Series 4 Shelf Registered Preferred Shares at an issue price of P1,000.00 or for a total amount of P14,000. The Series 4 Shelf Registered Preferred Shares, which were approved for issue by the SEC on June 14, 2023, are cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable, and reissuable Peso-denominated perpetual preferred shares. Proceeds from reissuance of treasury stocks in excess of cost less related transaction costs amounting to P3,485 was recognized as additional paid-in capital. The net proceeds were used to partly fund the full redemption on July 19, 2023 of the remaining US$477.53 million SPCS issued in 2018.

The Parent Company has the redemption option starting on the second and half, third and fifth year or on any dividend payment date thereafter for Series 4A, Series 4B and Series 4C preferred shares, respectively. Dividend rates are 6.7079%, 6.7972%, 7.0861% per annum for Series 4A, Series 4B and Series 4C preferred shares, respectively.

On September 23, 2024, the Parent Company issued and listed in the PSE additional 16,830,000 Series 4 Preferred Shares at an offer price of P1,000.00 per share for a total amount of P16,830. The additional Series 4 Preferred Shares were issued in two (2) sub-series, (i) 8,500,000 Series 4D preferred shares (the "Series 4D Preferred Shares") and (ii) 8,330,000 Series 4E preferred shares (the "Series 4E Preferred Shares"). Proceeds from issuance in excess of par value, less related transaction costs of P100, were recognized as additional paid-in capital amounting to P16,713. The Series 4D and 4E Preferred Shares are cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable, and reissuable Philippine Peso-denominated perpetual preferred shares with par value of P1.00 per share.

The Parent Company has the redemption option starting on the third and fifth year from the listing date or on any dividend payment date thereafter for Series 4D and Series 4E preferred shares, respectively. Series 4D and Series 4E preferred shares have dividend rates of 6.8364% and 7.1032%, respectively. Cash dividends are payable quarterly every March 23, June 23, September 23 and December 23 of each year, as and if declared by the Parent Company's BOD. The net proceeds were used to fully redeem the Series 3A Preferred Shares on December 26, 2024, refinance maturing obligations, and fund general corporate purposes, including the purchase of crude oil inventory.

On December 26, 2024, the Parent Company redeemed its 13,403,000 Series 3A Preferred Shares issued on June 25, 2019 at a redemption price of P1,000.00 per share, with a record date of November 21, 2024. The redemption was approved by the Parent Company's BOD on June 26, 2024.

As of December 31, 2024 and 2023, the Parent Company had 37,427,000 and 34,000,000 (P1 par value) issued and outstanding preferred shares, respectively. The total number of preferred shareholders with at least one board lot at the PSE as of December 31, 2024 and 2023 are as follows:

	2024	2023
Series 3A Preferred Shares	**-**	14
Series 3B Preferred Shares	**25**	25
Series 4A Preferred Shares	**4**	3
Series 4B Preferred Shares	**13**	13
Series 4C Preferred Shares	**27**	27
Series 4D Preferred Shares	**22**	-
Series 4E Preferred Shares	**26**	-
	117	82

b. Retained Earnings

Declaration of Cash Dividends

On various dates in 2024, 2023 and 2022, the Parent Company's BOD approved the declaration of cash dividends for common and preferred shareholders with the following details:

Type	Per Share	Date of Declaration	Date of Record	Date of Payment
2024				
Common	**P0.10000**	**March 5, 2024**	**March 19, 2024**	**April 4, 2024**
Series 3A	**17.17825**	**May 7, 2024**	**June 3, 2024**	**June 25, 2024**
Series 3B	**17.84575**	**May 7, 2024**	**June 3, 2024**	**June 25, 2024**
Series 4A	**16.76975**	**May 7, 2024**	**June 13, 2024**	**July 8, 2024**
Series 4B	**16.99300**	**May 7, 2024**	**June 13, 2024**	**July 8, 2024**
Series 4C	**17.71525**	**May 7, 2024**	**June 13, 2024**	**July 8, 2024**
Series 3A	**17.17825**	**August 6, 2024**	**September 3, 2024**	**September 25, 2024**
Series 3B	**17.84575**	**August 6, 2024**	**September 3, 2024**	**September 25, 2024**
Series 4A	**16.76975**	**August 6, 2024**	**September 13, 2024**	**October 7, 2024**
Series 4B	**16.99300**	**August 6, 2024**	**September 13, 2024**	**October 7, 2024**
Series 4C	**17.71525**	**August 6, 2024**	**September 13, 2024**	**October 7, 2024**
Series 3A	**17.17825**	**November 5, 2024**	**November 29, 2024**	**December 26, 2024**
Series 3B	**17.84575**	**November 5, 2024**	**November 29, 2024**	**December 26, 2024**
Series 3B	**17.84575**	**November 5, 2024**	**March 3, 2025**	**March 25, 2025**
Series 4A	**16.76975**	**November 5, 2024**	**December 9, 2024**	**January 7, 2025**
Series 4B	**16.99300**	**November 5, 2024**	**December 9, 2024**	**January 7, 2025**
Series 4C	**17.71525**	**November 5, 2024**	**December 9, 2024**	**January 7, 2025**
Series 4A	**16.76975**	**November 5, 2024**	**March 13, 2025**	**April 7, 2025**
Series 4B	**16.99300**	**November 5, 2024**	**March 13, 2025**	**April 7, 2025**
Series 4C	**17.71525**	**November 5, 2024**	**March 13, 2025**	**April 7, 2025**
Series 4D	**17.09100**	**November 5, 2024**	**November 28, 2024**	**December 23, 2024**
Series 4E	**17.75800**	**November 5, 2024**	**November 28, 2024**	**December 23, 2024**
Series 4D	**17.09100**	**November 5, 2024**	**February 28, 2025**	**March 24, 2025**
Series 4E	**17.75800**	**November 5, 2024**	**February 28, 2025**	**March 24, 2025**
2023				
Common	P0.10000	March 6, 2023	March 20, 2023	April 4, 2023
Series 3A	17.17825	May 10, 2023	May 31, 2023	June 26, 2023
Series 3B	17.84575	May 10, 2023	May 31, 2023	June 26, 2023
Series 3A	17.17825	August 1, 2023	August 31, 2023	September 25, 2023
Series 3B	17.84575	August 1, 2023	August 31, 2023	September 25, 2023
Series 4A	16.76975	August 1, 2023	September 14, 2023	October 9, 2023
Series 4B	16.99300	August 1, 2023	September 14, 2023	October 9, 2023
Series 4C	17.71525	August 1, 2023	September 14, 2023	October 9, 2023
Series 3A	17.17825	November 7, 2023	November 29, 2023	December 26, 2023
Series 3B	17.84575	November 7, 2023	November 29, 2023	December 26, 2023
Series 3A	17.17825	November 7, 2023	March 1, 2024	March 25, 2024
Series 3B	17.84575	November 7, 2023	March 1, 2024	March 25, 2024
Series 4A	16.76975	November 7, 2023	December 13, 2023	January 8, 2024
Series 4B	16.99300	November 7, 2023	December 13, 2023	January 8, 2024
Series 4C	17.71525	November 7, 2023	December 13, 2023	January 8, 2024
Series 4A	16.76975	November 7, 2023	March 13, 2024	April 8, 2024
Series 4B	16.99300	November 7, 2023	March 13, 2024	April 8, 2024
Series 4C	17.71525	November 7, 2023	March 13, 2024	April 8, 2024

Forward

Type	Per Share	Date of Declaration	Date of Record	Date of Payment
2022				
Series 3A	P17.17825	August 1, 2022	August 31, 2022	September 26, 2022
Series 3B	17.84575	August 1, 2022	August 31, 2022	September 26, 2022
Series 3A	17.17825	November 8, 2022	November 29, 2022	December 26, 2022
Series 3B	17.84575	November 8, 2022	November 29, 2022	December 26, 2022
Series 3A	17.17825	November 8, 2022	March 2, 2023	March 27, 2023
Series 3B	17.84575	November 8, 2022	March 2, 2023	March 27, 2023

Total cash dividends declared by the Parent Company amounted to P3,650 in 2024, P3,053 in 2023 and P1,044 in 2022.

Appropriation for Capital Projects
On May 5, 2016, the Parent Company's BOD approved the re-appropriation of retained earnings amounting to P15,000 for capital projects in 2016 and 2017 which are expected to be completed within five years from the date of the approval.

On March 9, 2021, the BOD of the Parent Company approved the reversal of P8,000 of the P15,000 appropriated retained earnings of the Parent Company since majority of the 2016 and 2017 capital projects were already completed while others were deferred. The remaining P7,000 was maintained for the Power Plant project.

On May 10, 2023, the BOD of the Parent Company approved the reversal of P7,000 of the remaining appropriated retained earnings for the Parent Company since the Power Plant project no longer needs the subject appropriation to fund its completion.

On October 7, 2021, the BOD of PEDC approved the appropriation of its retained earnings amounting to P3 for acquisition of three lots located in Bulacan. As of December 31, 2024, these lots are expected to be acquired by the second half of 2025.

The appropriated retained earnings attributable to the equity holders of the Parent Company amounted to P3 as of December 31, 2024 and 2023.

c. The Group's unappropriated retained earnings include its accumulated equity in net earnings of subsidiaries, joint ventures and an associate amounting to P49,533, P48,107 and P43,690 as of December 31, 2024, 2023 and 2022, respectively. Such amounts are not available for declaration as dividends until declared by the respective investees.

d. Equity reserves comprise of the following:

Reserve for retirement plan pertains to the cumulative remeasurements of the Group's defined benefit retirement plan.

Other reserves comprise the net income (loss) on cash flows hedges, unrealized fair value losses on investments in debt instruments, exchange differences on translation of foreign operations, effect of redemption of capital securities and others with details as follows:

	2024	2023 As restated (Note 40)	2022 As restated (Note 40)
Balance at beginning of year, as previously reported	**(P14,786)**	(P10,450)	(P12,379)
Effect of prior period adjustments	**(8)**	(4)	-
Balance at beginning of year, as restated	**(14,794)**	(10,454)	(12,379)
Net income (loss) on cash flow hedges, net of tax	**-**	(50)	54
Cumulative translation adjustment	**3,499**	(2,008)	1,871
Share in other comprehensive income of an associate and joint venture	**1**	4	-
Repurchase of capital securities	**(386)**	(2,286)	-
Balance at end of year	**(P11,680)**	(P14,794)	(P10,454)

e. SPCS

On January 19, 2018, the Parent Company issued US$500 million SPCS with an issue price of 100% for the partial repurchase and redemption of the Parent Company's existing US$750 million USCS, the repayment of indebtedness and general corporate purposes including capital expenditures. The SPCS were listed with the Singapore Exchange Securities Trading Ltd. on January 22, 2018.

Holders of the SPCS are conferred a right to receive distribution on a semi-annual basis from their issue date at the rate of 4.6% per annum, subject to a step-up rate. The Parent Company has a right to defer the distribution under certain conditions.

The SPCS have no fixed redemption date and are redeemable in whole, but not in part, at their principal amounts together with any accrued, unpaid, or deferred distributions, at the Parent Company's option on or after July 19, 2023 or on any distribution payment date thereafter or upon the occurrence of certain other events.

On January 19, 2023, the Parent Company redeemed US$22.47 million (P1,118) from US$500 million SPCS issued in 2018 at a purchase price of US$927 per US$1,000 in principal amount.

On July 19, 2023, the remaining outstanding SPCS with an aggregate amount of US$477.53 million (P23,763) was fully redeemed at a purchase price of US$1,000 per US$1,000 in principal amount. Following such redemption, distributions ceased to accrue and the redeemed securities were cancelled and delisted from the Singapore Exchange Securities Trading Limited.

Payments of distributions pertaining to US$500 million SPCS were made on the following dates: July 19, 2023 (P797), January 19, 2023 (P841), July 18, 2022 (P864), January 18, 2022 (P787), July 16, 2021 (P770), and January 15, 2021 (P737).

On April 19, 2021, the Parent Company issued US$550 million SPCS at an issue price of 100%, with an initial distribution rate of 5.95% per annum. The securities were listed in the Singapore Exchange Securities Trading Limited on April 20, 2021. The net proceeds were used for the repayment of indebtedness and for general corporate purposes.

Payments of distributions pertaining to US$550 million SPCS was made on October 18, 2024 (P1,258), April 18, 2024 (P1,246), October 19, 2023 (P1,238), April 19, 2023 (P1,224), October 18, 2022 (P1,286) and April 18, 2022 (P1,140).

These SPCS were offered for sale and sold to qualified buyers and not more than 19 institutional lenders. Hence, the sale of SPCS was considered an exempt transaction for which no confirmation of exemption from the registration requirements of the SRC was required to be filed with the SEC.

f. RPS

On November 27, 2019, the Parent Company issued US$6 million RPS to be used for capital expenditures requirements.

Holders of the RPS are conferred a right to receive distributions on a quarterly basis, every February 27, May 27, August 27 and November 27. The Parent Company has a right to defer the distribution under certain conditions.

On May 26, 2023, the Parent Company fully redeemed its US$6 million (P302) RPS.

Distributions to holders of the RPS were made on May 26, 2023 (P3), February 27, 2023 (P3), November 25, 2022 (P3), August 30, 2022 (P3), May 27, 2022 (P3), March 1, 2022 (P3), November 27, 2021 (P3), August 27, 2021 (P3), May 27, 2021 (P3), and February 27, 2021 (P3).

On June 22, 2020, the Parent Company issued US$130 million RPS used for general corporate purposes. Holders of the RPS are conferred a right to receive distributions on a quarterly basis every March 22, June 22, September 22 and December 22.

On September 25, 2024 and October 2, 2024, the Parent Company partially repurchased US$40 million (P1,983) and US$20 million (P991) RPS.

Payment of distributions pertaining to RPS were made on December 23, 2024 (P37), October 2, 2024 (P1), September 23 and 25, 2024 (P66), June 21, 2024 (P69), and March 22, 2024 (P66), December 22, 2023 (P65), September 22, 2023 (P67), June 22, 2023 (P65), March 22, 2023 (P64), December 22, 2022 (P65), September 22, 2022 (P69), June 22, 2022 (P64) and March 22, 2022 (P62).

On August 10, 2020, the Parent Company issued additional US$100 million RPS used for general corporate purposes. Holders of the RPS are conferred a right to receive distributions on a quarterly basis every February 10, May 10, August 10 and November 10.

Holders of the RPS were paid on November 11, 2024 (P53), August 12, 2024 (P52), May 10, 2024 (P52), and February 10, 2024 (P51), November 10, 2023 (P51), August 10, 2023 (P51), May 10, 2023 (P51), February 10, 2023 (P49), November 10, 2022 (P53), August 10, 2022 (P50), May 10, 2022 (P47) and February 10, 2022 (P46).

The RPS have no fixed redemption date and are redeemable in whole, or in part, at their principal amounts together with any accrued, unpaid, or deferred distributions, at the Parent Company's option on any distribution payment date after 90 days from issuance date.

22. Cost of Goods Sold

This account consists of:

	Note	**2024**	2023	2022
Inventories	*8*	**P798,698**	P731,648	P803,977
Depreciation and amortization	*25*	**8,824**	8,420	7,078
Materials and supplies		**5,317**	6,209	5,397
Personnel expenses	*24*	**2,275**	1,839	1,564
Purchased services and utilities		**2,204**	2,589	2,683
Others	*29, 31*	**4,435**	3,724	3,089
		P821,753	P754,429	P823,788

Distribution or transshipment costs included as part of inventories amounted to P18,974, P17,113 and P13,329 in 2024, 2023 and 2022, respectively.

Others include manufacturing and overhead costs such as maintenance and repairs, taxes and licenses, insurance and rent.

23. Selling and Administrative Expenses

This account consists of:

	Note	**2024**	2023 As restated (Note 40)	2022 As restated (Note 40)
Depreciation and amortization	*25*	**P4,632**	P4,872	P4,927
Purchased services and utilities		**5,155**	4,309	3,857
Personnel expenses	*24*	**4,378**	3,892	3,858
Maintenance and repairs		**1,879**	1,960	1,624
Advertising		**837**	530	464
Materials and office supplies		**625**	791	359
Rent	*29*	**525**	497	381
Taxes and licenses		**509**	608	350
Net reversal of impairment on trade and other receivables	*4, 7*	**(9)**	(14)	(8)
Others	*8*	**226**	123	41
		P18,757	P17,568	P15,853

Selling and administrative expenses include research and development costs amounting to P87, P87 and P61 in 2024, 2023 and 2022, respectively (Note 8).

24. Personnel Expenses

This account consists of:

	Note	2024	2023	2022
Salaries, wages and other employee costs	28	**P6,290**	P5,386	P4,972
Retirement benefits costs - defined benefit plan	28, 30	**270**	257	367
Retirement benefits costs - defined contribution plan	28	**93**	88	83
		P6,653	P5,731	P5,422

The above amounts are distributed as follows:

	Note	2024	2023	2022
Costs of goods sold	22	**P2,275**	P1,839	P1,564
Selling and administrative expenses	23	**4,378**	3,892	3,858
		P6,653	P5,731	P5,422

25. Depreciation and Amortization

This account consists of:

	Note	2024	2023 As restated (Note 40)	2022 As restated (Note 40)
Cost of goods sold:				
Property, plant and equipment	9	**P8,342**	P7,957	P6,702
Right-of-use assets	10	**226**	129	140
Other assets	14	**256**	334	236
	22	**8,824**	8,420	7,078
Selling and administrative expenses:				
Property, plant and equipment	9	**2,114**	2,290	2,376
Right-of-use assets	10	**405**	510	507
Investment property	11	**2,037**	1,942	1,986
Intangible assets and others	14	**76**	130	58
	23	**4,632**	4,872	4,927
	37	**P13,456**	P13,292	P12,005

26. Interest Expense and Other Financing Charges, Interest Income and Other Expenses

This account consists of:

	Note	2024	2023	2022
Interest expense and other financing charges:				
Long-term debt	18	**P8,331**	P7,574	P5,320
Short-term loans	15	**8,102**	7,659	4,147
Bank charges		**1,535**	1,470	1,453
Accretion on lease liability	29	**1,259**	1,124	1,065
Amortization of debt issue costs	18	**636**	570	576
Advances from a related party	28	**321**	167	35
Defined benefit obligation	30	**303**	303	225
Accretion on ARO	19	**207**	226	216
Others	39	**267**	2	57
	37	**P20,961**	P19,095	P13,094
Interest income:				
Short-term placements	5	**P933**	P990	P720
Plan assets	30	**156**	106	73
Advances to related parties	28	**53**	45	58
Trade receivables	7	**44**	40	20
Cash in banks	5	**10**	9	10
Hedging		**5**	94	17
	37	**P1,201**	P1,284	P898
Other income - net:				
Gain on lease termination	39	**P3,509**	P -	P -
Marked-to-market gains (losses) - net	35	**986**	(133)	4,673
Changes in fair value of financial assets at FVPL	6	**70**	37	54
Hedging gains (losses) - net		**3**	(104)	(739)
Foreign currency losses - net	34	**(1,771)**	(509)	(3,678)
Others - net		**620**	828	690
		P3,417	P119	P1,000

Bank charges amounting to P5 was capitalized as part of property, plant and equipment in 2024 while P28 in 2023 and P46 in 2022 (Note 9).

Also included in "Others - net" were the following: (i) rental income amounting to P69 in 2024 while P63 each in 2023 and 2022 (Note 29); (ii) gain (loss) on sale of fixed asset amounting to (P53) in 2024 and P33 in 2023; and (iii) gain on acquisition of Mema amounting to P22 in 2022 (Note 12).

27. Income Taxes

Deferred tax assets and liabilities are from the following:

2024

	January 1 2024 As restated (Note 40)	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	December 31 2024
Net retirement benefits liability	**P1,747**	**(P140)**	**P409**	**P -**	**P2,016**
Rental	**1,651**	**(704)**	**-**	**-**	**947**
NOLCO	**6,214**	**(3,250)**	**-**	**-**	**2,964**
Various allowances, accruals and others	**(2,880)**	**3,174**	**-**	**13**	**307**
Inventory differential	**253**	**(273)**	**-**	**-**	**(20)**
MCIT	**1,021**	**357**	**-**	**-**	**1,378**
ARO	**622**	**(398)**	**-**	**-**	**224**
Unutilized tax losses	**626**	**(50)**	**-**	**-**	**576**
Unrealized foreign exchange gains - net	**(183)**	**477**	**-**	**-**	**294**
Capitalized taxes and duties on inventories deducted in advance	**(958)**	**(62)**	**-**	**-**	**(1,020)**
Capitalized interest, losses, duties and taxes on property, plant and equipment deducted in advance and others	**(3,359)**	**327**	**-**	**-**	**(3,032)**
Excess of double-declining over UPM and straight-line method of depreciation and amortization	**(8,096)**	**(2,697)**	**-**	**-**	**(10,793)**
	(P3,342)	**(P3,239)**	**P409**	**P13**	**(P6,159)**

2023

	January 1 2023 As restated (Note 40)	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	December 31 2023 As restated (Note 40)
Net retirement benefits liability	P1,910	(P172)	P9	P -	P1,747
Rental	1,545	106	-	-	1,651
NOLCO	6,654	(440)	-	-	6,214
Various allowances, accruals and others	535	(3,428)	-	13	(2,880)
Inventory differential	651	(398)	-	-	253
MCIT	508	513	-	-	1,021
ARO	519	103	-	-	622
Unutilized tax losses	453	173	-	-	626
Fair market value adjustments on business combination	(27)	27	-	-	-
Unrealized foreign exchange gains - net	22	(223)	18	-	(183)
Capitalized taxes and duties on inventories deducted in advance	(848)	(110)	-	-	(958)
Capitalized interest, losses, duties and taxes on property, plant and equipment deducted in advance and others	(3,524)	165	-	-	(3,359)
Excess of double-declining over UPM and straight-line method of depreciation and amortization	(10,295)	2,199	-	-	(8,096)
	(P1,897)	(P1,485)	P27	P13	(P3,342)

2022

	January 1 2022	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	December 31 2022 As restated (Note 40)
Net retirement benefits liability	P1,883	(P135)	P156	P6	P1,910
Rental	1,262	283	-	-	1,545
NOLCO	7,793	(1,139)	-	-	6,654
Various allowances, accruals and others	509	187	-	(161)	535
Inventory differential	(172)	823	-	-	651
MCIT	689	(181)	-	-	508
ARO	444	75	-	-	519
Unutilized tax losses	402	51	-	-	453
Fair market value adjustments on business combination	(27)	-	-	-	(27)
Unrealized foreign exchange gains - net	(240)	281	(19)	-	22
Capitalized taxes and duties on inventories deducted in advance	(764)	(84)	-	-	(848)
Capitalized interest, losses, duties and taxes on property, plant and equipment deducted in advance and others	(3,605)	81	-	-	(3,524)
Excess of double-declining over UPM and straight-line method of depreciation and amortization	(9,786)	(509)	-	-	(10,295)
	(P1,612)	(P267)	P137	(P155)	(P1,897)

The above amounts are reported in the consolidated statements of financial position as follows:

	2024	2023 As restated (Note 40)
Deferred tax assets - net	**P560**	P1,114
Deferred tax liabilities - net	**(6,719)**	(4,456)
	(P6,159)	(P3,342)

Net deferred taxes of individual companies are not allowed to be offset against net deferred tax liabilities of other companies, or vice versa, for purposes of consolidation.

The components of income tax expense are shown below:

	2024	2023 As restated (Note 40)	2022 As restated (Note 40)
Current	**P1,284**	P1,513	P1,213
Deferred	**3,239**	1,485	267
	P4,523	P2,998	P1,480

In 2024, the Parent Company made provision for impairment of deferred tax asset for a portion of its NOLCO and MCIT incurred in 2020 and 2022, respectively, which is due to expire in the succeeding year. Details of unrecognized deferred tax assets as of December 31, 2024 are as follows:

	Tax Base		
Year Incurred	**NOLCO**	**MCIT**	**Tax Effect**
2020	**P5,206**	**P -**	**P1,302**
2022	**-**	**310**	**310**
	P5,206	**P310**	**P1,612**

As of December 31, 2024, the NOLCO and MCIT of the Parent Company that can be claimed as deduction from future taxable income and deduction from corporate income tax due, respectively, are as follows:

Year Incurred/Paid	**Carryforward Benefits Up To**	**NOLCO**	**MCIT**
2020	December 31, 2025	**P15,384**	**P -**
2021	December 31, 2026	**1,678**	**-**
2022	December 31, 2025	**-**	**310**
2023	December 31, 2026	**-**	**513**
2024	December 31, 2027	**-**	**865**
		P17,062	**P1,688**

As of December 31, 2023, the NOLCO and MCIT of the Parent Company that can be claimed as deduction from future taxable income and deduction from corporate income tax due, respectively, are as follows:

Year Incurred/Paid	Carryforward Benefits Up To	NOLCO	MCIT
2020	December 31, 2025	P23,163	P -
2021	December 31, 2026	1,678	-
2021	December 31, 2024	-	198
2022	December 31, 2025	-	310
2023	December 31, 2026	-	513
		P24,841	P1,021

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 (bbbb) of Republic Act (RA) No. 11494, otherwise known as the Bayanihan to Recover as One Act, relative to NOLCO which provides that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five consecutive taxable years following the year such loss was incurred.

A reconciliation of tax on the pretax income computed at the applicable statutory rates to tax expense reported in the consolidated statements of income is as follows:

	2024	2023 As restated (Note 40)	2022 As restated (Note 40)
Statutory income tax rate	**25.00%**	25.00%	25.00%
Increase (decrease) in income tax rate resulting from:			
Interest income subjected to lower final tax	**(0.09%)**	(0.16%)	(0.11%)
Nontaxable income	**(6.91%)**	(4.47%)	(6.94%)
Nondeductible expense	**3.09%**	4.33%	(8.13%)
Nondeductible interest expense	**0.08%**	0.10%	0.09%
Write-off of NOLCO and MCIT	**-**	-	7.28%
Unrecognized deferred tax assets on NOLCO and MCIT	**14.08%**	-	-
Income subject to income tax holiday (ITH)	**(0.30%)**	-	-
Others, mainly income subject to different tax rates	**(0.14%)**	(1.93%)	0.42%
Effective income tax rate	**34.81%**	22.87%	17.61%

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.

The balances and transactions with related parties as of and for the years ended December 31 follow:

	Note	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Retirement Plan	*7, 30, a*	**2024**	**P45**	**P -**	**P894**	**P -**	On demand;	Unsecured;
		2023	45	-	894	-	interest bearing	no impairment
		2022	58	-	894	-		
	a	**2024**	**-**	**-**	**88**	**-**	On demand;	Unsecured;
		2023	-	-	43	-	non-interest	no impairment
		2022	-	-	-	-	bearing	
Intermediate Parent	*b, e, f, h, i*	**2024**	**18**	**235**	**15**	**418**	On demand;	Unsecured;
		2023	29	221	18	461	non-interest	no impairment
		2022	20	207	16	453	bearing	
Under Common Control	*14, b, c,*	**2024**	**9,513**	**6,664**	**3,992**	**2,767**	On demand;	Unsecured;
	d, h, i, j,	2023	15,949	5,808	3,801	2,638	non-interest	no impairment
	k	2022	16,473	4,625	6,278	2,178	bearing	
	k	**2024**	**-**	**321**	**-**	**5,785**	On demand;	Unsecured;
		2023	-	167	-	3,322	interest bearing	no impairment
		2022	-	35	-	3,345		
Associate	*b, h*	**2024**	**280**	**296**	**81**	**203**	On demand;	Unsecured;
		2023	240	210	54	73	non-interest	no impairment
		2022	200	100	90	56	bearing	
Joint Ventures	*c, g, h*	**2024**	**-**	**74**	**-**	**4**	On demand;	Unsecured;
		2023	-	65	1	-	non-interest	no impairment
		2022	-	-	2	-	bearing	
Associates and Joint Ventures under Common Control	*b, h, l*	**2024**	**331**	**-**	**54**	**1**	On demand;	Unsecured;
		2023	326	-	87	1	non-interest	no impairment
		2022	365	-	71	19	bearing	
	l	**2024**	**-**	**41**	**-**	**1,100**	Short-term;	Unsecured;
		2023	-	112	-	1,100	interest bearing	no impairment
		2022	-	101	-	2,865		
		2024	**P10,187**	**P7,631**	**P5,124**	**P10,278**		
		2023	P16,589	P6,583	P4,898	P7,595		
		2022	P17,116	P5,068	P7,351	P8,916		

a. As of December 31, 2024 and 2023, the Parent Company has interest bearing advances to PCERP, included as part of "Trade and other receivables - net" in the consolidated statements of financial position, for some investment opportunities (Notes 7 and 30).

b. Sales relate to the Parent Company's supply agreements with the Intermediate Parent, various SMC subsidiaries, and an associate. Under these agreements, the Parent Company supplies diesel fuel, gasoline and lube requirements of selected SMC plants and subsidiaries.

c. Purchases relate to purchase of goods and services such as power, construction, information technology, shipping and terminalling from a joint venture and various SMC subsidiaries.

d. The Parent Company entered into various lease agreements with San Miguel Properties, Inc. for office space and certain parcels of land where service stations are located.

e. The Parent Company has existing lease agreements with SMC covering certain parcels of land where service stations are located.

f. The Parent Company also pays SMC for its share in common expenses such as utilities and management fees.

g. TBSB provides bottling services to PFISB and another venturer.

h. Amounts owed by related parties consist of trade, non-trade receivables, advances and prepaid expenses.

i. Amounts owed to related parties consist of trade and non-trade payables.

j. NVRC leased out certain parcels of its land to SMC Consolidated Power Corporation for a period of 25 years.

k. Amounts owed to entities under common control include interest-bearing advances from San Miguel Insurance Company Ltd.

l. Amounts owed to associate of entities under common control include interest-bearing short-term loans payable to Bank of Commerce.

m. The compensation and benefits of key management personnel of the Group, by benefit type, included in the "Personnel expenses" account as follows (Note 24):

	2024	2023	2022
Salaries and other short-term employee benefits	**P1,010**	P906	P906
Retirement benefits costs - defined benefit plan	**105**	116	139
Retirement benefits costs - defined contribution plan	**42**	37	35
	P1,157	P1,059	P1,080

29. Lease Commitments

Group as Lessee

The Group entered into commercial leases on office space, buildings, machinery and equipment, service stations and certain parcels of land for its refinery and service stations (Notes 10 and 31). These leases' life ranges from one to 999 years with renewal options included in the contracts. There are no restrictions placed upon the Group by entering into these leases. The lease agreements include upward escalation adjustments of the annual rental rates.

Amounts recognized in profit or loss:

	Note	**2024**	2023	2022
Interest on lease liabilities	*10*	**P1,259**	P1,124	P1,065
Income from sub-leasing		**(1,696)**	(1,608)	(1,275)
Expenses relating to the variable portion of lease payments		**6**	4	4
Expenses relating to short-term leases		**586**	491	385
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets		**14**	30	10
		P169	P41	P189

Rent expense amounting to P81 is included in "Cost of goods sold – others" account in 2024, P28 in 2023 and P18 in 2022 (Note 22). Interest expense amounting to P5 was capitalized as part of property, plant and equipment in 2024, P26 in 2023 while P52 in 2022 (Note 9).

Amounts recognized in consolidated statements of cashflows:

	Note	2024	2023	2022
Interest paid under operating activities	33	**P1,264**	P1,150	P1,083
Cash outflows for short term, low value leases and variable portion of lease payments		**606**	525	399
Principal lease payments under financing activities	33	**1,516**	1,313	1,264
	10	**P3,386**	P2,988	P2,746

Group as Lessor - Operating Lease
The Group has entered into lease agreements on its service stations and other related structures. The non-cancellable leases have remaining terms of between three to ten years. All leases include a clause to enable upward escalation adjustment of the annual rental rates.

The following table sets out a maturity analysis of lease payments, showing undiscounted lease payments to be received after the reporting period.

	2024	2023
Less than one year	**P1,421**	P1,238
One to two years	**628**	585
Two to three years	**378**	329
Three to four years	**474**	289
Four to five years	**330**	287
More than five years	**2,415**	2,316
	P5,646	P5,044

Rent income recognized in profit or loss amounted to:

	Note	2024	2023	2022
Other operating income		**P1,767**	P1,683	P1,538
Others - net	26	**69**	63	63
		P1,836	P1,746	P1,601

30. Retirement Plan

The succeeding tables summarize the components of net retirement benefits costs (income) under defined benefit retirement plans recognized in consolidated statements of income and the funding status and amounts of retirement plans recognized in the consolidated statements of financial position. The Parent Company has a funded, noncontributory, defined benefit retirement plan while several subsidiaries have unfunded, noncontributory, defined benefit retirement plans. Contributions and costs are determined in accordance with the actuarial studies made for the plans. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is as of December 31, 2024. Valuations are obtained on a periodic basis.

The Parent Company's Retirement Plan is registered with the BIR as a tax-qualified plan under Republic Act (RA) No. 4917, as amended. The control and administration of the retirement plan is vested in the Board of Trustees (BOT), as appointed by the BOD of the Parent Company. The BOT of the retirement plan, who exercise voting rights over the shares and approve material transactions, are also officers of the Parent Company, while one of the BOT is also a BOD. The retirement plan's accounting and administrative functions are undertaken by SMC's Retirement Funds Office.

The following table shows a reconciliation of the net defined benefit retirement asset (liability) and its components:

	Present Value of Defined Benefit Obligation			Fair Value of Plan Assets			Net Defined Benefit Retirement Asset (Liability)		
	2024	2023	2022	**2024**	2023	2022	**2024**	2023	2022
Balance at beginning of year	**(P4,815)**	(P4,500)	(P4,486)	**P2,131**	P1,173	P1,027	**(P2,684)**	(P3,327)	(P3,459)
Recognized in Profit or Loss									
Current service cost	**(270)**	(257)	(263)	**-**	-	-	**(270)**	(257)	(263)
Past service cost - plan amendment*	**-**	-	(104)	**-**	-	-	**-**	-	(104)
Interest expense	**(303)**	(303)	(225)	**-**	-	-	**(303)**	(303)	(225)
Interest income	**-**	-	-	**156**	106	73	**156**	106	73
	(573)	(560)	(592)	**156**	106	73	**(417)**	(454)	(519)
Recognized in Other Comprehensive Income									
Remeasurements:									
Actuarial gains (losses) arising from:									
Experience adjustments	**(729)**	(233)	(127)	**-**	-	-	**(729)**	(233)	(127)
Changes in financial assumptions	**(209)**	(162)	267	**-**	-	-	**(209)**	(162)	267
Changes in demographic assumptions	**(88)**	22	2	**-**	-	-	**(88)**	22	2
Return on plan asset excluding interest	**-**	-	-	**(629)**	335	(768)	**(629)**	335	(768)
	(1,026)	(373)	142	**(629)**	335	(768)	**(1,655)**	(38)	(626)
Others									
Benefits paid	**563**	565	476	**(526)**	(498)	(359)	**37**	67	117
Contributions	**-**	-	-	**1,023**	1,015	1,200	**1,023**	1,015	1,200
Translation adjustment	**(89)**	53	(40)	**-**	-	-	**(89)**	53	(40)
	474	618	436	**497**	517	841	**971**	1,135	1,277
Balance at end of year	**(P5,940)**	(P4,815)	(P4,500)	**P2,155**	P2,131	P1,173	**(P3,785)**	(P2,684)	(P3,327)

**In 2022, the Parent Company added disability benefit for employees hired before January 1, 2022 resulting in the recognition of past service cost.*

The above net defined benefit retirement liability was recognized in the consolidated statements of financial position as follows:

	Note	2024	2023
Trade and other payables	*17*	**P124**	P63
Retirement benefits liability (noncurrent portion)		**3,661**	2,621
		P3,785	P2,684

Retirement benefits costs (income) recognized in the consolidated statements of income by the Parent Company amounted to P194, P181, P294 in 2024, 2023 and 2022, respectively, including past service cost on plan amendment amounting to P104 in 2022.

Retirement benefits costs recognized in the consolidated statements of income by the subsidiaries amounted to P76, P76, P73 in 2024, 2023 and 2022, respectively.

The carrying amounts of the Parent Company's retirement fund approximate fair values as of December 31, 2024 and 2023.

Plan assets consist of the following:

	2024	2023
Shares of stock:		
Quoted	**60%**	67%
Unquoted	**15%**	13%
Government securities	**19%**	14%
Cash and cash equivalents	**5%**	4%
Others	**1%**	2%
	100%	100%

Investment in Shares of Stock. As of December 31, 2024 and 2023, the Group's plan assets include 459,156,097 common shares of Petron with fair market value per share of P2.43 and P3.55 as of December 31, 2024 and 2023, respectively, and 14,250,900 common shares of SMC with fair market value per share of P86.00 and P102.10 as of December 31, 2024 and 2023, respectively.

The Parent Company's plan recognized a gain (loss) on the investment in marketable securities of Petron and SMC amounting to (P744), P658 and (P666) in 2024, 2023 and 2022, respectively, mainly as a result of marked-to-market remeasurements.

Dividend income from the investment in shares of stock of Petron and SMC amounted to P66 in 2024, P66 in 2023, and P15 in 2022.

Government Securities represents debt instruments issued by sovereign government mainly held by two trustee banks of the plan.

Others include receivables, unit investment trust funds, and debt instruments which earn interest.

The BOT reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Parent Company's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Parent Company monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation. The Parent Company expects to contribute P536 to its defined benefit retirement plan in 2025.

The BOT approves the percentage of asset to be allocated for fixed income instruments and equities. The retirement plan has set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The BOT may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

The retirement plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

Investment and Interest Risk. The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments and if the return on plan asset falls below this rate, it will create a deficit in the plan. Due to the long-term nature of plan obligation, a level of continuing equity investments is an appropriate element of the Group's long-term strategy to manage the plans efficiently.

Longevity and Salary Risks. The present value of the defined obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

The overall expected rate of return is determined based on historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	2024	2023	2022
Discount rate	**4.34% to 6.15%**	5.00% to 6.58%	5.00% to 7.41%
Future salary increases	**5.00% to 7.00%**	5.00% to 8.00%	5.00% to 6.50%

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of defined benefit obligation is from 6.60 to 12.30 years as of December 31, 2024 and 5.50 to 14.90 years as of December 31, 2023.

The reasonably possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefit assets/liabilities by the amounts below:

	Defined Benefit Liabilities	
2024	**1 Percent Increase**	**1 Percent Decrease**
Discount rate	**(P95)**	**P155**
Salary increase rate	**461**	**(408)**

	Defined Benefit Liabilities	
2023	1 Percent Increase	1 Percent Decrease
Discount rate	(P91)	P130
Salary increase rate	354	(315)

The Parent Company has advances to PCERP amounting to P982 and P937 as of December 31, 2024 and 2023, respectively, included as part of "Trade and other receivables - net" account in the consolidated statements of financial position (Notes 7 and 28). The advances are subject to interest of 5% in 2024 and 2023 (Note 28).

In 2022, portion of the Parent Company's interest-bearing advances to PCERP were converted into contribution to the retirement plan (Note 28).

Transactions with the retirement plan are made at normal market prices and terms. Outstanding balances as of December 31, 2024 and 2023 are unsecured and settlements are made in cash. There have been no guarantees provided for any retirement plan receivables. The Parent Company has not recognized any impairment losses relating to the receivables from retirement plan for the years ended December 31, 2024, 2023 and 2022.

31. Significant Agreements

Supply Agreements. The Parent Company has assigned all its rights and obligations to PSTPL (as Assignee) to have a term contract to purchase the Company's crude oil requirements from Saudi Arabian Oil Company (Saudi Aramco), Kuwait Petroleum Corporation (KPC), Abu Dhabi National Oil Company (ADNOC), Chevron USA Inc. Singapore Branch (Chevron) and Shell International Eastern Trading Company (SIETCO). The contract with Saudi Aramco is from January 1, 2024 to December 31, 2024 with an automatic annual extension thereafter, unless terminated at the option of either party, upon at least 60 days written notice. The contract with Saudi Aramco has been extended for another year. The contract with KPC from July 1, 2023 to December 31, 2024 was renewed from January 1, 2025 to December 31, 2025 while the contract from ADNOC from January 1, 2024 to December 31, 2024 has been terminated. Lastly, the contract with Chevron is from December 1, 2024 to November 30, 2025 and the contract with SIETCO is for three (3) years from November 6, 2023.

PMRMB acquires crude oil and condensate for the Port Dickson Refinery from various sources through a combination of term purchase contracts and spot market purchases. PMRMB has a term supply contract for Tapis crude oil and Terengganu condensate with Exxon Mobile Exploration and Production Malaysia Inc. ("EMEPMI") for a period of 2 years until March 2026 supplemented by other short-term supply contracts and spot crude purchases. As of December 31, 2024, about 45% of the crude and condensate volume is sourced from EMEPMI, while the balance from other term and spot purchases. Pricing is determined through a formula that is linked to international industry benchmarks. PMRMB also utilizes Port Dickson Refinery spare capacity for crude processing arrangement of third parties to optimize utilization and benefits.

Outstanding liabilities of the Group for such purchases are shown as part of "Liabilities for crude oil and petroleum products" account in the consolidated statements of financial position as of December 31, 2024 and 2023 (Note 16).

Toll Service Agreement with Innospec Limited (Innospec). PFC entered into an agreement with Innospec, a leading global fuel additives supplier, in December 2006. Under the agreement, PFC shall be the exclusive toll blender of Innospec's fuel additives sold in the Asia-Pacific region consisting of the following territories: South Korea, China, Taiwan, Singapore, Cambodia, Japan and Malaysia.

PFC will provide the tolling services which include storage, blending, filing and logistics management. In consideration of these services, Innospec will pay PFC a service fee based on the total volume of products blended at PFC Fuel Additives Blending facility.

Tolling services started in 2008 on which PFC recognized revenue amounting to P49, P76 and P110 in 2024, 2023 and 2022, respectively.

Lease Agreements with Philippine National Oil Company (PNOC). On September 30, 2009, Petron through NVRC entered into a 30-year lease with PNOC without rent-free period, covering a property which it shall use as site for its refinery, commencing on January 1, 2010 and ending on December 31, 2039. Based on the latest valuation of the property conducted by a third-party appraiser acceptable to both parties, the annual rental shall be P238 retroactive to year 2022, payable on the 15th day of January each year without the necessity of demand. This lease is subject to renewal options and annual escalation clauses of 3% per annum to be applied starting 2018 until the next re-appraisal is conducted. The leased premises shall be reappraised every fifth year in which the new rental rate shall be determined equivalent to 5% of the reappraised value, and still subject to annual escalation clause of 3% for the four years following the re-appraisal. As of December 31, 2024, said lease contract along with the lease contracts for its bulk plants and service stations which are the subject landholdings of the rescinded deeds of conveyance were considered deemed canceled with the Supreme Court's ruling in favor of Petron (Note 39). As of December 31, 2024 and 2023, Petron leases other parcels of land from PNOC for its pipeline right-of-way and service stations.

32. Basic and Diluted Earnings Per Share

Basic and diluted earnings per share amounts are computed as follows:

	2024	2023 As restated (Note 40)	2022 As restated (Note 40)
Net income attributable to equity holders of the Parent Company	**P8,469**	P9,229	P5,952
Dividends on preferred shares for the year	**(2,713)**	(2,115)	(1,044)
Distributions to the holders of capital securities	**(2,951)**	(4,569)	(4,545)
Net income attributable to common shareholders of the Parent Company (a)	**P2,805**	P2,545	P363
Weighted average number of common shares outstanding (in millions) (b)	**9,375**	9,375	9,375
Basic/diluted earnings per common share attributable to equity holders of the Parent Company (a/b)	**P0.30**	P0.27	P0.04

As of December 31, 2024, 2023 and 2022, the Parent Company has no potential dilutive debt or equity instruments.

33. Supplemental Cash Flow Information

Supplemental information with respect to the consolidated statements of cash flows is presented below:

a. Changes in noncash current assets, certain current liabilities and others are as follows (amounts reflect actual cash flows rather than increases or decreases of the accounts in the consolidated statements of financial position):

	Note	2024	2023	2022
Decrease (increase) in assets:				
Trade and other receivables		**P5,108**	(P5,075)	(P25,889)
Inventories		**(12,391)**	7,946	(16,479)
Other assets		**(9,482)**	(2,516)	(4,915)
Increase (decrease) in liabilities:				
Liabilities for crude oil and petroleum products		**5,117**	(5,696)	(458)
Trade and other payables and others		**(110)**	355	9,159
	40	**(P11,758)**	(P4,986)	(P38,582)

b. Changes in liabilities arising from financing activities:

	Dividends Payable	Lease Liabilities	Advances from a Related Party	Short-term Loans	Long-term Debt	Total
Balance as of January 1, 2024	**P948**	**P15,944**	**P3,362**	**P137,910**	**P108,896**	**P267,060**
Changes from financing cash flows:						
Payment of principal	**-**	**(1,516)**	**-**	**-**	**-**	**(1,516)**
Proceeds from availment of loans/advances	**-**	**-**	**2,243**	**343,474**	**40,193**	**385,910**
Payments of loans	**-**	**-**		**(343,142)**	**(34,517)**	**(377,659)**
Dividends and distributions declared	**6,814**	**-**	**-**	**-**	**-**	**6,814**
Dividends and distributions paid	**(6,723)**	**-**	**-**	**-**	**-**	**(6,723)**
Total changes from financing cash flows	**91**	**(1,516)**	**2,243**	**332**	**5,676**	**6,826**
New leases	**-**	**2,492**	**-**	**-**	**-**	**2,492**
Interest expense	**-**	**1,264**	**-**	**-**	**-**	**1,264**
Interest paid	**-**	**(1,264)**	**-**	**-**	**-**	**(1,264)**
Effects of changes in foreign exchange rates	**-**	**124**	**-**	**664**	**2,233**	**3,021**
Lease termination	**-**	**(3,629)**	**-**	**-**	**-**	**(3,629)**
Amortization of debt issue costs	**-**	**-**	**-**	**-**	**638**	**638**
Balance as of December 31, 2024	**P1,039**	**P13,415**	**P5,605**	**P138,906**	**P117,443**	**P276,408**

	Dividends Payable	Lease Liabilities	Advances from a Related Party	Short-term Loans	Long-term Debt	Total
Balance as of January 1, 2023	P470	P15,094	P3,362	P137,886	P107,061	P263,873
Changes from financing cash flows:						
Payment of principal	-	(1,313)	-	-	-	(1,313)
Proceeds from availment of loans/advances	-	-	-	268,329	21,331	289,660
Payments of loans	-	-	-	(268,078)	(19,790)	(287,868)
Dividends and distributions declared	7,834	-	-	-	-	7,834
Dividends and distributions paid	(7,356)	-	-	-	-	(7,356)
Total changes from financing cash flows	478	(1,313)	-	251	1,541	957
New leases	-	2,234	-	-	-	2,234
Interest expense	-	1,150	-	-	-	1,150
Interest paid	-	(1,150)	-	-	-	(1,150)
Effects of changes in foreign exchange rates	-	(71)	-	(227)	(291)	(589)
Amortization of debt issue costs	-	-	-	-	585	585
Balance as of December 31, 2023	P948	P15,944	P3,362	P137,910	P108,896	P267,060

34. Financial Risk Management Objectives and Policies

The Group's principal financial instruments include cash and cash equivalents, equity securities, bank loans and derivative instruments. The main purpose of bank loans is to finance working capital relating to importation of crude and petroleum products, as well as to partly fund capital expenditures. The Group has other financial assets and liabilities such as trade and other receivables and trade and other payables, which are generated directly from its operations.

It is the Group's policy not to enter into derivative transactions for speculative purposes. The Group uses hedging instruments to protect its margin on its products from potential price volatility of crude oil and products. It also enters into forward currency and option contracts to hedge its currency exposure on crude oil importations and long-term dollar loan, respectively.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk, liquidity risk and commodity price risk. The BOD regularly reviews and approves the policies for managing these financial risks. Details of each of these risks are discussed below, together with the related risk management structure.

Risk Management Structure

The Group follows an enterprise-wide risk management framework for identifying, assessing and addressing the risk factors that affect or may affect its businesses.

The Group's risk management process is a bottom-up approach, with each risk owner mandated to conduct regular assessment of its risk profile and formulate action plans for managing identified risks. As the Group's operation is an integrated value chain, risks emanate from every process, while some could cut across groups. The results of these activities flow up to the Management Committee and, eventually, the BOD through the Group's annual business planning process.

Oversight and technical assistance is likewise provided by corporate units and committees with special duties. These groups and their functions are:

a. The Risk and Insurance Management Group, which is mandated with the overall coordination and development of the enterprise-wide risk management process.

b. The Treasurers Department, which is in charge of foreign currency hedging transactions.

c. The Transaction Management Unit of Controllers Department, which provides backroom support for all hedging transactions.

d. The Corporate Technical and Engineering Services Group, which oversees strict adherence to safety and environmental mandates across all facilities.

e. The Internal Audit Department, which has been tasked with the implementation of a risk-based auditing.

f. The Commodity Risk Management Department (CRMD), which sets new and updates existing hedging policies by the BOD, provides the strategic targets and recommends corporate hedging strategy to the Commodity Risk Management Committee and Steering Committee.

g. PSTPL executes the hedging transactions involving crude and product imports on behalf of the Group.

The BOD also created separate positions and board-level entities with explicit authority and responsibility in managing and monitoring risks, as follows:

a. The Audit Committee is responsible for overseeing the Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

   The Internal Audit Department and the External Auditor directly report to the Audit Committee regarding the direction, scope and coordination of audit and any related activities.

b. The Risk Oversight Committee is responsible for the oversight of the enterprise risk management system of the Group to ensure its functionality and effectiveness.

c. The Compliance Officer, who is a senior officer of the Parent Company reports to the BOD chairperson. Among other functions, he monitors compliance with the provisions and requirements of the Corporate Governance Manual and relevant laws and regulations and determines any possible violations and recommends corresponding penalties, subject to review and approval of the BOD. The Compliance Officer identifies and monitors compliance risk. Lastly, the Compliance Officer represents the Group before the SEC regarding matters involving compliance with the Corporate Governance Manual and other relevant rules and regulations of the SEC.

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.

The Group assesses the existence of an economic relationship between the hedged item and the hedging instrument based on the currency, amount, and timing of their respective cash flows. For derivatives designated in a hedging relationship, the Group determines whether the derivatives are expected to be highly effective in offsetting the changes in the cash flows of the hedged item using the cumulative dollar-offset method. The dollar-offset method approximates the changes in the fair value of the hedged item using a hypothetical derivative which mirrors the terms of the derivative used as hedging instrument.

For currency hedges, the Group maintains a 1:1 hedge ratio since a similar amount of hedging instrument is expected to offset the changes in the cash flows of the hedged item. The main sources of ineffectiveness are:

a. the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in the exchange rates; and

b. changes in the timing of the hedged transactions.

The Group is exposed to foreign currency risk of its short-term loans and US dollar-denominated sales and purchases. On the other hand, both foreign currency and interest rate risks arise in the Group's long-term debts. The Group determined that foreign currency risk is a separately identifiable and measurable risk component eligible for designation since it is caused by fluctuations in US dollar to Philippine peso exchange rates and benchmark closing prices used to measure the fluctuations are available in the market.

Information on the Group's US dollar-denominated financial assets and liabilities and their Philippine peso equivalents are as follows:

	2024		2023	
	US Dollar (in millions)	**Phil. Peso Equivalent**	US Dollar (in millions)	Phil. Peso Equivalent
Assets				
Cash and cash equivalents	**403**	**23,324**	376	20,804
Trade and other receivables	**646**	**37,341**	752	41,644
Other assets	**20**	**1,184**	23	1,285
	1,069	**61,849**	1,151	63,733
Liabilities				
Short-term loans	**277**	**16,006**	223	12,366
Liabilities for crude oil and petroleum products	**814**	**47,135**	767	42,490
Long-term debts (including current maturities)	**1,171**	**67,717**	940	52,030
Other liabilities	**179**	**10,340**	116	6,425
	2,441	**141,198**	2,046	113,311
Net Foreign Currency-Denominated Monetary Liabilities	**(1,372)**	**(79,349)**	(895)	(49,578)

The Group incurred net foreign currency losses amounting to P1,771, P509, and P3,678 in 2024, 2023 and 2022, respectively (Note 26), which were mainly countered by marked-to-market and realized hedging gains (losses) (Note 26). The foreign currency rates from Philippine peso (PhP) to US dollar (US$) as of December 31 are shown in the following table:

	PHP to US$
December 31, 2024	**57.845**
December 31, 2023	55.370
December 31, 2022	55.755

Managing of foreign currency risk is also supplemented by monitoring the sensitivity of financial instruments to various foreign currency exchange rate scenarios. Foreign currency movements affect reported equity through the retained earnings and equity reserves arising from increases or decreases in unrealized and realized foreign currency gains or losses.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, to profit before tax and equity as of December 31, 2024 and 2023:

	P1 Decrease in the US Dollar Exchange Rate		**P1 Increase in the US Dollar Exchange Rate**	
2024	**Effect on Income before Income Tax**	**Effect on Equity**	**Effect on Income before Income Tax**	**Effect on Equity**
Cash and cash equivalents	**(P264)**	**(P337)**	**P264**	**P337**
Trade and other receivables	**(178)**	**(639)**	**178**	**639**
Other assets	**(10)**	**(18)**	**10**	**18**
	(452)	**(994)**	**452**	**994**
Short-term loans	**-**	**277**	**-**	**(277)**
Liabilities for crude oil and petroleum products	**461**	**1,161**	**(461)**	**(1,161)**
Long-term debts (including current maturities)	**1,171**	**878**	**(1,171)**	**(878)**
Other liabilities	**22**	**173**	**(22)**	**(173)**
	1,654	**2,489**	**(1,654)**	**(2,489)**
	P1,202	**P1,495**	**(P1,202)**	**(P1,495)**

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
2023	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P263)	(P310)	P263	P310
Trade and other receivables	(193)	(774)	193	774
Other assets	(10)	(21)	10	21
	(466)	(1,105)	466	1,105
Short-term loans	-	223	-	(223)
Liabilities for crude oil and petroleum products	289	984	(289)	(984)
Long-term debts (including current maturities)	940	705	(940)	(705)
Other liabilities	10	143	(10)	(143)
	1,239	2,055	(1,239)	(2,055)
	P773	P950	(P773)	(P950)

Exposures to foreign currency rates vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates mainly to long-term borrowings and investment securities. Investments or borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, investments or borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest costs by using a combination of fixed and variable rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rates and ensures that the marked-up rates levied on its borrowings are most favorable and benchmarked against the interest rates charged by other creditor banks.

On the other hand, the Group's investment policy is to maintain an adequate yield to match or reduce the net interest cost from its borrowings prior to deployment of funds to their intended use in operations and working capital management. However, the Group invests only in high-quality securities while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term volatility on earnings. Over the longer term, however, permanent changes in interest rates would have an impact on consolidated statements of income.

Managing interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios. Interest rate movements affect reported equity through the retained earnings arising from increases or decreases in interest income or interest expense as well as fair value changes reported consolidated statements of income, if any.

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax (through the impact on floating rate borrowings) and equity by P727 and P520 in 2024 and 2023, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect.

Interest Rate Risk Table. As of December 31, 2024 and 2023, the terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

2024	<1 Year	1 - <2 Years	2 - <3 Years	3 - <4 Years	4 - <5 Years	>5 Years	Total
Fixed Rate							
Philippine peso denominated	**P22,425**	**P5,000**	**P15,750**	**P2,000**	**P1,000**	**P -**	**P46,175**
Interest rate	**3.4% - 8.1%**	**7.2% - 7.5%**	**4.3% - 7.5%**	**7.5%**	**7.5%**	**-**	**-**
Floating Rate							
Philippine peso denominated	**-**	**833**	**1,667**	**1,667**	**833**	**-**	**5,000**
Interest rate		**6 mos. BVAL + margin**	**6 mos. BVAL + margin**	**6 mos. BVAL + margin**	**6 mos. BVAL + margin**		
US$ denominated (expressed in Php)	**6,595**	**18,907**	**23,039**	**10,123**	**8,263**	**-**	**66,927**
Interest rate*	**1, 3, 6 mos. SOFR + margin**	**1, 3, 6 mos. SOFR + margin**	**1, 3, 6 mos. SOFR + margin**	**1, 3, 6 mos. SOFR + margin**	**1, 3, 6 mos. SOFR + margin**		
JP¥ denominated (expressed in Php)	**790**	**-**	**-**	**-**	**-**	**-**	**790**
Interest rate*	**1, 3, 6 mos. TONA + margin**						
	P29,810	**P24,740**	**P40,456**	**P13,790**	**P10,096**	**P -**	**P118,892**

**The Parent Company reprices every month but has been given an option to reprice every 3 or 6 months.*

2023	<1 Year	1 - <2 Years	2 - <3 Years	3 - <4 Years	4 - <5 Years	>5 Years	Total
Fixed Rate							
Philippine peso denominated	P19,057	P22,425	P3,000	P13,750	P -	P -	P58,232
Interest rate	4.6% - 7.8%	3.4% - 8.1%	7.2% - 7.5%	4.3% - 7.5%	-	-	-
Floating Rate							
US$ denominated (expressed in Php)	5,292	14,143	15,923	12,363	1,780	-	49,501
Interest rate*	1, 3, 6 mos. SOFR + margin	1, 3, 6 mos. SOFR + margin	1, 3, 6 mos. SOFR + margin	1, 3, 6 mos. SOFR + margin	1, 3, 6 mos. SOFR + margin		
JP¥ denominated (expressed in Php)	1,686	843	-	-	-	-	2,529
Interest rate*	1, 3, 6 mos. TONA + margin	1, 3, 6 mos. TONA + margin	1, 3, 6 mos. TONA + margin				
	P26,035	P37,411	P18,923	P26,113	P1,780	P -	P110,262

**The Parent Company reprices every month but has been given an option to reprice every 3 or 6 months.*

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In effectively managing credit risk, the Group regulates and extends credit only to qualified and credit-worthy customers and counterparties, consistent with established Group credit policies, guidelines and credit verification procedures. Requests for credit facilities from trade customers undergo stages of review by Trade Sales and Finance Divisions. Approvals, which are based on amounts of credit lines requested, are vested among line managers and top management that include the President and the Chairman.

Generally, the maximum credit risk exposure of financial assets is the total carrying amount of the financial assets as shown on the face of the consolidated statements of financial position or in the notes to the consolidated financial statements, as summarized below:

	Note	**2024**	2023
Cash in banks and cash equivalents	*5*	**P28,177**	P24,373
Derivative assets	*6*	**1,044**	1,162
Trade and other receivables - net	*7*	**82,762**	86,479
Noncurrent deposits	*14*	**141**	124
		P112,124	P112,138

Cash and Cash Equivalents, Derivative Assets and Noncurrent Deposits

Cash and cash equivalents, derivative assets and noncurrent deposits are held with counterparties with high external credit ratings. The credit quality of these financial assets is considered to be high grade. Impairment on cash and cash equivalents, derivative assets and noncurrent deposits has been measured on a 12-month ECL basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents, derivative assets and noncurrent deposits have low credit risk based on the external credit ratings of its counterparties.

Trade and Other Receivables and Long-term Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in Note 37.

Credit Quality. In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprised of the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

Class A "*High Grade*" are accounts with strong financial capacity and business performance and with the lowest default risk.

Class B "*Moderate Grade*" refers to accounts of satisfactory financial capability and credit standing but with some elements of risks where certain measure of control is necessary in order to mitigate risk of default.

Class C "*Low Grade*" are accounts with high probability of delinquency and default.

Below is the credit quality profile of the Group's trade accounts receivable as of December 31, 2024 and 2023:

	Trade Accounts Receivables Per Class			
	Class A	**Class B**	**Class C**	**Total**
December 31, 2024				
Retail	**P3,437**	**P4,155**	**P1,530**	**P9,122**
Lubes	**736**	**323**	**1,005**	**2,064**
Gasul	**892**	**494**	**170**	**1,556**
Industrial	**15,375**	**3,593**	**5,469**	**24,437**
Others	**15,574**	**7,732**	**949**	**24,255**
	P36,014	**P16,297**	**P9,123**	**P61,434**

	Trade Accounts Receivables Per Class			
	Class A	Class B	Class C	Total
December 31, 2023				
Retail	P2,568	P2,635	P2,663	P7,866
Lubes	405	288	806	1,499
Gasul	947	339	156	1,442
Industrial	17,483	32	5,591	23,106
Others	11,783	7,524	6,085	25,392
	P33,186	P10,818	P15,301	P59,305

Collaterals. To the extent practicable, the Group also requires collateral as security for a credit facility to mitigate credit risk in trade receivables (Note 7). Among the collaterals held are letters of credit, bank guarantees, real estate mortgages, cash bonds, cash deposits and corporate guarantees valued at P6,021 and P5,669 as of December 31, 2024 and 2023, respectively. These securities may only be called on or applied upon default of customers.

Risk Concentration. The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of trade and other receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous trade customers. The Group does not execute any credit guarantee in favor of any counterparty.

The table below presents the summary of the Group's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	2024				
	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Financial Assets at FVPL	Total
Cash in banks and cash equivalents	**P28,177**	**P -**	**P -**	**P -**	**P28,177**
Trade and other receivables	**-**	**82,762**	**894**	**-**	**83,656**
Derivative assets not designated as cash flow hedge	**-**	**-**	**-**	**1,044**	**1,044**
Long-term receivables	**-**	**-**	**333**	**-**	**333**
Noncurrent deposits	**141**	**-**	**-**	**-**	**141**
	P28,318	**P82,762**	**P1,227**	**P1,044**	**P113,351**

	2023				
	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Financial Assets at FVPL	Total
Cash in banks and cash equivalents	P24,373	P -	P -	P -	P24,373
Trade and other receivables	-	86,479	902	-	87,381
Derivative assets not designated as cash flow hedge	-	-	-	1,162	1,162
Long-term receivables	-	-	309	-	309
Noncurrent deposits	124	-	-	-	124
	P24,497	P86,479	P1,211	P1,162	P113,349

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group's objectives in managing its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps or surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The Group also uses derivative instruments such as forwards and swaps to manage liquidity.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted payments used for liquidity management as of December 31, 2024 and 2023.

2024	**Carrying Amount**	**Contractual Cash Flow**	**1 Year or Less**	**>1 Year - 2 Years**	**>2 Years - 5 Years**	**Over 5 Years**
Financial Assets						
Cash and cash equivalents	**P30,389**	**P30,389**	**P30,389**	**P -**	**P -**	**P -**
Trade and other receivables	**82,762**	**82,762**	**82,762**	**-**	**-**	**-**
Derivative assets (including non-current portion)	**1,044**	**1,044**	**1,044**	**-**	**-**	**-**
Proprietary membership shares	**458**	**458**	**-**	**-**	**-**	**458**
Noncurrent deposits	**141**	**141**	**-**	**-**	**4**	**137**
Financial Liabilities						
Short-term loans	**138,906**	**140,027**	**140,027**	**-**	**-**	**-**
Liabilities for crude oil and petroleum products	**51,625**	**51,625**	**51,625**	**-**	**-**	**-**
Trade and other payables*	**17,060**	**17,060**	**17,060**	**-**	**-**	**-**
Derivative liabilities	**1,699**	**1,699**	**1,699**	**-**	**-**	**-**
Long-term debts (including current maturities)	**117,443**	**135,521**	**37,024**	**29,823**	**68,674**	**-**
Lease liability (including current portion)	**13,415**	**21,215**	**2,055**	**2,042**	**5,529**	**11,589**
Cash bonds	**426**	**426**	**-**	**411**	**15**	
Cylinder deposits	**3,432**	**3,432**	**3,432**	**-**	**-**	**-**
"Others" under other noncurrent liabilities	**61**	**61**	**-**	**25**	**25**	**11**

**excluding specific taxes and other taxes payable, retirement benefits liability, deferred income, advances from customers, cylinder deposits and others*

2023 (As restated)	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P27,519	P27,519	P27,519	P -	P -	P -
Trade and other receivables	86,479	86,479	86,479	-	-	-
Derivative assets (including non-current portion)	1,162	1,162	1,162	-	-	-
Proprietary membership shares	389	389	-	-	-	389
Noncurrent deposits	124	124	-	4	-	120
Financial Liabilities						
Short-term loans	137,910	139,785	139,785	-	-	-
Liabilities for crude oil and petroleum products	44,840	44,840	44,840	-	-	-
Trade and other payables*	12,008	12,008	11,904	-	104	-
Derivative liabilities	749	749	749	-	-	-
Long-term debts (including current maturities)	108,896	126,412	32,516	42,316	51,580	-
Lease liability (including current portion)	15,944	25,098	2,256	2,113	6,048	14,681
Cash bonds	439	439	-	424	15	-
Cylinder deposits	2,564	2,564	2,564	-	-	-
"Others" under other noncurrent liabilities	56	56	-	18	27	11

**excluding specific taxes and other taxes payable, retirement benefits liability, deferred income, advances from customers, cylinder deposits and others*

Commodity Price Risk
Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in market prices. The Group enters into various commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins. For consumer (buy) hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost. While for producer (sell) hedges, if prices go down, hedge positions may show marked-to-market gains; however, any gain in the marked-to-market position is offset by the resulting lower selling price.

To minimize the Group's risk of potential losses due to volatility of international crude and product prices, the Group implemented commodity hedging for crude and petroleum products. The hedges are intended to protect crude inventories from risks of downward price and squeezed margins. Hedging policy (including the use of commodity price swaps, time-spreads, put options, collars and 3-way options) developed by the CRMD is in place. Decisions are guided by the conditions set and approved by the Group's management.

Other Market Price Risk
The Group's market price risk arises from its investments carried at fair value (FVPL and FVOCI). The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management
The Group's capital management policies and programs aim to provide an optimal capital structure that would ensure the Group's ability to continue as a going concern while at the same time provide adequate returns to the shareholders. As such, it considers the best trade-off between risks associated with debt financing and relatively higher cost of equity funds.

An enterprise resource planning system is used to monitor and forecast the Group's overall financial position. The Group regularly updates its near-term and long-term financial projections to consider the latest available market data in order to preserve the desired capital structure. The Group may adjust the amount of dividends paid to shareholders, issue new shares as well as increase or decrease assets and/or liabilities, depending on the prevailing internal and external business conditions.

The Group monitors capital via carrying amount of equity as shown in the consolidated statements of financial position. The Group's capital for the covered reporting period is summarized below:

	2024	2023 As Restated
Total assets	**P468,802**	P445,769
Total liabilities	**364,592**	346,109
Total equity	**104,210**	99,660
Debt to equity ratio	**3.5:1**	3.5:1
Assets to equity ratio	**4.5:1**	4.5:1

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally-imposed capital requirements.

35. Financial Assets and Financial Liabilities

The table below presents a comparison by category of carrying amounts and fair values of the Group's financial instruments as of December 31:

	Note	2024 Carrying Amount	2024 Fair Value	2023 Carrying Amount	2023 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 Carrying Amount	2024 Fair Value	2023 Carrying Amount	2023 Fair Value
Financial liabilities (FL):					
Short-term loans	15	**P138,906**	**P138,906**	P137,910	P137,910
Liabilities for crude oil and petroleum products	16	**51,625**	**51,625**	44,840	44,840
Trade and other payables*	17	**17,060**	**17,060**	12,008	12,008
Long-term debt including current portion	18	**117,443**	**117,443**	108,896	108,896
Cash bonds	20	**426**	**426**	439	439
Cylinder deposits	17	**3,432**	**3,432**	2,564	2,564
"Others" under other noncurrent liabilities	20	**61**	**61**	56	56
Other FL		**328,953**	**328,953**	306,713	306,713
Derivative liabilities not designated as cash flow hedge		**1,699**	**1,699**	749	749
Total financial liabilities		**P330,652**	**P330,652**	P307,462	P307,462

**excluding specific taxes and other taxes payable, retirement benefits liability, deferred income, advances from customers, cylinder deposits and others*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents and Trade and Other Receivables. The carrying amount of cash and cash equivalents and trade and other receivables approximates fair value primarily due to the relatively short-term maturities of these financial instruments.

Derivatives. The fair values of freestanding and bifurcated forward currency transactions are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Marked-to-market valuation of commodity hedges are based on forecasted crude and product prices by third parties. The fair values of derivative instruments designated as cash flow hedges are computed by discounting the future cash flows and using the valuation model based on applicable market rates of similar instruments.

Financial Assets at FVPL. The fair values of publicly traded instruments and similar investments are based on published market prices.

Long-term Debt - Floating Rate. The carrying amount of floating rate loans with quarterly interest rate repricing approximate their fair value.

Cash Bonds and Other Noncurrent Liabilities. Fair value is estimated as the present value of all future cash flows discounted using the applicable market rates for similar types of instruments as of reporting date. Effective rate of 9.39% is used in 2024 and 2023.

Short-term Loans, Liabilities for Crude Oil and Petroleum Products and Trade and Other Payables and Cylinder Deposits. The carrying amount of short-term loans, liabilities for crude oil and petroleum products, trade and other payables and cylinder deposits approximates fair value due to the relatively short-term maturities of these financial instruments.

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	Changes in the Fair Value of the Hedging Instrument Recognized in OCI	Cost of Hedging Recognized in OCI	Amount Reclassified from Hedging Reserve to Profit or Loss	Amount Reclassified from Cost of Hedging Reserve to Profit or Loss	Line Item in the Consolidated Statement of Income Affected by the Reclassification
		Assets	Liabilities						
Foreign Currency and Interest Rate Risks									
Cross currency swap	US$ -	P -	P -	Other noncurrent assets, Derivative liabilities, Other noncurrent liabilities	P -	P31	P -	(P9)	Interest expense and other financing charges, Other income - net
Interest Rate Risk									
Interest rate collar	-	-	-	Derivative liabilities, Other noncurrent assets	-	21	-	(21)	Interest expense and other financing charges

No hedging ineffectiveness was recognized in the 2023 consolidated statements of income.

The table below provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	December 31, 2023	
	Hedging Reserve	Cost of Hedging Reserve
Balance at beginning of year	P67	(P17)
Changes in fair value:		
Foreign currency risk and interest rate risk	(28)	31
Interest rate risk	(62)	21
Amount reclassified to profit or loss:		
Foreign currency risk and interest rate risk	-	(9)
Interest rate risk	-	(21)
Income tax effect	23	(5)
Balance at end of year	P -	P -

Derivative Instruments not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding and embedded derivatives found in host contracts, which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Cross Currency Swaps. As of December 31, 2023, the Group has an outstanding cross currency swap with notional amount of $10 million and net fair value of P34.

Interest Rate Collar. As of December 31, 2023, the Group has an outstanding interest rate collar with notional amount of $15 million and net fair value of P12.

Freestanding Derivatives

Freestanding derivatives consist of interest rate, foreign currency and commodity derivatives entered into by the Group.

Currency Forwards. As of December 31, 2024 and 2023, the Group has outstanding foreign currency forward contracts with aggregate notional amount of US$2,138 million and US$913 million, respectively, and with various maturities in 2025 and 2024. As of December 31, 2024 and 2023, the net fair value of these currency forwards amounted to (P977) and (P371), respectively.

Commodity Swaps. The Group has outstanding swap agreements covering its oil requirements, with various maturities in 2025 and 2024. Under the agreements, payment is made either by the Group or its counterparty for the difference between the hedged fixed price and the relevant monthly average index price. Total outstanding equivalent notional quantity covered by the commodity swaps were 100.6 million barrels and 51.1 million barrels for 2024 and 2023, respectively. The estimated net receipts for these transactions amounted to P322 and P738 as of December 31, 2024 and 2023, respectively.

Commodity Options. As of December 31, 2024 and 2023, the Group has no outstanding 3-way options entered as hedge of forecasted purchases of crude oil.

The call and put options can be exercised at various calculation dates with specified quantities on each calculation date.

Embedded Derivatives

Embedded foreign currency derivatives exist in certain US dollar-denominated sales and purchases contracts for various fuel products of the Parent Company. Under the sales and purchase contracts, the peso equivalent is determined using the average Philippine Dealing System rate on the month preceding the month of delivery.

As of December 31, 2024 and 2023, the total outstanding notional amount of currency forwards embedded in non-financial contracts is minimal. These non-financial contracts consist mainly of foreign currency-denominated service contracts, purchase orders and sales agreements. The embedded forwards are not clearly and closely related to their respective host contracts. As of December 31, 2024 and 2023, the net fair value of these embedded currency forwards is minimal.

For the years ended December 31, 2024, 2023 and 2022, the Group recognized marked-to-market gains (losses) from freestanding and embedded derivatives amounting to P986, (P133) and P4,673, respectively (Note 26).

Fair Value Changes on Derivatives not Designated as Cash Flow Hedge

The net movements in the fair value of derivative transactions in 2024 and 2023 are as follows:

	Note	**2024**	2023
Fair value at beginning of year		**P413**	P534
Net changes in fair value during the year	*26*	**986**	(133)
Fair value of settled instruments		**(2,054)**	12
Fair value at end of year		**(P655)**	P413

Fair Value Hierarchy

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The table below analyzes financial instruments carried at fair value, by valuation method as of December 31, 2024 and 2023. The different levels have been defined as follows:

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

	2024	2023
	Level 2	Level 2
Financial Assets		
FVPL	**P458**	P389
Derivative assets	**1,044**	1,162
Financial Liabilities		
Derivative liabilities	**(1,699)**	(749)

The Group has no financial instruments valued based on Level 1 and Level 3 as of December 31, 2024 and 2023. During the years, there were no transfer out of the Level 2 measurement.

36. Registration with the Authority of the Freeport Area of Bataan (AFAB) and Board of Investments (BOI)

Petron Bataan Refinery
In December 2021, the Petron Bataan Refinery (PBR) renewed its registration with the AFAB as a registered enterprise. The registration shall be valid and in effect as long as the registered enterprise remains in good standing or until revoked or cancelled. As a registered domestic market enterprise engaged in the oil refinery facility as its registered business activity, PBR, under Sec. 311 of Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, is granted duty-free importation of merchandise, including capital equipment, raw materials, spare parts, and accessories, subject to compliance with conditions specified under the CREATE Act. Meanwhile, pursuant to Section 295(G) of the Tax Code, as amended by the CREATE Act, PBR's crude oil importations are exempt from duties and taxes, while applicable taxes are paid upon withdrawal of finished products sourced from the crude oil importation.

Petron Solid Fuel-Fired Power Plant
On October 11, 2019, the BOI approved the Parent Company's application under Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987 as a New Operator of its 44.4 MegaWatt Solid Fuel-Fired Power Plant. The BOI is extending the following major incentives:

a. Income Tax Holiday (ITH) for four years from January 2024 or actual start of commercial operations, whichever is earlier, but availment shall in no case earlier than the date of registration. Income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from the net capacity of the registered project; with optional bonus year on specific cases provided that the aggregate ITH availment (regular and bonus year) shall not exceed eight years.
b. Importation of capital equipment, spare parts and accessories at zero duty under Executive No. 85 and its Implementing Rules and Regulations; provided that such capital equipment shall be for the direct and exclusive use of the registered activity.
c. Importation of consigned equipment for a period of ten years from date of registration subject to posting of the appropriate re-export bond.

The project commenced its commercial operation in January 2023 and the Parent Company availed of the ITH in 2024.

Certificate of entitlement has been timely obtained by the Parent Company to support its ITH incentive.

37. Segment Information

Management identifies segments based on business and geographic locations. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. The CEO (the chief operating decision maker) reviews management reports on a regular basis.

The Group's major sources of revenues are as follows:

a. Sales of petroleum and other related products which include gasoline, diesel and kerosene offered to motorists and public transport operators through its service station network around the country.

b. Insurance premiums from the business and operation of all kinds of insurance and reinsurance, on sea as well as on land, of properties, goods and merchandise, of transportation or conveyance, against fire, earthquake, marine perils, accidents and all others forms and lines of insurance authorized by law, except life insurance.

c. Lease of acquired real estate properties and equipment for petroleum, refining, storage and distribution facilities, gasoline service stations and other related structures.

d. Sales on wholesale or retail and operation of service stations, retail outlets, restaurants, convenience stores and the like.

e. Export sales of various petroleum and non-fuel products to other countries such as China, Taiwan, Malaysia, South Korea, Singapore, Japan, Indonesia, and India.

Revenues are mainly derived from the sale of petroleum products to retail and commercial customers in various geographical locations.

The Group has no significant remaining performance obligations as it mainly recognized revenues in amounts that correspond directly to the value of completed performance obligations.

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.

The following tables present revenue and income information and certain asset and liability information regarding the business segments as of and for the years ended December 31, 2024, 2023 and 2022.

	Petroleum	Leasing**	Marketing	Elimination/ Others**	Total
2024					
Revenue:					
External sales	**P864,765**	**P1,229**	**P1,163**	**P809**	**P867,966**
Inter-segment sales	**373,179**	**77**	**-**	**(373,256)**	**-**
Operating income	**29,052**	**(90)**	**16**	**245**	**29,223**
Net income	**11,630**	**(91)**	**37**	**(3,105)**	**8,471**
Assets and liabilities:					
Segment assets*	**526,717**	**7,150**	**678**	**(66,303)**	**468,242**
Segment liabilities*	**391,070**	**1,919**	**105**	**(35,221)**	**357,873**
Other segment information:					
Property, plant and equipment	**165,803**	**-**	**72**	**3,427**	**169,302**
Depreciation	**13,286**	**121**	**12**	**37**	**13,456**
Interest expense	**21,116**	**320**	**1**	**(476)**	**20,961**
Interest income	**1,207**	**281**	**16**	**(303)**	**1,201**
Income tax expense	**4,449**	**(33)**	**8**	**99**	**4,523**

excluding deferred tax assets and liabilities
**revenues from the use of loaned equipment are presented as part of "Leasing" while revenues from provisions of technical support are presented as part of "Others".*

	Note	Petroleum	Leasing**	Marketing	Elimination/ Others**	Total
2023, as restated						
Revenue:						
External sales		P798,032	P1,158	P1,143	P694	P801,027
Inter-segment sales		326,025	395	-	(326,420)	-
Operating income		30,486	227	11	(11)	30,713
Net income		11,906	133	20	(1,947)	10,112
Assets and liabilities:						
Segment assets*		495,603	10,025	673	(61,646)	444,655
Segment liabilities*		367,064	4,573	138	(30,122)	341,653
Other segment information:						
Property, plant and equipment	*40*	164,951	-	83	2,953	167,987
Depreciation	*40*	13,239	85	13	(45)	13,292
Interest expense		19,228	282	2	(417)	19,095
Interest income		1,290	231	15	(252)	1,284
Income tax expense	*40*	2,961	42	8	(13)	2,998

excluding deferred tax assets and liabilities
**revenues from the use of loaned equipment are presented as part of "Leasing" while revenues from provisions of technical support are presented as part of "Others".*

	Note	Petroleum	Leasing**	Marketing	Elimination/ Others**	Total
2022, as restated						
Revenue:						
External sales		P854,712	P1,173	P1,221	P532	P857,638
Inter-segment sales		378,045	397	-	(378,442)	-
Operating income		19,220	242	42	31	19,535
Net income		8,741	137	42	(1,995)	6,925
Assets and liabilities:						
Segment assets*		519,370	9,959	644	(70,297)	459,676
Segment liabilities*		377,986	4,646	131	(38,585)	344,178
Other segment information:						
Property, plant and equipment	*40*	170,416	-	90	1,064	171,570
Depreciation	*40*	12,071	85	14	(165)	12,005
Interest expense		13,240	292	2	(440)	13,094
Interest income		965	229	5	(301)	898
Income tax expense	*40*	1,440	41	8	(9)	1,480

excluding deferred tax assets and liabilities
**revenues from the use of loaned equipment are presented as part of "Leasing" while revenues from provisions of technical support are presented as part of "Others".*

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Inter-segment sales transactions amounted to P373,256, P326,420, and P378,442 for the years ended December 31, 2024, 2023 and 2022, respectively.

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

	Note	**Retail**	**Lube**	**Gasul**	**Industrial**	**Others***	**Total**
2024							
Revenue		**P379,864**	**P7,452**	**P38,568**	**P161,268**	**P277,613**	**P864,765**
Property, plant and equipment		**8,176**	**223**	**2,685**	**79**	**154,640**	**165,803**
Capital expenditures		**1,086**	**185**	**16**	**56**	**5,578**	**6,921**
2023, as restated							
Revenue		367,013	6,462	33,267	146,980	244,310	798,032
Property, plant and equipment	*40*	7,880	62	2,079	62	154,868	164,951
Capital expenditures		1,237	34	10	40	3,645	4,966
2022, as restated							
Revenue		395,183	6,403	33,126	156,307	263,693	854,712
Property, plant and equipment	*40*	7,920	27	1,566	23	160,880	170,416
Capital expenditures		1,170	4	-	1	12,360	13,535

revenues from consumer loyalty program are presented as part of "Others"

Geographical Segments

The following table presents segment assets of the Group as of December 31, 2024 and 2023.

	2024	2023 As Restated
Local	**P360,469**	P340,109
International	**107,773**	104,546
	P468,242	P444,655

Disaggregation of Revenue

The following table shows the disaggregation of revenue by geographical segments and the reconciliation of the disaggregated revenue with the Group's business segments for the years ended December 31, 2024, 2023 and 2022.

	Petroleum	**Leasing***	**Marketing**	**Elimination/ Others***	**Total**
2024					
Local	**P437,246**	**P1,306**	**P1,163**	**(P815)**	**P438,900**
Export/international	**800,698**	**-**	**-**	**(371,632)**	**429,066**
2023					
Local	411,588	1,553	1,143	(1,109)	413,175
Export/international	712,469	-	-	(324,617)	387,852
2022					
Local	412,845	1,570	1,221	(2,893)	412,743
Export/international	819,912	-	-	(375,017)	444,895

revenues from the use of loaned equipment are presented as part of "Leasing" while revenues from provisions of technical support are presented as part of "Others".

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38. Events After the Reporting Date

a. On February 10, 2025, the Parent Company paid distributions amounting to US$906 thousand (P53) to the holders of the US$100 million RPS.

b. On February 28, 2025, the Parent Company made a full drawdown from the P5,000 unsecured term loan facility signed and executed on February 26, 2025. The facility is amortized over 5 years in 10 equal semi-annual installments beginning August 28, 2025, and is subject to a floating interest rate, payable quarterly. The proceeds were used to refinance the bridge loan availed on September 3, 2024, which had been used to fund working capital requirements and the payment of existing indebtedness. This facility is subject to a financial covenant ratio of consolidated gross debt to consolidated net worth, which must not exceed 2.75x.

c. On March 4, 2025, the BOD of the Parent Company approved the following:

   i. Declaration of P0.10/share cash dividends to common stockholders to be paid on April 2, 2025.

   ii. Public offer and issuance of up to P25,000 peso retail bonds with an oversubscription option of up to P7,000, to be taken from the bond shelf registration rendered effective by the SEC and valid until September 2025.

   iii. Common share buyback program of up to 620 million shares as follows, with terms and conditions to be determined by Management: (a) up to 167 million shares (the "Maximum Volume" or about P400 (the "Maximum Amount") and during a period of up to six months or until the Maximum Volume or the Maximum Amount is exhausted or unless earlier terminated by Management; and (b) repurchase of all of the 459.16 million common shares held by PCERP via a block sale based on the simple average of the three-day close prior to the execution date.

39. Litigations, Contingencies and Other Matters

a. Lease Agreements with PNOC

On October 20, 2017, Petron filed with the Regional Trial Court (RTC) of Mandaluyong City a complaint against the PNOC for the reconveyance of the various landholdings it conveyed to PNOC in 1993 as a result of the government-mandated privatization of the Parent Company.

The subject landholdings consisted of the refinery lots in Limay, Bataan, 23 bulk plant sites and 66 service station lots located in different parts of the country. The Deeds of Conveyance covering the landholdings provide that the transfer of these lots to PNOC was without prejudice to the continued long-term use by Petron of the conveyed lots for its business operation. Thus, PNOC and the Parent Company executed three lease agreements covering the refinery lots, the bulk plants, and the service station sites, all with an initial lease term of 25 years which expired in August 2018, with a provision for automatic renewal for another 25 years. In 2009, the Parent Company, through its realty subsidiary, NVRC, had an early renewal of the lease agreement for the refinery lots with an initial lease term of 30 years, renewable for another 25 years.

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The complaint alleged that PNOC committed a fundamental breach of the lease agreements when it refused to honor both the automatic renewal clause in the lease agreements for the bulk plants and the service station sites and the renewed lease agreement for the refinery lots on the alleged ground that all such lease agreements were grossly disadvantageous to PNOC, a government-owned-and-controlled corporation.

On December 11, 2017, the trial court granted Parent Company's prayer for a writ of preliminary injunction, enjoining PNOC from committing any act aimed at ousting the Parent Company from possession of the subject properties until the case is decided.

The court-mandated mediation in 2018 and the judicial dispute resolution proceedings before the court in 2019 were likewise terminated, after the parties failed to agree to a settlement. The Parent Company filed a motion for summary judgment on May 17, 2019. In a resolution dated November 13, 2019, the trial court granted the Parent Company's motion for summary judgment and ordered: (i) the rescission of the Deeds of Conveyance dated 1993 relating to the Parent Company's conveyance of such leased premises to PNOC pursuant to a property dividend declaration in 1993, (ii) the reconveyance by PNOC to the Parent Company of all such properties, and (iii) the payment by the Parent Company to PNOC of the amount of P143, with legal interest from 1993, representing the book value of the litigated properties at the time of the property dividend declaration. PNOC filed a motion for reconsideration. The Parent Company also filed a motion for partial reconsideration seeking a modification of the judgment to include an order directing PNOC to return to the Parent Company all lease payments the latter had paid to PNOC since 1993.

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

In a resolution dated November 25, 2024, the Supreme Court denied with finality the motion for reconsideration and the motion to refer to the Supreme Court *En Banc* that the PNOC filed in December 2023. The November 2024 resolution also ordered the immediate issuance of the entry of judgment and declared that no further pleadings or motions shall be entertained.

On January 21, 2025, PNOC filed a second motion for reconsideration. A second motion for reconsideration is generally prohibited under the Internal Rules of the Supreme Court.

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Given the finality of the Supreme Courts's ruling, the Group recognized in its books the reversal of the conveyance of the land declared as property dividends in 1993 at P143 equivalent to the net book value of the land at the time of dividend declaration and instead recognized a liability for cash dividends to PNOC of the same amount plus legal interest of P267 computed from 1993 to 2024. The landholdings were recognized as part of "Property, plant and equipment" and "Investment property" at P110 and P33, respectively (Notes 9 and 11). Correspondingly, all accruals related to the lease contracts with PNOC on the subject landholdings of the rescinded deeds of conveyance, namely, lease liabilities of P3,629 (Notes 29 and 33), asset retirement obligation (ARO) of P2,600 (Note 19) for the cost of land restoration and remediation at the end of lease term, and the corresponding right of use (ROU) assets of P2,720 (Notes 10 and 11) recognized previously were reversed which resulted in the recognition of gain on lease termination of P3,509 (Note 26).

b. Oil Spill Incident in Guimaras

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

Complaints for damages for non-payment of compensation for the clean-up operations during the oil spill were filed with the RTC of Guimaras by a total of 1,063 plaintiffs who allegedly did not receive any payment of their claims for damages arising from the oil spill. The total claims amounted to P292. The cases were pending as at December 31, 2024. In the course of plaintiffs' presentation of evidence, they moved for trial by commissioner, which was denied by the trial court. The plaintiffs elevated the matter by way of a petition for certiorari to the Court of Appeals in Cebu City. On January 9, 2020, the CA issued a Resolution granting plaintiffs' motion for reconsideration of the earlier resolution denying their petition and ordering the Parent Company to file its comment on plaintiffs' petition within 10 days. On February 6, 2020, the Parent Company filed a motion for reconsideration of said Resolution which remains pending as of December 31, 2024. On September 25, 2024, the CA denied the motion for reconsideration of another respondent International Oil Pollution Compensation ("IOPC") Funds and directed IOPC to file its comment. The CA held in abeyance any further action on the petition pending compliance with the directives of the said resolution. In the meantime, proceedings before the trial court continue. In one of the cases, the plaintiffs have already rested its case and trial dates have been set for the presentation of defendants' evidence. In the other case, plaintiffs are already expected to complete the presentation of their evidence testified so far. As of December 31, 2024 and 2023, the Group has not set up any provision related to this case because while the case is still pending, Petron believes the resolution will be in its favor.

c. Other Proceedings

The Group is also a party to certain other proceedings arising out of the ordinary course of its business, including legal proceedings with respect to tax, regulatory and other matters. While the results of litigation cannot be predicted with certainty, management believes that the final outcome of these other proceedings will not have a material adverse effect on the Group's business financial condition or results of operations.

d. The Group has unused letters of credit totaling approximately P41,164 and P35,445 as of December 31, 2024 and 2023, respectively.

40. Prior Period Adjustments

In 2024, the Group performed a reassessment of its accounting policy for LPG cylinders which was being recognized as an outright expense. The Group took into consideration the legal ownership of LPG cylinders, compliance with regulatory requirements under the LPG Industry Regulation Act and alignment with the recent interpretation of the Securities and Exchange Commission on the matter. As a result thereof, the Group changed its accounting policy on LPG cylinders to recognize these as assets under PAS 16, *Property, Plant, and Equipment*.

The LPG cylinders are recognized under the "Service stations and other equipment" asset class in the "Property, plant and equipment - net" account (Note 9). The related cylinder deposits liability was also recognized (Note 17).

The following table summarizes the impact of the change on the Group's consolidated statements of financial position as of December 31, 2023 and January 1, 2023:

	December 31 2023 As Previously Reported	Adjustments	December 31 2023 As Restated
Noncurrent Assets			
Property, plant and equipment - net	P166,046	P1,941	P167,987
Deferred tax assets - net	1,190	(76)	1,114
Current Liabilities			
Trade and other payables	23,890	2,564	26,454
Noncurrent Liabilities			
Deferred tax liabilities - net	4,432	24	4,456
Other noncurrent liabilities	1,243	(748)	495
Equity			
Retained earnings	31,834	13	31,847
Equity reserves	(21,252)	(8)	(21,260)
Non-controlling interests	8,654	20	8,674

	January 1 2023 As Previously Reported	Adjustments	January 1 2023 As Restated
Noncurrent Assets			
Property, plant and equipment - net	P170,153	P1,417	P171,570
Deferred tax assets - net	1,812	(71)	1,741
Current Liabilities			
Trade and other payables	22,896	1,994	24,890
Noncurrent Liabilities			
Deferred tax liabilities - net	3,601	37	3,638
Other noncurrent liabilities	1,201	(736)	465
Equity			
Retained earnings	30,357	25	30,382
Equity reserves	(16,887)	(4)	(16,891)
Non-controlling interests	8,383	30	8,413

The following table summarizes the impact of the change on the movements of the Group's property, plant and equipment - net for the year ended December 31, 2023:

	As Previously Reported	Adjustments	As Restated
Cost			
Additions	P6,652	P812	P7,464
Disposals/reclassifications	(1,012)	(25)	(1,037)
Currency translation adjustment	(2,147)	(33)	(2,180)
Accumulated Depreciation			
Depreciation	9,985	262	10,247
Disposals/reclassifications	(874)	(5)	(879)
Currency translation adjustment	(1,035)	(27)	(1,062)

The following table summarizes the impact of the change on the Group's consolidated statements of income for the years ended December 31, 2023 and 2022:

	2023 As Previously Reported	Adjustments	2023 As Restated
Selling and administrative expenses	(P17,560)	(P8)	(P17,568)
Other income (expense) - net	139	(20)	119
Income tax expense	3,004	(6)	2,998
Net Income Attributable to:			
Equity holders of the Parent Company	9,241	(12)	9,229
Non-controlling interests	893	(10)	883
	10,134	(22)	10,112
Basic/Diluted Earnings per Common Share Attributable to Equity Holders of the Parent Company	P0.27	P0.00	P0.27

	2022 As Previously Reported	Adjustments	2022 As Restated
Selling and administrative expenses	(P16,175)	P322	(P15,853)
Other income (expense) - net	1,018	(18)	1,000
Income tax expense	1,404	76	1,480
Net Income Attributable to:			
Equity holders of the Parent Company	5,727	225	5,952
Non-controlling interests	970	3	973
	6,697	228	6,925
Basic/Diluted Earnings per Common Share Attributable to Equity Holders of the Parent Company	P0.01	P0.03	P0.04

The following table summarizes the impact of the change on the Group's consolidated statements of other comprehensive income for the years ended December 31, 2023 and 2022:

	2023 As Previously Reported	Adjustments	2023 As Restated
Net income	P10,134	(P22)	P10,112
Other Comprehensive Loss			
Items that will not be reclassified to profit or loss	(29)	-	(29)
Items that may be reclassified to profit or loss	(2,460)	(4)	(2,464)
	(2,489)	(4)	(2,493)
Total comprehensive income for the year - net of tax	7,645	(26)	7,619
Attributable to:			
Equity holders of the Parent Company	7,162	(16)	7,146
Non-controlling interests	483	(10)	473
	P7,645	(P26)	P7,619

	2022 As Previously Reported	Adjustments	2022 As Restated
Net income	P6,697	P228	P6,925
Other Comprehensive Income (Loss)			
Items that will not be reclassified to profit or loss	(470)	-	(470)
Items that may be reclassified to profit or loss	2,191	(5)	2,186
	1,721	(5)	1,716
Total comprehensive income for the year - net of tax	8,418	223	8,641
Attributable to:			
Equity holders of the Parent Company	7,181	221	7,402
Non-controlling interests	1,237	2	1,239
	P8,418	P223	P8,641

The changes in the Group's consolidated statements of cash flows for the years ended December 31, 2023 and 2022 include the following:

a. Impact of the change in the accounting policy for LPG cylinders.
b. Reclassification of payment for acquisition of a subsidiary from operating to investing activities reflecting the nature of the cash flow (Note 12).
c. Presentation of allowance for impairment (net reversal) of receivables and inventory as adjustment to income before income tax from "Changes in noncash assets, certain current liabilities and others" under operating activities.

	2023 As Previously Reported	Adjustments	2023 As Restated
Net Cash Flows Provided by Operating Activities			
Income before income tax	P13,138	(P28)	P13,110
Depreciation and amortization	13,030	262	13,292
Allowance for impairment (net reversal) of receivables and inventory	-	29	29
Other losses (gains) - net	(424)	578	154
Changes in noncash assets, certain current liabilities and others	(5,257)	(271)	(4,986)
Net Cash Flows Used in Investing Activities			
Additions to property, plant and equipment	(6,235)	(812)	(7,047)
Payment for acquisition of a subsidiary	-	(300)	(300)

	2022 As Previously Reported	Adjustments	2022 As Restated
Net cash Flows Used in Operating Activities			
Income before income tax	P8,101	P304	P8,405
Depreciation and amortization	11,876	129	12,005
Allowance for impairment (net reversal) of receivables and inventory	-	287	287
Other losses (gains) - net	(1,198)	423	(775)
Changes in noncash assets, certain current liabilities and others	(38,295)	(287)	(38,582)
Net Cash Flows Used in Investing Activities			
Additions to property, plant and equipment	(5,397)	(856)	(6,253)

The following table summarizes the impact of the change on the Group's consolidated statements of changes in equity for the years ended December 31, 2023 and 2022:

	2023 As Previously Reported	Adjustments	2023 As Restated
Unappropriated Retained Earnings			
As of December 31, 2022	P23,354	P25	P23,379
Net income attributable to equity holders of the Parent Company	9,241	(12)	9,229
Transactions with owners	(764)	-	(764)
As of December 31, 2023	31,831	13	31,844
Other Reserves			
As of December 31, 2022	(10,450)	(4)	(10,454)
Other comprehensive loss attributable to equity holders of the Parent Company	(2,050)	(4)	(2,054)
Transactions with owners	(2,286)	-	(2,286)
As of December 31, 2023	(14,786)	(8)	(14,794)
Non-controlling Interests			
As of December 31, 2022	8,383	30	8,413
Total comprehensive income attributable to non-controlling interests	483	(10)	473
Transactions with owners	(212)	-	(212)
As of December 31, 2023	P8,654	P20	P8,674

	2022 As Previously Reported	Adjustments	2022 As Restated
Unappropriated Retained Earnings			
As of December 31, 2021	P23,229	(P200)	P23,029
Net income attributable to equity holders of the Parent Company	5,727	225	5,952
Transactions with owners	(5,602)	-	(5,602)
As of December 31, 2022	23,354	25	23,379
Other Reserves			
As of December 31, 2021	(12,379)	-	(12,379)
Other comprehensive income attributable to equity holders of the Parent Company	1,929	(4)	1,925
As of December 31, 2022	(10,450)	(4)	(10,454)
Non-controlling Interests			
As of December 31, 2021	7,325	28	7,353
Total comprehensive income attributable to non-controlling interests	1,237	2	1,239
Transactions with owners	(179)	-	(179)
As of December 31, 2022	P8,383	P30	P8,413

The Group is still compliant with the financial covenants of its debt agreements after considering the impact of the above restatements as of December 31, 2023 and January 1, 2023.

Terminals and Airport Installations

TERMINALS

Luzon

BATANGAS
Bo. Mainaga, Mabini, Batangas
LIMAY
Limay, Bataan
NAVOTAS
PFDA CMPD.,Navotas, Metro Manila
PALAWAN
Parola, Brgy. Maunlad, Puerto Princesa City
PORO
Poro Pt., San Fernando, La Union
ROSARIO
General Trias, Rosario, Cavite

Visayas

BACOLOD
Bo. San Patricio, Bacolod City
ILOILO
Lapuz, Iloilo City
MANDAUE
Looc, Mandaue City
ORMOC
Bo. Linao, Ormoc City
ROXAS
Arnaldo Blvd., Culasi
TACLOBAN
Anibong, Tacloban City

Mindanao

DAVAO
Km. 9, Bo. Pampanga, Davao City
BAWING
Purok Cabu, Bawing, General Santos City
ILIGAN
Bo. Tuminobo, Iligan City
JIMENEZ
Jimenez, Misamis Occidental
NASIPIT
Talisay, Nasipit, Agusan del Norte
TAGOLOAN
Tagoloan, Misamis Oriental
ZAMBOANGA
Brgy. Campo Islam, Lower Calarian,
Zamboanga City

AIRPORT INSTALLATIONS

DAVAO
Davao Airport
LAGUINDINGAN
Misamis Oriental
MACTAN
MEPZ, Lapu-Lapu City
LAOAG
Laoag Airport
NAIA
JOCASP Compound, NAIA, Pasay City

LPG OPERATIONS

PASIG
Bo. Ugong, Pasig, Metro Manila
LEGASPI
Lakandula Drive, Brgy. Bonot, Legaspi City
SAN FERNANDO
San Fernando, Pampanga

Product List

FUELS

Automotive Fuels
Petron Blaze 100
Petron XCS
Petron Xtra Advance
Petron Turbo Diesel
Petron Diesel Max

Industrial Fuels
Petron Fuel Oil

Aviation Fuels
Aviation Gasoline
Jet A-1

Household Fuels
Gasul
Fiesta
Gaas

AUTOMOTIVE LUBRICATING OILS

Diesel Engine Oils
Rev-X Turbo HTP
Rev-X Fully Synthetic
Rev-X Synthetic Blend
Rev-X Premium Multi-grade
Rev-X Multi-grade
Rev-X HD4X
Rev-X HD
Rev-X Hauler
Petron XD3
Petron Railroad Extra

Gasoline Engine Oils
Blaze Racing HTP
Blaze Racing Fully Synthetic
Blaze Racing Synthetic Blend
Blaze Racing Premium Multi-grade
Blaze Racing Multi-grade
Petron MO

Motorcycle Oils
Petron Sprint 4T Fully Synthetic HTP
Petron Sprint 4T Fully Synthetic
Petron Sprint 4T Premium Multi-grade
Petron Sprint 4T Synthetic Blend
Petron Sprint 4T Multi-grade
Petron Sprint 4T Mono-grade
Petron Sprint 4T Scooter Oil Fully Synthetic
Petron Sprint 4T Scooter Oil Synthetic Blend
Petron Sprint 4T Scooter Oil Premium Multi-grade
2T Powerburn
2T Premium
2T Autolube

Automotive Gear Oils
Petron GHTP Gear Oil
Petron GX
Petron GEP
Perton GST
Petron Scooter Gear Oil

Automotive Transmission Fluids
Petron CVT Fluid
Petron ATF Premium HTP
Petron ATF Premium
Petron TF 38
Petron TDH 50

Other Automotive Oils
STM

INDUSTRIAL LUBRICATING OILS

Turbine, Hydraulic and Circulating Oils
Hydrotur AW 22 / 32 / 46 / 68 / 100
Hydrotur AWX 32 / 46 / 68 / 100
Hydrotur AW GT 32
Hydrotur EP 32 / 46 / 68 / 100
Hydrotur N 100
Hydrotur R 32 / 46 / 68 / 100 / 150 / 185 / 220 / 320
Hydrotur SX 68
Hydrotur T 32 / 46 /68
Hydrotur TEP 68 / 77

Food Grade Hydraulic Oil
Hydrotur FG H1 - 68

Industrial Gear Oils
Hydrotur SX 220
Hypex EP 68 / 100 / 150 / 220 / 320 / 460 / 570 / 680 / 1000 / 4000 / 25k (Oil-Based)
Hypex EP 2K / 4K (Asphalt-Based)
Milrol 5K
Gearfluid 2K / 5K / 8K
Gearkote 3K / 22K / 68K
Petrocyl S 390 / 700
Petrocyl 680

Food Grade Gear Oils
Hypex FG H1 150 / 220 / 320

Industrial Transmission Oils
Petron Hi-Torq TX 10W / 30 / 40 / 50
Petron Universal Tractor Fluid
Cutting Oils
Turnol 40
Petrokut 10 / 27

Refrigeration Oils
Zerflo 68
Zerflo P68
Zerflo SX

Transformer Oil
Voltran 60

Slideway Oil
Hydrotur SW 68
Hydrotur SW 220

Other Industrial Lubricating Oils
Airlube 100 / 150 / 320
Petrosine 68
Petron Mould Lube

MARINE LUBRICATING OILS

Crosshead Engine Cylinder Oils
Petromar DCL 7050
Petromar DCL 4000 Series

Trunk Piston Engine Oils
Petromar HF 1040 / 1540
Petromar HF 2040
Petromar HF 3000 series
Petromar HF 4000 series
Petromar HF 5040 / 5540
Petron MS 9250 / 9370
Crosshead Engine System Oil
Petromar 65

Marine Outboard Two-Stroke Oil
Petron Regatta

GREASES

Multi-Purpose Greases
Petron Grease MP 2 / 3
Molygrease Premium
Petrogrease Premium

Water Resistant Grease
Petrogrease XX

Extreme Pressure Greases
Petrogrease EP 00 / 0 / 1 / 2
Molygrease EP 2
Molygrease EP 2P
Petrogrease EP 375
Petron Moly LX EP 2
Petron OGX Grease HV 0/00

High Temperature Greases
Petrogrease HT

Complex Greases
Petron Grease HTP Lithium Complex
Petron Premium Lithium Complex

Food Grade Grease
Petrogrease EP FG H1 - 2

ASPHALTS

Penetration Asphalt
Petropen
Cutback Asphalt
Petropen CB

Emulsified Asphalt
Petromul SS-1
Petromul CSS -1

Blown Asphalts
Asphaltseal
Asphalt Joint Sealer

Polymer Modified Bitumen
Petron Polymer Modified Bitumen

SPECIAL PRODUCTS

Process Oils
Stemol 68
Petrosine 68
Process Oil series

Heat Transfer Oil
Petrotherm 32

Cleaning Agent
Greaseaway
Greasolve

Protective Coatings
Petrokote 392
Marinekote
Autokote
Cablekote 70

AFTERMARKET SPECIALTIES

PetroMate Oil Saver
PetroMate Diesel Power Booster
PetroMate Engine Flush
PetroMate Super Coolant (Green / Pink)
PetroMate Penetrating Oil
PetroMate Greaseaway
PetroMate Brake and Clutch Fluid DOT 3
Petron Brake Fluid HTP DOT 4

PERFORMANCE ADDITIVES & CHEMICALS

pCHEM DEF (Diesel Exhaust Fluid)
pCHEM 3500
pCHEM 3500F
pCHEM 140M
pCHEM 3500MF
pCHEM 500FS
pCHEM 1000
pCHEM 100X
pCHEM 3500M
pCHEM 3000DP
pCHEM 6000DP
pCHEM BT25

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Shareholder Service and Assistance

For questions and comments regarding dividend payments, change of address, account status, loss or damaged stock certificates, please get in touch with:

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