

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

☐ Preliminary Information Statement

☒ Definitive Information Statement

2. Name of Registrant as specified in its charter

PETRON CORPORATION

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

Philippines

4. SEC Identification Number

31171

5. BIR Tax Identification Code

000-168-801

6. Address of principal office

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

Postal Code

1550

7. Registrant's telephone number, including area code

(63 2) 8884-9200

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

May 7, 2026, 2:00 p.m., Livestream via <https://petron.com/2026asm>

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

Apr 15, 2026

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

N/A

Address and Telephone No.

N/A

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
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COMMON (PCOR)	8,911,446,400
PREFERRED SERIES 3B (PRF3B)	6,597,000
PREFERRED SERIES 4A (PRF4A)	5,000,000
PREFERRED SERIES 4B (PRF4B)	2,995,000
PREFERRED SERIES 4C (PRF4C)	6,005,000
PREFERRED SERIES 4D (PRF4D)	8,500,000
PREFERRED SERIES 4E (PRF4E)	8,330,000
PCOR SERIES F BONDS DUE 2027 (IN PESOS)	9,000,000,000
PCOR SERIES G BONDS DUE 2030 (IN PESOS)	15,910,000,000
PCOR SERIES H BONDS DUE 2032 (IN PESOS)	4,604,000,000
PCOR SERIES I BONDS DUE 2035 (IN PESOS)	11,486,000,000
TOTAL DEBT AS OF DEC 31 2025 (IN MIL PESO-CONSO)	216,377

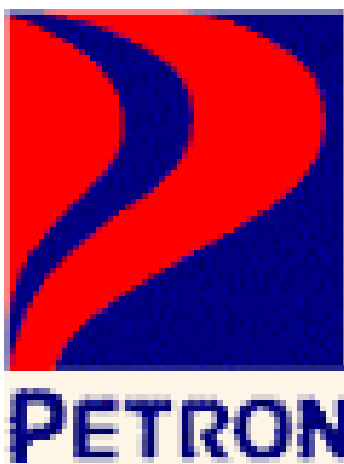
13. Are any or all of registrant's securities listed on a Stock Exchange?

☒ Yes ☐ No

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

Philippine Stock Exchange-Common and Series 3B, 4A, 4B, 4C, 4D and 4E Preferred Shares; Philippine Dealing & Exchange Corp. - Series F, G, H and I Bonds

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Petron Corporation
PCOR

Date of Stockholders' Meeting	May 7, 2026
Type (Annual or Special)	Annual
Time	2:00 p.m.
Venue	Livestream via https://petron.com/2026asm
Record Date	Mar 18, 2026

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Mar 18, 2026
End date	Mar 26, 2026

Other Relevant Information

Further to our related disclosure dated March 3, 2026, please see attached Definitive Information Statement (SEC Form 20-IS) of the Company for the 2026 Annual Stockholders' Meeting scheduled on May 7, 2026 (with the notice, agenda and the rationale for each agenda item) cleared for release by the Securities and Exchange Commission.

Filed on behalf by:

Name	Jhoanna Jasmine Javier-Elacio
Designation	Vice President - General Counsel and Corporate Secretary/Compliance Officer

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS**

**Information Statement Pursuant to Section 20
of the Securities Regulation Code**

1. Check the appropriate box:
☐ Preliminary Information Statement
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter **PETRON CORPORATION (“Petron” or the “Company”)**
3. Province, country or other jurisdiction of incorporation or organization **PHILIPPINES**
4. SEC Identification Number **31171**
5. BIR Tax Identification Code **000-168-801**
6. Address of principal office
SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City
Postal Code **1550**
7. Registrant’s telephone number, including area code **(632) 8.886-3888**
8. Date, time and place of the meeting of security holders

Date	-	May 7, 2026, Thursday
Time	-	2:00 p.m.
Livestream	-	via https://petron.com/2026asm

(The Chairman of the meeting will call and preside over the meeting at the SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City 1550.)
9. Approximate date on which the Information Statement is first to be sent or given to security holders
April 15, 2026
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares Outstanding
Common Stock	8,911,446,400 shares
Series 3B Preferred Shares	6,597,000 shares
Series 4A Preferred Shares	5,000,000 shares
Series 4B Preferred Shares	2,995,000 shares
Series 4C Preferred Shares	6,005,000 shares
Series 4D Preferred Shares	8,500,000 shares
Series 4E Preferred Shares	8,330,000 shares
Total Liabilities	
(consolidated as of December 31, 2025)	Php216,377 million

Series F Bonds due 2027	Php	9.0 billion
Series G Bonds due 2030	Php	15.91 billion
Series H Bonds due 2032	Php	4.604 billion
Series I Bonds due 2035	Php	11.486 billion

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

Yes X No _____

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

Philippine Stock Exchange	Common Shares
	Series 3B Preferred Shares
	Series 4A Preferred Shares
	Series 4B Preferred Shares
	Series 4C Preferred Shares
	Series 4D Preferred Shares
	Series 4E Preferred Shares

Philippine Dealing & Exchange Corp.	Series F Bonds due 2027
	Series G Bonds due 2030
	Series H Bonds due 2032
	Series I Bonds due 2035



NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The annual meeting of the stockholders of Petron Corporation (the "Company") will be held on May 7, 2026, Thursday, at 2:00 p.m. and will be conducted virtually and streamed live through <https://petron.com/2026asm>, which shall also be accessible through the Company website.

The agenda of the meeting are as follows:

1. Call to Order
2. Report on Attendance and Quorum
3. Review and Approval of the Minutes of the Previous Annual Stockholders' Meeting
4. Management Report and Submission to the Stockholders of the 2025 Financial Statements
5. Ratification of All Acts of the Board of Directors and Management
Since the 2025 Annual Stockholders' Meeting
6. Appointment of the External Auditor and Ratification of External Auditor Fees
7. Election of the Board of Directors for the Ensuing Term
8. Ratification of Directors' Fees for 2026
9. Amendment of the Company's By-Laws
10. Other Matters
11. Adjournment

Attendance only via Remote Communication; Questions through Dedicated Email Address

Pursuant to Memorandum Circular No. 6 (Series of 2020) issued by the Securities and Exchange Commission, and by the unanimous vote by the Board of Directors at its regular meeting held on March 3, 2026, the Company will conduct its annual stockholders' meeting for 2026 through livestreaming and will not hold a physical meeting. Stockholders can therefore only attend the meeting by remote communication. Stockholders intending to attend the meeting by remote communication should notify the Company by email to 2026asmpetron@petron.com by April 22, 2026 at 12 noon. The procedure and further details for attending and voting at the meeting through remote communication are set forth in Appendix 1.

Votes will be cast through ballots or proxies. The deadline for the submission of ballots and proxies is April 22, 2026. For your convenience, a sample of a ballot/proxy is attached to the Definitive Information Statement (SEC Form 20-IS) issued by the Company for this meeting. For an individual, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its Corporate Secretary's certification setting the representative's authority to represent the corporation in the meeting. Ballots and proxies may be sent through email at 2026asmpetron@petron.com or by mail to the office of SMC Stock Transfer Service Corporation at the 2nd Floor, SMC Head Office Complex, 40 San Miguel Avenue, 1550 Mandaluyong City. Proxies need not be notarized. Validation of ballots and proxies will be on April 29, 2026 at 2:00 p.m. at the above office of SMC Stock Transfer Service Corporation Office.

Questions and comments to the Board of Directors and/or Management may be sent in advance of, or during, the meeting by email to 2026asmpetron@petron.com.

Rationale for Agenda; Dividend Policy; Draft Minutes

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

The draft of the minutes of the annual stockholders' meeting held in 2025 has been posted on the company website www.petron.com since May 9, 2025, the fifth business day after the meeting.

Mandaluyong City, March 13, 2026.


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

PROCEDURE FOR ATTENDING AND VOTING AT THE MEETING THROUGH REMOTE COMMUNICATION

- i. Stockholders of record as of March 18, 2026 who intend to attend the meeting through remote communication are requested to notify the Company by email to 2026asmpetron@petron.com by April 22, 2026 at 12 noon. Stockholders whose shares are lodged with brokers are requested to directly contact their respective brokers for guidance on their participation in the meeting.
- ii. For validation purposes, the email should contain the following information: (i) name; (ii) address; (iii) telephone number; and (iv) email address, and a scanned copy of any valid government-issued identification card (“ID”) with photo of the stockholder.

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

- iii. Unregistered stockholders may still attend the meeting by accessing the livestreaming link <https://petron.com/2026asm>.
- iv. Votes of all stockholders on all the agenda items can only be cast through ballots or proxies submitted from the date of the distribution of this Definitive Information Statement until April 22, 2026. A sample of the ballot and proxy is included in the Definitive Information Statement. The other details of the voting procedure (including the required number of votes to approve any agenda item) are set out in Item 2 (“Voting and Voting Procedure”) of Appendix 2 of this Definitive Information Statement.

All ballots and proxies should be received by the Corporate Secretary on or before April 22, 2026 at 12 noon by email sent to 2026asmpetron@petron.com or by mail sent to the office of SMC Stock Transfer Service Corporation at the 2nd Floor, SMC Head Office Complex, 40 San Miguel Avenue, 1550 Mandaluyong City.

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

Validation of ballots and proxies received via email or mail will be on April 29, 2026 at 2:00 p.m. at the above-mentioned office of the SMC Stock Transfer Service Corporation (“STSC”). Validation of ballots and proxies by STSC includes the verification of the due execution and completeness of the ballots and proxies (such as checking if the persons signing such ballots or proxies are stockholders as of record date and if the forms are signed and/or their supporting documents such as the Secretary’s Certificate for corporate stockholders are complete) and the encoding of the votes in the stockholder database of STSC. The stockholder database system contains the list of stockholders as of record date, the number of shares owned/held, and the votes cast for each agenda item.

- v. Shareholders may send their questions and/or comments prior to or during the meeting to 2026asmpetron@petron.com.

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

- vi. The proceedings of the meeting will be recorded.

Should you have questions or requests for clarification on the procedure for attending the annual stockholders' meeting through remote communication, please email them to 2026asmpetron@petron.com.

**RATIONALE AND BRIEF DISCUSSION OF THE AGENDA
OF THE 2026 ANNUAL STOCKHOLDERS' MEETING
(THE "ANNUAL STOCKHOLDERS' MEETING")**

1. Call to Order

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

2. Report on Attendance and Quorum

Notice and Quorum

The Corporate Secretary (or the Secretary of the meeting, as the case may be) (the "Secretary") will certify the date when the written notice of the Annual Stockholders' Meeting was sent to the stockholders as of record date of March 18, 2026 and the dates of publication of the notice in newspapers of general circulation.

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

Voting and Voting Procedure

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

Each preferred share is entitled to one vote in respect of the ratification of the proposed amendment of the Company's By-laws, which forms part of the agenda of the Annual Stockholders' Meeting.

- A simple majority vote of the stockholders holding common shares, where a quorum is present, will be needed for the approval of the minutes of the previous stockholders' meeting, the ratification of all acts of the Board of Directors and Management since the last annual stockholder's meeting in 2025, the appointment of the external auditor of the Company for 2025, the ratification of external auditor fees for 2026, and the ratification of directors' fees for 2026.
- In the election of directors, the 15 nominees who get the highest votes shall be deemed duly elected as directors. Under the express provisions of the Company's By-laws, cumulative voting is allowed in the election of directors. Thus, a stockholder may distribute his/her votes per share to as many persons as there are directors to be elected, or he/she may cumulate his/her shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares he/she has, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the Company multiplied by the whole number of directors to be elected.
- A vote of at least two-thirds of the stockholders holding common and preferred shares, where a quorum is present, will be needed for the amendment of the Company's By-laws. In the

event the required vote is not obtained, the Company cannot proceed with the relevant amendment(s).

Question and Answer

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

Priority will be given to written questions emailed in advance to 2026asmpetron@petron.com.

Questions or comments during the meeting may be emailed to 2026asmpetron@petron.com and the stockholders sending the questions or comments will be requested to include their full name, address, email address, telephone number, and consent to the processing of personal information.

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

A draft of the minutes of the annual stockholders' meeting held on May 2, 2025 has been posted on the company website www.petron.com since May 9, 2025, the fifth business day after the meeting.

The stockholders will be requested to approve the draft of the minutes of the 2025 annual stockholders' meeting.

The minutes of the 2025 annual stockholders' meeting cover the description of the manner, procedure and results of voting, the questions and answers during the meeting, the matters discussed, the resolutions approved, the stockholders in attendance and the list of directors, officers, and representatives of the external auditors in attendance.

4. Management Report and Submission to the Stockholders of the 2025 Financial Statements

The Management of the Company will deliver the report on the performance of the Company for 2025.

The stockholders will be given the opportunity to ask questions or raise comments through emails submitted to 2026asmpetron@petron.com and which should include the stockholders' full name, address, telephone number, and consent to the processing of personal information.

The stockholders will then be requested to approve the report and the audited financial statements of the Company for 2025.

Duly authorized representatives of R.G. Manabat & Co./KPMG, the external auditor for 2025, will be present at the Annual Stockholders' Meeting to respond to appropriate questions concerning the 2025 financial statements of the Company.

5. Ratification of All Acts of the Board of Directors and Management Since the 2025 Annual Stockholders' Meeting

The acts and resolutions of the Board of Directors, including those of the Executive Committee, are reflected in the minutes of meetings, the material of which are disclosed to the Securities and Exchange Commission ("SEC"), the Philippine Stock Exchange ("PSE") and the Philippine Dealing & Exchange Corp. ("PDEX") and posted on the company website, www.petron.com.

A list of such acts and resolutions are also set out in the Annex A attached to the Definitive Information Statement.

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

The stockholders will be requested to ratify all acts of the Board of Directors and Management since the last annual stockholders' meeting in 2025.

6. Appointment of an External Auditor for 2026 and Ratification of External Auditor Fees for 2026

Pursuant to the Manual on Corporate Governance of the Company (the "Corporate Governance Manual") and the Audit Committee Charter, the Audit Committee recommended to the Board of Directors the appointment of an external auditor which will examine the accounts of the Company for 2026.

The Board of Directors, at its meeting held on March 3, 2026, approved the endorsement of the Audit Committee of the re-appointment of R.G. Manabat & Co./KPMG as the external auditor of the Company for 2026.

The approval of the external auditor's fees for the audit and finalization of the financial statements for 2026 will be discussed by the Audit Committee and the Board of Directors at their respective regular meetings on May 5, 2026.

The stockholders will be requested to approve the re-appointment of R.G. Manabat & Co./KPMG and ratify the fees of R.G. Manabat & Co./KPMG.

R.G. Manabat & Co./KPMG and its fees are further discussed in the Definitive Information Statement.

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

At its meeting held on March 3, 2026, the Corporate Governance Committee, as the standing committee of the Board of Directors constituted for the purpose of reviewing and evaluating the qualifications of persons nominated to become members of the Board of Directors (including the independent directors) and pursuant to the provisions of the Corporate Governance Manual of the Company and the Charter of the Corporate Governance Committee, reviewed the candidates for director to ensure that they have all the qualifications and none of the disqualifications for nomination and election as members of the Board of Directors.

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

8. Ratification of Directors' Fees for 2026

Pursuant to the Manual and the Corporate Governance Committee Charter, the Corporate Governance Committee also recommended to the Board of Directors the approval of the fees of the directors for 2026, inclusive of *per diem* for each board and committee meeting.

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

9. Amendment of the By-Laws of the Company

The proposed amendments to the Company's By-laws are the following:

- (i) To include remote communication as an alternative means to attend and be included for purposes of determining quorum and voting in meetings of stockholders and directors
- (ii) To require that discussions in stockholders' meetings be limited to matters stated in the notice
- (iii) To increase the minimum number of independent directors of the Company from two (2) to three (3)
- (iv) To provide that independent directors must have all the qualifications and none of the disqualifications under laws, regulations, and Company policies
- (v) To provide that compensation of directors shall not exceed 10% of the Company's net income before income tax
- (vi) To delegate to the Board of Directors the power to amend, alter or repeal the By-laws

The proposed amendments will align the By-laws with the provisions of the Revised Corporation Code, recent issuances of the SEC and corporate governance best practices.

The relevant provisions of the Company's By-laws will be revised, as follows, with the amendments underscored:

ARTICLE II MEETINGS OF THE STOCKHOLDERS

Section 4. **Notices of Meeting.** Except as otherwise provided by law, rule or regulation, written or printed notice of all annual and special meetings of stockholders stating the place and time of the meeting and the general nature of the business to be considered shall be sent by facsimile, personal delivery, mail, postage prepaid, electronic mail or such other manner as law, rule or regulation may allow at least twenty-one (21) days before the day on which the meeting is to be held to each stockholder of record at his last known post-office or email address or, at the option of the Corporation, by publication in a newspaper of general circulation, provided that, unless especially required by law, no publication of any notice of a meeting shall be required. Only matters stated in the notice can be the subject of motion or discussions at the meeting. x x x

ARTICLE II MEETINGS OF THE STOCKHOLDERS

Section 6. **Quorum.** At each meeting of the stockholders, the holders of a majority of the issued and outstanding capital stock of the Corporation entitled to vote shall, if present either in person or by proxy, constitute a quorum for the transaction of business. A stockholder who participates through remote communication or in absentia shall be deemed present for purposes of quorum. In the absence of a quorum, the meeting may be adjourned by (i) a majority of the stockholders of the Corporation present in person or by proxy and entitled to vote thereat, or (ii) in the absence of all the stockholders, any officer entitled to preside or act as secretary at such meeting, until stockholders holding the requisite number of shares of stock shall be present or represented. At any such adjourned meeting at which a quorum may be present any business may be transacted which might have been transacted at the meeting as originally called.

**ARTICLE II
MEETINGS OF THE STOCKHOLDERS**

Section 10. Conduct of Meeting. Subject to the relevant law, rules and regulations, the annual and special meetings of stockholders can be held physically or through remote communication.

**ARTICLE III
DIRECTORS**

Section 1. **General Powers.** Unless otherwise provided by law, rules and regulations, the powers, business and property of the Corporation shall be exercised, conducted and controlled by the Board of Directors.

**ARTICLE III
DIRECTORS**

Section 3-A. **Nomination and Election of Independent Directors.**

1. The Corporation shall have at least three (3) independent directors or such other number as may be required by applicable laws and regulations.
2. The independent directors shall have all the qualifications and none of the disqualifications set forth in Section 38 of the Securities Regulation Code and its implementing rules and regulations, as the same may be amended from time to time.
3. The directors shall have all the qualifications and none of the disqualifications provided by law, rules and regulations and the Manual on Corporate Governance of the Corporation, as the same may be amended from time to time.
4. Nomination of independent directors shall be conducted by the Board Nomination Committee prior to the Stockholders' Meeting.

x x x

**ARTICLE III
DIRECTORS**

Section 4. **Quorum and Voting Requirements.** The presence of a majority of the directors shall constitute a quorum for the transaction of business at any meeting. A director who participates through remote communication or in absentia shall be deemed present for purposes of quorum. In the absence of a quorum, a majority of the directors present may adjourn any meeting from time to time until a quorum be had. Notice of any adjourned meeting need not be given.

**ARTICLE III
DIRECTORS**

Section 13. Compensation of Directors. The directors shall not receive any compensation in their capacity as such, except for reasonable per diems; provided, however, that the stockholders representing at least a majority of the outstanding capital stock may grant directors with compensation which amount thereof shall be approved at a regular or special meeting; provided, further, that the total yearly compensation of directors shall not exceed ten percent (10%) of the net income before income tax of the Corporation during the preceding year.

Directors shall not participate in the determination of their own diems or compensation.

ARTICLE III
DIRECTORS

Section 14. Conduct of Meeting. Subject to the relevant law, rules and regulations, the regular and special meetings of director can be held physically or through remote communication.

ARTICLE XI
AMENDMENTS

These By-Laws of the Corporation shall be subject to amendment, alteration or repeal, and new By-Laws shall be adopted, by the affirmative vote of a majority of the Board of Directors at any regular or special board meeting, provided that notice of the proposed amendment, alteration or repeal or of the proposed new By-Laws be included in the notice of such meeting.

The delegated power to the Board of Directors to amend, alter, or repeal the By-Laws or adopt new By-Laws under this Article XI shall be considered as revoked whenever stockholders owning or representing a majority of the outstanding capital stock shall so vote at a regular or special meeting.

10. Other Matters

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

11. Adjournment

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

PETRON CORPORATION
ANNUAL STOCKHOLDERS' MEETING
MAY 7, 2026, 2PM, VIA LIVESTREAMING AT <https://www.petron.com/2026asm/>
("2026 PETRON ASM")

Please mark as applicable:

☐ **Vote by ballot:** The undersigned stockholder of PETRON CORPORATION (the "Company") casts his/her vote on the agenda items for the 2026 Petron ASM, as expressly indicated with "X" below in this ballot.

☐ **Vote by proxy:** The undersigned stockholder of the Company hereby appoints _____ or, in his/her/its absence, the Chairman of the meeting, as attorney and proxy, to represent and vote all the shares registered in his/her/its name at the 2026 Petron ASM and any of its adjournment(s), as fully as the undersigned can do if present and voting in person, ratifying all action taken on matters that may properly come before such meeting or its adjournment(s). The undersigned directs the proxy to vote on the agenda items which have been expressly indicated with "X" below.

PROPOSAL	ACTION			
	FOR ALL	WITHHOLD FOR ALL	EXCEPTION	FULL DISCRETION OF PROXY (IF FORM USED AS PROXY)
1. Election of Directors The nominees are: Ramon S. Ang Lubin B. Nepomuceno Ron W. Haddock Aurora T. Calderon Francis H. Jardeleza Mirzan Mahathir Virgilio S. Jacinto Nelly Favis-Villafuerte John Paul L. Ang Emmanuel E. Eraña Jacqueline L. Ang Rey Leonardo B. Guerrero Consuelo M. Ynares-Santiago (independent) Teresita J. Leonardo-de Castro (independent) Ricardo C. Marquez (independent) INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), please mark "Exception" box and list the name(s) under				
	FOR	AGAINST	ABSTAIN	
2. Approval of the Minutes of the 2025 Annual Stockholders' Meeting ("2025 ASM")				
3. Approval of the Management Report and the Audited Financial Statements of the Company for Year-Ended December 31, 2025				
4. Ratification of all Acts of the Board of Directors and Management since the 2025 ASM				
5. Appointment of the External Auditor of the Company and Ratification of External Auditor Fees				
6. Ratification of Directors' Fees for 2026				
7. Amendment of the Company's By-Laws: a. Conduct of meetings of stockholders and directors via remote communication as an alternative means and the participation through such means for quorum and voting purposes b. Requirement that discussions in stockholders' meetings be limited to matters stated in the notice c. Increase in the minimum number of independent directors from two (2) to three (3) d. Express provision that independent directors must have all the qualifications and none of the disqualifications under laws, regulations, and company policies e. Express provision that the aggregate compensation of directors shall not exceed 10% of net income before income tax and that a director shall not determine his/her own remuneration f. Delegation by the stockholders to the Board of the power to amend, alter or repeal the by-laws				

Signed this ____ day of _____ 2026 at _____.

PRINTED NAME OF STOCKHOLDER _____

SIGNATURE OF STOCKHOLDER/AUTHORIZED SIGNATORY _____

QUESTION/COMMENT: _____

THIS BALLOT/PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE APRIL 22, 2026 BY EMAIL SENT TO 2026asmpetron@petron.com OR BY MAIL SENT TO THE OFFICE OF SMC STOCK TRANSFER SERVICE CORPORATION AT THE 2ND FLOOR, SMC HEAD OFFICE COMPLEX, 40 SAN MIGUEL AVENUE, MANDALUYONG CITY. THIS BALLOT/PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS MARKED/DIRECTED HEREIN BY THE STOCKHOLDER. IF NO DIRECTION IS MADE IN A PROXY, SUCH PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING AS RECOMMENDED BY THE MANAGEMENT OR THE BOARD OF DIRECTORS. A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT EITHER IN AN INSTRUMENT IN WRITING DULY PRESENTED TO AND RECORDED WITH THE CORPORATE SECRETARY AT LEAST FIVE (5) DAYS PRIOR TO THE MEETING. NOTARIZATION OF THIS PROXY IS NOT REQUIRED. FOR AN INDIVIDUAL, HIS/HER BALLOT/PROXY MUST BE ACCOMPANIED BY A VALID GOVERNMENT-ISSUED ID WITH A PHOTO. FOR A CORPORATION, ITS PROXY MUST BE ACCOMPANIED BY ITS CORPORATE SECRETARY'S CERTIFICATION CERTIFYING THE REPRESENTATIVE'S AUTHORITY TO REPRESENT THE CORPORATION IN THE MEETING. VALIDATION OF BALLOTS AND PROXIES WILL BE UNDERTAKEN ON APRIL 29, 2026 AT 2:00 P.M. AT THE ABOVE-MENTIONED OFFICE OF THE SMC STOCK TRANSFER SERVICE CORPORATION.

INFORMATION STATEMENT

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

Date and Time of Annual Meeting; Conduct via Livestream

Pursuant to Memorandum Circular No. 6 (Series of 2020) issued by the Securities and Exchange Commission and by the unanimous vote by the Board of Directors at its regular meeting held on March 3, 2026, the Company will conduct its annual stockholders' meeting for 2026 (the "Annual Stockholders' Meeting") through livestreaming and will not hold a physical meeting.

Stockholders intending to attend the meeting by remote communication should notify the Company by email to 2026asmpetron@petron.com by April 22, 2026 at 12 noon. The procedure and further details for attending the meeting through remote communication are set forth in Appendix 1 of the notice of meeting in this Definitive Information Statement.

Votes will be cast through ballots and proxies. The deadline for the submission of ballots and proxies is on April 22, 2026. Ballots and proxies may be sent by email to 2026asmpetron@petron.com or by mail to the office of SMC Stock Transfer Service Corporation at the 2nd floor, SMC Head Office Complex, 40 San Miguel Avenue, 1550 Mandaluyong City. For the convenience of the stockholders of the Company, a sample of a ballot/proxy is attached to this Definitive Information Statement.

For an individual, his/her ballot proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its Corporate Secretary's certification stating the representative's authority to represent the corporation in the meeting. Proxies need not be notarized. Validation of ballots and proxies will be on April 29, 2026 at 2:00 p.m. at the above office of SMC Stock Transfer Service Corporation Office.

Questions and comments to the Board of Directors and/or Management may be sent in advance of, or during, the meeting by email to 2026asmpetron@petron.com.

The approximate date on which this Information Statement will be first sent or given to the stockholders is April 15, 2026.

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

Dissenters' Right of Appraisal

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

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

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

- (1) A dissenting stockholder files a written demand within 30 days after the date on which the vote was taken. Failure to file the demand within the 30-day period constitutes a waiver of the appraisal right. Within 10 days from demand, the dissenting stockholder shall submit his/her stock certificates to the corporation for notation that such shares are dissenting shares. From the time of demand for payment until either abandonment of the corporate action or purchase of the shares by the corporation, all rights accruing to the shares (including voting and dividend rights) shall be suspended, except the stockholders' right to receive payment of the fair value of his/her shares.
- (2) If corporate action is implemented, the corporation pays the stockholder the fair value of his/her shares upon surrender of the certificate/s of stock. Fair value is the value of shares on the day prior to the date on which the vote was taken, excluding appreciation or depreciation in anticipation of such corporate action.
- (3) If the fair value is not determined within 60 days from date of action, it will be determined by three (3) disinterested persons (one chosen by the stockholder, another chosen by the corporation, and the last one chosen by both). The findings of a majority of the said appraisers will be final and their award will be paid by the corporation within 30 days after such award is made. Upon such payment, the stockholder shall forthwith transfer his/her shares to the corporation. No payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings.
- (4) If the stockholder is not paid within 30 days from such award, his/her voting and dividend rights shall be immediately restored.

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

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

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

Voting Securities and Principal Holders Thereof

As of the date of this Information Statement, the total number of outstanding shares of the Company is comprised of 8,911,446,400 common shares, 6,597,000 Series 3B preferred shares (the "Series 3B Preferred Shares"), 5,000,000 Series 4A preferred shares (the "Series 4A Preferred Shares"), 2,995,000 Series 4B preferred shares (the "Series 4B Preferred Shares"), 6,005,000 Series 4C preferred shares (the "Series 4C Preferred Shares"), 8,500,000 Series 4D preferred shares (the "Series 4D Preferred Shares") and 8,330,000 Series 4E preferred shares (the "Series 4E Preferred Shares") each with a par value of Php1.00.

Common shares totaling 463,658,097 were bought back by the Company in 2025 pursuant to the share buy-back program of the Company approved by the Board of Directors on March 4, 2025.

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

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

The principal common shareholders of the Company owning at least 5% of the common shares are SEA Refinery Corporation (“SEA Refinery”) (52.71%), PCD Nominee Corporation (Filipino) (21.30%), and San Miguel Corporation (“SMC”) (19.11%) as of March 31, 2026. SEA Refinery is wholly-owned by SMC. SMC thus holds an aggregate 71.82% ownership of the common shares of the Company.

One Share, One Vote

All stockholders of record holding both common and preferred shares as of March 18, 2026 are entitled to notice and vote at the Annual Stockholders’ Meeting, as described in this report.

Each common share is entitled to one vote in respect of all agenda items.

Each preferred share is entitled to one vote in respect of the ratification of the proposed amendment of the Company’s By-laws, which forms part of the agenda of the Annual Stockholders’ Meeting.

A simple majority vote of the stockholders holding common shares, where a quorum is present, will be needed for the approval of the minutes of the previous stockholders’ meeting, the ratification of all acts of the Board of Directors and Management since the last annual stockholder’s meeting in 2025, the appointment of the external auditor of the Company for 2026, the ratification of external auditor fees for 2026, and the ratification of directors’ fees for 2026.

The vote of at least two-thirds of the stockholders holding common and preferred shares, where a quorum is present, will be needed for the ratification of the amendment of the Company’s By-laws.

Voting of Directors

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

The equity ownership of foreigners as of March 31, 2026 is set out below:

Class of Shares	Number of shares held by foreigners	Percentage to Total Outstanding Shares (common and preferred shares combined)
Common shares (PCOR)	173,263,656	1.94
Series 3B Preferred Shares (PPRF3B)	44,985	Nil
Series 4A Preferred Shares (PPRF4A)	32,630	Nil
Series 4B Preferred Shares (PPRF4B)	21,210	Nil

Series 4C Preferred Shares (PPRF4C)	49,655	Nil
Series 4D Preferred Shares (PPRF4D)	70,830	Nil
Series 4E Preferred Shares (PPRF4E)	73,135	Nil
Combined common and preferred shares	173,556,101	1.94

Security Ownership of Certain Record and Beneficial Owners and Management

The security ownership of certain record and beneficial owners of more than 5% of the common shares of the Company as of March 31, 2026 is as follows:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares held	Percentage of Ownership
Common Shares	SEA Refinery Corporation (“SEA Refinery”) 19/F Liberty Center Dela Costa St., Salcedo Village, Makati City Major Stockholder	SEA Refinery Corporation	Filipino	4,696,885,564	52.71%
Common Shares	PCD Nominee Corporation (Filipino) 37 th Floor Tower 1 The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Major Stockholder	PCD Nominee Corporation	Filipino	1,897,806,822 ¹	21.30%
Common Shares	San Miguel Corporation (“SMC”) SMC Head Office Complex 40 San Miguel Avenue, Mandaluyong City Major Stockholder	San Miguel Corporation	Filipino	1,702,870,560	19.11%

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

SEA Refinery is wholly-owned by SMC. SMC thus holds an aggregate 71.82% ownership of the common shares of the Company.

In the annual stockholders’ meeting held in 2025, Mr. Ramon S. Ang, the Chairman of the meeting, represented and voted the shares registered in the names of SEA Refinery and SMC. The representation of the afore-mentioned stockholders for the Annual Stockholders’ Meeting will be based on the proxy that they will file in accordance with this Information Statement and the Company’s By-laws.

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

Directors

Title of Class	Name of Record Owner	Citizenship	Amount and Nature of Beneficial Ownership	Direct (D) or Indirect (I)	Percentage of Ownership
Directors					
Common	Ramon S. Ang	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Lubin B. Nepomuceno	Filipino	5,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Ron W. Haddock	American	1	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Mirzan Mahathir	Malaysian	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Aurora T. Calderon	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Francis Jardeleza H.	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.

Common	Virgilio S. Jacinto	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Nelly Favis-Villafuerte	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	John Paul L. Ang	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Emmanuel E. Eraña	Filipino	200	D	N.A.
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Jacqueline L. Ang	Filipino	250	D	N.A.
Series 3B Preferred			24,000	I	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			9,250	I	0.00%
Series 4E Preferred			9,250	I	0.00%
Common	Rey Leonardo B. Guerrero	Filipino	500	D	N.A.
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Artemio V. Panganiban	Filipino	1,000	I	0.00%
Series 3B Preferred			-	I	0.00%
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Margarito B. Teves	Filipino	500	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.

Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Ricardo C. Marquez	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			10,000	I	0.00%
Series 4E Preferred			-	-	N.A.

Officers

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

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

Series 4E Preferred			-	-	N.A.
Common	Lemuel C. Cuezon	Filipino	42,939	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Jhoanna Jasmine M. Javier-Elacio	Filipino	-	-	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			500	I	0.00%
Series 4C Preferred			500	I	0.00%
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Directors and Officers from Vice President and up (including the Corporate Secretary) as a Group	Common	15,451 <u>1,233,881</u> 1,249,332			0.00%
	Series 3B Preferred	32,300			0.00%
	Series 4A Preferred	1,000			0.00%
	Series 4B Preferred	3,500			0.00%
	Series 4C Preferred	7,500			0.00%
	Series 4D Preferred	22,700			0.00%
	Series 4E Preferred	13,250			0.00%

As of the date of this report, the directors and executive officers of the Company owned 1,249,332 common shares, 32,300 Series 3B Preferred Shares, 1,000 Series 4A Preferred Shares, 3,500 Series 4B Preferred Shares, 7,500 Series 4C Preferred Shares, 22,700 Series 4D Preferred Shares and 13,250 Series 4E Preferred Shares, for a total of 1,329,582 or 0.0001% of the Company's total outstanding capital stock. No one of the directors and executive officers of the Company directly owns 5% or more of the outstanding capital stock of the Company.

Voting Trust Holders of 5% or more

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

Changes in Control

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

Directors and Executive Officers

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

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

A. Nominees for Directors

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

Name	Age	Nationality	Position	Year First Elected as Director
Ramon S. Ang	72	Filipino	President and Chief Executive Officer	2009
Lubin B. Nepomuceno	75	Filipino	Director and General Manager	2013
Ron W. Haddock	85	American	Director	2008
Aurora T. Calderon	71	Filipino	Director	2010
Mirzan Mahathir	67	Malaysian	Director	2010
Francis H. Jardeleza	76	Filipino	Director	2020
Virgilio S. Jacinto	69	Filipino	Director	2010
Nelly F. Villafuerte	89	Filipino	Director	2011
John Paul L. Ang	46	Filipino	Director	2021
Emmanuel E. Eraña	65	Filipino	Director	2025
Jacqueline L. Ang	39	Filipino	Director	2025
Rey Leonardo B. Guerrero	64	Filipino	Director	2026
Consuelo M. Ynares-Santiago	86	Filipino	Independent Director	Nominated for 2026
Teresita J. Leonardo-de Castro	77	Filipino	Independent Director	Nominated for 2026
Ricardo C. Marquez	65	Filipino	Independent Director	2022

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

Ramon S. Ang, Filipino, born 1954, has served as the Chief Executive Officer and an Executive Director of the Company since January 8, 2009 and the President of the Company since February 10, 2015. He is also a member of the Company's Executive Committee. In relation to the oil and gas industry, Mr. Ang holds the following positions, among others: Chairman of SEA Refinery Corporation ("SEA Refinery"), New Ventures Realty Corporation ("NVRC"), Petron Fuel International Sdn. Bhd. (Malaysia) ("PFISB"), Petron Malaysia Refining & Marketing Bhd. (Malaysia) ("PMRMB"), and Petron Oil (M) Sdn. Bhd. ("POMSB") (Malaysia); Chairman and President of 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 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"), San Miguel Equity Investments Inc., 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 is also a director of PMRMB, a company publicly listed in Malaysia.

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 listed company other than Petron.

Mirzan Mahathir, Malaysian, born 1958, has served as a Director of the Company since July 12, 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 listed company other than Petron.

Aurora T. Calderon, Filipino, born 1954, has served as a Director of the Company since July 12, 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 Thororoughfares Inc., Trans Aire Development Holdings Corp., and various subsidiaries of SMC; Non-Executive Director of San Miguel Brewery Hong Kong Limited; and Director and Treasurer of Petron-affiliate Top Frontier. She has served as a Director of MERALCO (January 2009 - May 2009), Senior Vice President of Guoco Holdings (1994 - 1998), Chief Financial Officer and Assistant to the President of PICOP Resources (1990-1998) and Assistant to the President and Strategic Planning at the Elizalde Group (1981 - 1989). She is a certified public accountant and is a member of the Capital Market Development Committee of the Financial Executives Institute of the Philippines and the Philippine Institute of Certified Public Accountants. She is also a director of the Market Governance Board of the Philippine Dealing System Holdings. Ms. Calderon graduated *magna cum laude* from the University of the East in 1973 with a degree in Business Administration major in Accounting and earned her master's degree in Business Administration from the Ateneo de Manila University in 1980.

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

Francis H. Jardeleza, Filipino, born 1949, has served as a Director of the Company since August 4, 2020. He is a member of the Corporate Governance Committee of the Company. He is also a Director of GSML and SMFB. He is likewise 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 Ret. Justice Jardeleza currently holds directorships other than Petron, Petron-affiliates GSML and SMFB are also listed with the PSE.

Virgilio S. Jacinto, Filipino, born 1956, has served as a Director of the Company since July 12, 2010. He is a member of the Corporate Governance Committee of the Company and an alternate member of the Executive Committee. He holds the following positions, among others: Corporate Secretary, Compliance Officer, Senior Vice President and General Counsel of SMC; Corporate Secretary and Compliance Officer of Top Frontier; Corporate Secretary of GSML and the other subsidiaries and affiliates of SMC; and Director of various other local and offshore subsidiaries of SMC. Atty. Jacinto has served as a Director and

Corporate Secretary of United Coconut Planters Bank, a Director of SMB, and San Miguel Northern Cement, Inc., a Partner of Villareal Law Offices (June 1985 - May 1993) and an Associate of SyCip Salazar Feliciano & Hernandez Law Office (1981 - 1985). Atty. Jacinto was an Associate Professor of Law at the University of the Philippines until October 2021 and is currently a Professorial Lecturer. He obtained his law degree from the University of the Philippines in 1981 (*cum laude*) where he was the class salutatorian and placed sixth in the 1981 bar examinations. He holds a Master of Laws degree from Harvard University.

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

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

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

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

Mr. Eraña currently does not hold a directorship in any publicly listed company.

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

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

Rey Leonardo B. Guerrero, Filipino, born 1961, is currently a consultant for San Miguel Corporation (October 2023 - present). He previously served as the Commissioner of the Bureau of Customs (October 2018 - July 25, 2022) where he instituted good governance reforms focusing on revenue collection efficiency, anti-corruption and anti-smuggling efforts, achieving a record revenue collection of P3.391 trillion from July 2016 to May 2022. He also assumed the position of Administrator of the Maritime Industry Authority (April 2018 - October 2018). Prior to his career in government, he was a decorated Officer of the Armed Forces of the Philippines (“AFP”) (October 2017 - April 2018) and served in the Special Forces and Army Intelligence. He led the Eastern Mindanao Command, Presidential Escorts and Presidential Guards Battalions, and served as Senior Military Assistant to the President of the Philippines. He culminated his military career as the 49th Chief of Staff of the AFP. He has a Bachelor of Science degree from the Philippine Military Academy (Distinguished Cadet, *magna cum laude*) and a master’s degree in MS Information Technology from the University of New South Wales.

Gen. Guerrero does not hold a directorship in any publicly listed company other than Petron.

Consuelo M. Ynares-Santiago, Filipino, born 1939, Justice Ynares-Santiago is an Independent Director of Top Frontier since 2013. She is also an Independent Director of San Miguel Global Power Holdings Corp. (formerly, SMC Global Power Holdings Corp.) since 2011, Anchor Insurance Brokerage Corporation since 2012, SMC SLEX Inc. (formerly, South Luzon Tollway Corporation) since 2015 and Phoenix Petroleum Phil. Inc. since 2013. She is likewise an Independent Director since 2025 of Linseed Field Corporation and Excellent Energy Resources Inc. She was formerly an Associate Justice of the Supreme Court (1999-2009), an Associate Justice of the Court of Appeals (1990-1999), and a Regional Trial Court Judge of Makati City (1986-1990). Justice Santiago obtained her Bachelor of Laws degree from the University of the Philippines, College of Law.

Of the companies in which Ret. Justice Ynares-Santiago currently holds directorships, Top Frontier is also listed with the PSE.

Teresita J. Leonardo-de Castro, Filipino, born 1948, is currently an independent director of Top Frontier since July 9, 2019 and the Philippine Stock Exchange, Inc. since November 2, 2020. She also sits as a director of the Securities Clearing Corporation of the Philippines, and a trustee of the Philippine Stock Exchange Foundation, Inc. She is the President of the UP Sigma Alpha Sorority Alumnae Association, Inc. In 2018, she was the Chief Justice of the Supreme Court until her retirement on October 10, 2018. She joined the Supreme Court as an Associate Justice on December 4, 2007. She was also the Presiding Justice of the Sandiganbayan from 2004 to 2007 and was previously Associate Justice of the Sandiganbayan (1997-2004). She completed her Bachelor of Laws in 1972 and Bachelor of Arts degree in political science cum laude in 1968, both from the University of the Philippines.

Of the companies in which Ret. Chief Justice Leonardo-de Castro currently holds directorships, Top Frontier and the Philippine Stock Exchange, Inc. are listed with the PSE.

Ricardo C. Marquez, Filipino, born 1960, has served as independent director of the Company since May 17, 2022. He is the Chairman of the Risk Oversight Committee of the Company, and is a member of the Audit, Corporate Governance and Related Party Transaction Committees of the Company. 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; and an independent director of Top Frontier (since June 2022). 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 Ret. Gen. Marquez currently holds directorships other than Petron, SMFB and Top Frontier are also listed with the PSE.

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

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

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

1. Consuelo M. Ynares-Santiago
2. Teresita J. Leonardo-de Castro

3. Ricardo C. Marquez

Ret. Justices Ynares-Santiago and Leonardo-de Castro are first-time nominees for independent directors of the Company.

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

The Corporate Governance Committee created by the Board of Directors to pre-screen and shortlist candidates nominated to become members of the Board of Directors of the Company pursuant to the Corporate Governance Manual of the Company, at its meeting held on March 3, 2026, reviewed the resumés of the above nominees. Upon finding that the candidates will have all the qualifications and none of the disqualifications when elected as directors at the Annual Stockholders’ Meeting as set out in applicable laws and regulations, the Corporate Governance Manual and the Company’s By-laws, the Corporate Governance Committee endorsed the above nominees for election as directors at the Annual Stockholders’ Meeting. As of the date of this Information Statement, the Chairman of the Corporate Governance Committee is Independent Director Ret. Chief Justice Artemio V. Panganiban and its members are Independent Directors Mr. Margarito B. Teves and Ricardo C. Marquez, Ret. Justice Francis H. Jardeleza and Atty. Virgilio S. Jacinto.

The nominees for Independent Directors, namely, Mmes. Ynares-Santiago and Leonardo-de Castro, and Mr. Marquez, were nominated by Mr. Ramon S. Ang. Mr. Ang is not related to any of such nominees.

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

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

Officers

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

Name	Age	Nationality	Position	Year Appointed as Officer
Ramon S. Ang	72	Filipino	President and Chief Executive Officer	as President: 2015; as Chief Executive Officer: 2009
Lubin B. Nepomuceno	75	Filipino	General Manager	2015
Emmanuel E. Eraña	65	Filipino	Senior Vice President and Chief Finance Officer	2009
Freddie P. Yumang	68	Filipino	Senior Vice President - Chief Risk Officer	2023
Albertito S. Sarte	59	Filipino	Deputy Chief Finance Officer and Treasurer	as Treasurer: 2009; as Deputy Chief Finance Officer and Treasurer: 2021
Maria Rowena Cortez	61	Filipino	Vice President - Supply	2009
Jaime O. Lu	62	Filipino	Vice President and Executive Assistant to the President on Petron Malaysia Operations and External Projects	2018

Maria Rosario D. Vergel de Dios	62	Filipino	Vice President - Human Resources	2018
Myrna C. Geronimo	59	Filipino	Vice President and Controller	as Controller: 2019; as Vice President: 2020
Allister J. Go	61	Filipino	Vice President, Refinery	2020
Reynaldo V. Velasco, Jr.	60	Filipino	Vice President, Refinery Plant Operations	2020
Magnolia Cecilia D. Uy	59	Filipino	Vice President, Retail Sales	2021
Virgilio V. Centeno	56	Filipino	Vice President, Industrial Sales	2021
Mark Tristan Caparas	43	Filipino	Vice President and Chief Finance Officer, Petron Malaysia	2022
Jonathan F. Del Rosario	58	Filipino	Vice President, Operations and Corporate Technical Services Group	2023
Lemuel C. Cuezon	60	Filipino	Vice President, Marketing	2023
Jacqueline L. Ang	39	Filipino	Vice President, Procurement	2024
Jhoanna Jasmine M. Javier-Elacio	53	Filipino	Vice President - General Counsel and Corporate Secretary	as General Counsel and Corporate Secretary: 2022 as Vice President: 2024

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

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

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

Albertito S. Sarte, Filipino, born 1967, has served as Deputy Chief Finance Officer and Treasurer of the Company since May 4, 2021 and was Vice President - Treasurer since August 2009. He is also the Treasurer of most of the Company's subsidiaries, and is concurrently serving as the Chief Finance Officer of New NAIA Infra Corporation since November 1, 2025. Mr. Sarte served as Assistant Vice President for SMC International Treasury until June 2009. He graduated from the Ateneo de Manila University in 1987 with a Bachelor of Science degree in Business Management and has attended the Management Development Program of the Asian Institute of Management in 1995.

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

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

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

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

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

positions in the refinery, including Linear Program Engineer, prior to his assignment in Corporate Planning. He graduated from Adamson University in 1987 with a Bachelor of Science degree in Chemical Engineering and placed Top 2 in the November 1987 Chemical Engineering Licensure Exam. He has attended the Management Development Program of the Asian Institute of Management in 2002 as well as several foreign and local trainings and seminars, including an Engineering Design Course at UOP in Illinois, USA in 1993.

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

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

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

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

2020), Manager - Visayas Operations (September 2019 - November 2020), Manager - Batangas Terminal (April 2015 - August 2019), Manager - Limay Terminal (October 2012 - April 2015), Manager - Pandacan Terminal (May 2011 - October 2012), Manager - Limay Terminal (May 2005 - April 2011), Engineer - Luzon Operations (August 2000 - May 2005), Engineer - Luzon Operations/Poro (December 1996 - July 2000) and Engineer - Pandacan Terminal (December 1991 - November 1996). Mr. Del Rosario has a Bachelor of Science degree in Electrical Engineering from the FEATI University.

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

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

Identify Significant Employees

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

Family Relationship

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

Involvement in Self-Dealings and Related Party Transactions

The Company is not aware that any one of the incumbent directors is involved in any self-dealings and related party transactions.

Involvement in Certain Legal Proceedings

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

Certain Relationships and Related Transactions

The major stockholders of the Company holding at least 5% of its common shares, with their respective stockholdings as of March 31, 2026, are as follows:

• SEA Refinery Corporation	-	52.71%
• PCD Nominee Corporation (Filipino)	-	21.30%
• San Miguel Corporation	-	19.11%

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

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

Compensation of Executive Officers and Directors

2026

On March 3, 2026, the fees of the directors for 2026 were reviewed by the Corporate Governance Committee and favorably endorsed for approval by the Board of Directors and were later approved by the Board of Directors. The Company provides each non-executive director with reasonable *per diem* of Php75,000 and Php50,000 for each board and board committee meeting attended, respectively, in addition to monthly fees and monthly fuel allowances. The matter will be presented for the ratification by the stockholders at the Annual Stockholders' Meeting.

As of the date of this Information Statement and as discussed above, the Chairman of the Corporate Governance Committee is Independent Director Ret. Chief Justice Artemio V. Panganiban and the members are Independent Directors Mr. Margarito B. Teves and Ret. Gen. Ricardo C. Marquez, Ret. Justice Francis H. Jardeleza and Atty. Virgilio S. Jacinto.

The aggregate compensation estimated to be paid to the executive officers and the aggregate fees and *per diem* allowances estimated to be paid to the directors of the Company for 2026 are set out in the table below.

2025

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

On March 4, 2025, the fees of the directors for 2025 were reviewed by the Corporate Governance Committee and favorably endorsed for approval by the Board of Directors upon the finding of the Corporate Governance Committee that such fees were reasonable and commensurate to the services to the rendered. The fees were later approved by the Board of Directors on the same day. The matter was ratified by the stockholders at 2025 the Annual Stockholders' Meeting held on May 2, 2025.

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

(a) Name & Principal Position		(b) Year	(c) Salary (including Fee and Per Diem Allowance of Directors)	(d) Bonus	(e) Other Annual Compensation
Ramon S. Ang	President & CEO	2026 (est)	140.38	17.31	0.19
Lubin B. Nepomuceno	General Manager				
Emmanuel E. Eraña	SVP / Chief Finance Officer				
Freddie P. Yumang	SVP / Chief Risk Officer				
Ma. Rowena O. Cortez	Vice President - Supply	2025	132.88	47.23	0.73
Ramon S. Ang	President & CEO				
Lubin B. Nepomuceno	General Manager				
Emmanuel E. Eraña	SVP / Chief Finance Officer				
Freddie P. Yumang	SVP / Chief Risk Officer	2024	127.74	52.25	0.26
Ma. Rowena O. Cortez	Vice President - Supply				
Ramon S. Ang	President & CEO				
Lubin B. Nepomuceno	General Manager				
Emmanuel E. Eraña	SVP / Chief Finance Officer	2026 (est)	111.19	10.94	2.89
Freddie P. Yumang	SVP / Chief Risk Officer				
Ma. Rowena O. Cortez	Vice President - Supply				
All Other Officers as a Group Unnamed		2025	116.04	39.90	3.95
		2024	110.14	43.24	6.60
		2026 (est)	13.83	0.00	0.00
All Directors as a Group		2025	15.08	0.00	0.00
		2024	17.22	0.00	0.00
		2026 (est)	13.83	0.00	0.00

The Company provides each non-executive director with reasonable *per diem* of P75,000 and P50,000 for each board and board committee meeting attended, respectively, in addition to monthly fees and monthly fuel allowances. In 2025, the Company paid the following fees to these directors (in thousand pesos):

	Per Diem for Board and Board Committee Meetings (MP)	Directors' Fees (MP)	Total (MP)
John Paul L. Ang	600	720	1,320
Jose P. De Jesus	525	240	765
Ronald W. Haddock	525	720	1,245
Mirzan Bin Mahathir	525	720	1,245
Estelito P. Mendoza	250	60	310
Artemio V. Panganiban	825	720	1,545
Margarito B. Teves	825	720	1,545
Nelly F. Villafuerte	525	720	1,245
Horacio C. Ramos	150	177	327
Francis H. Jardeleza	525	720	1,245
Ricardo C. Marquez	775	720	1,495
Aurora T. Calderon	240	1,255	1,495
Virgilio S. Jacinto	240	1,055	1,295
TOTAL	MP6,530	MP 8,545	MP 15,075

Other Arrangements

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

Employment Contract

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

Warrants, Options or Other Plans

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

External Auditor and Its Presence at the Stockholders' Meeting

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

At its meeting held on March 3, 2026, the Board of Directors, upon the endorsement of the Audit Committee, nominated R.G. Manabat & Co./KPMG as the external auditor of the Company for fiscal year 2026. The Board was requested to review and approve R.G. Manabat & Co./KPMG's fees for the audit and finalization of the financial statements of the Company and its subsidiaries for fiscal year 2026 in its regular meeting on May 5, 2026. The stockholders are requested to approve the re-appointment of R.G. Manabat & Co./KPMG as external auditor of the Company for 2026 and ratify its fees as described above at the Annual Stockholders' Meeting.

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

Duly authorized representatives of R.G. Manabat & Co./KPMG will be present at the Annual Stockholders' Meeting to respond to appropriate questions concerning the 2025 financial statements of the Company. R.G. Manabat & Co./KPMG auditors will also be given the opportunity to make a representation or statement in case they decide to do so.

Action with Respect to Reports

2026

At the Annual Stockholders' Meeting scheduled on May 7, 2026, the Management will report on the 2025 performance of the Company, which closed with a consolidated net income of Php15.6 billion as disclosed to the PSE and PDEX and the SEC through a current report on SEC Form 17-C on March 3, 2026.

In its meeting held on March 3, 2026, the Board of Directors approved the following items to be taken up at the Annual Stockholders' Meeting:

1. Review and approval of the minutes of the previous annual stockholders' meeting;
2. Approval of the management report and submission to the stockholders of the 2025 financial statements;
3. Ratification of all acts of the Board of Directors and Management since the last stockholders' meeting in the year 2025, including, but not limited to, the matters set out in Annex A of this Definitive Information Statement;
4. Appointment of an external auditor for 2025 and ratification of external auditor fees to be approved on May 5, 2026;
5. Election of the Board of Directors for 2026-2027;
6. Ratification of directors' fees for 2026;
7. Amendment of By-laws; and
8. Other Matters

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

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

2025

Annual Stockholders' Meeting

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

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

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

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

Meetings of the Board

Among the significant actions undertaken in 2025 which were endorsed by the Management and approved by the Board of Directors (or approved by the Executive Committee then confirmed and ratified by the Board of Directors) are as follows:

- Approval of items for the 2025 stockholders' meeting such as (i) the date of meeting on May 2, 2025, (ii) the record date of March 18, 2025, (iii) the agenda of the meeting, and (iv) the endorsement of nominees for directors, including the final list of candidates for independent directors;
- Appointments to the Executive, Nomination, Compensation and Audit Committees of the Company;
- Election of directors and officers;
- Exchange, tender and issuance of senior perpetual capital securities; and
- Declarations of cash dividends as follows:

Common Shares

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

Series 3B Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	P17.84575	June 2, 2025	June 25, 2025
August 5, 2025	P17.84575	September 4, 2025	September 25, 2025
November 4, 2025	P17.84575	December 1, 2025	December 26, 2025

Series 4A Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	P16.76975	June 16, 2025	July 7, 2025
August 5, 2025	P16.76975	September 16, 2025	October 7, 2025
November 4, 2025	P16.76975	December 9, 2025	January 7, 2026

Series 4B Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	P16.99300	June 16, 2025	July 7, 2025
August 5, 2025	P16.99300	September 16, 2025	October 7, 2025
November 4, 2025	P16.99300	December 9, 2025	January 7, 2026

Series 4C Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	P17.71525	June 16, 2025	July 7, 2025
August 5, 2025	P17.71525	September 16, 2025	October 7, 2025
November 4, 2025	P17.71525	December 9, 2025	January 7, 2026

Series 4D Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	P17.09100	May 29, 2025	June 23, 2025
August 5, 2025	P17.09100	September 2, 2025	September 23, 2025
November 4, 2025	P17.09100	November 28, 2025	December 23, 2025

Series 4E Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	P17.75800	May 29, 2025	June 23, 2025
August 5, 2025	P17.75800	September 2, 2025	September 23, 2025
November 4, 2025	P17.75800	November 28, 2025	December 23, 2025

Voting Procedure

Each common share is entitled to one vote. A simple majority vote of the stockholders, where a quorum is present at the Annual Stockholders' Meeting scheduled on May 7, 2026, will be needed for the approval

of the minutes of the previous stockholders' meeting, the ratification of all acts of the Board of Directors and Management since the last annual stockholder's meeting in 2025, and the appointment of the external auditor of the Company for 2026, the ratification of auditor fees and the ratification of directors' fees.

Each preferred share is entitled to one vote in respect of the ratification of the amendment of the Company's By-laws. The vote of two-thirds of the stockholders holding common and preferred shares, where a quorum is present, will be needed for the ratification of the amendment of the Company's By-laws.

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

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

Management's Discussion and Analysis or Plan of Operation

The *Management's Discussion and Analysis of the Financial Conditions and Other Information* of the Company as of December 31, 2025 is attached as Annex C.

Financial Statements

The *Statement of Management's Responsibility* and the Consolidated Audited Financial Statements of the Company as of December 31, 2025, including the Index to Financial Statements and the Supplementary Schedules, are attached as Annex D.

[Signature page follows]

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed on April 8, 2026 in the City of Mandaluyong.

PETRON CORPORATION

By:


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

NOTICE: The Company will post the full version of this SEC Form 20-IS (Definitive Information Statement), together with all its annexes including the 2025 consolidated audited financial statements of the Company, on the company website www.petron.com upon its approval by the Securities and Exchange Commission.

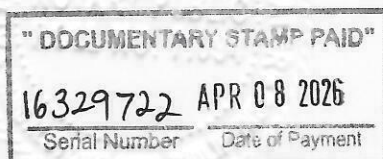
The Company will likewise post on the company website www.petron.com and make the relevant disclosures through the PSE Electronic Disclosure Generation Technology of the Philippine Stock Exchange (PSE Edge) its SEC Form 17-A (Annual Report) for 2025 by April 15, 2026 (or such later date as may be allowed by the SEC) and its interim unaudited financial statements for the first quarter of 2026 on SEC Form 17-Q by May 15, 2026.

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

SUBSCRIBED AND SWORN to before me this April 8, 2026 in Mandaluyong City, by JHOANNA JASMINE M. JAVIER-ELACIO, affiant exhibiting to me her PhilHealth ID No.

The affiant hereby waives her right to receive a duplicate original copy in electronic format of this certification pursuant to the 2004 Rules on Notarial Practice, as amended.

Doc. No. 244;
Page No. 50;
Book No. III;
Series of 2026.




MARIA CRISELDA T. TORCUATOR
Notary Public for Mandaluyong City
40 San Miguel Avenue, 1550 Mandaluyong City
Appointment No. 0582-25
Until December 31, 2026
Attorney's Roll No. 71094
PTR No. 6040421 /01-06-2026/ Mandaluyong
IBP No. 584245 /01-02-2026/ RSM
MCLE Compliance No. VIII-0011687/08-08-2024

ANNEX A

MATERIAL MATTERS APPROVED BY THE BOARD OF DIRECTORS/ BOARD EXECUTIVE COMMITTEE SINCE THE 2025 ANNUAL STOCKHOLDERS' MEETING UNTIL THE DATE OF THIS REPORT

Meeting Date	Matters Approved by the Board of Directors								
May 2, 2025	Matters approved at the annual stockholders' and organizational meetings held: A. Annual Stockholders' Meeting 1. Approval of the Management Report and the Audited Financial Statements of the Company for the year-ended December 31, 2024; 2. Ratification of all acts of the Board of Directors and Management since the 2024 Annual Stockholders' Meeting; 3. Appointment of R.G. Manabat & Co. as external auditor of the Company for year 2025 and ratification of external auditor fees; 4. Election of the following as directors of the Company for 2025-2026: (1) Ramon S. Ang (2) Lubin B. Nepomuceno (3) Jose P. De Jesus (4) Ron W. Haddock (5) Mirzan Mahathir (6) Aurora T. Calderon (7) Francis H. Jardeleza (8) Virgilio S. Jacinto (9) Nelly Favis-Villafuerte (10) John Paul L. Ang (11) Emmanuel E. Eraña (12) Jacqueline L. Ang Independent Directors (1) Artemio V. Panganiban (2) Margarito B. Teves (3) Ricardo C. Marquez 5. Ratification of Directors' Fees for 2025 B. Organizational Meeting 1. Appointment of the following as members of the board committees and lead independent director: <u>Executive Committee</u> <table> <tr> <td>Ramon S. Ang</td><td>- Chairman</td></tr> <tr> <td>Lubin B. Nepomuceno</td><td>- Member</td></tr> <tr> <td>Aurora T. Calderon</td><td>- Member</td></tr> <tr> <td>Virgilio S. Jacinto</td><td>- Alternate Member</td></tr> </table>	Ramon S. Ang	- Chairman	Lubin B. Nepomuceno	- Member	Aurora T. Calderon	- Member	Virgilio S. Jacinto	- Alternate Member
Ramon S. Ang	- Chairman								
Lubin B. Nepomuceno	- Member								
Aurora T. Calderon	- Member								
Virgilio S. Jacinto	- Alternate Member								

	John Paul L. Ang - Alternate Member <u>Audit Committee</u> Margarito B. Teves - Chairman (Independent Director) Artemio V. Panganiban - Member (Independent Director) Ricardo C. Marquez - Member (Independent Director) Aurora T. Calderon - Member John Paul L. Ang - Member Ferdinand K. Constantino - Advisor <u>Risk Oversight Committee</u> Ricardo C. Marquez - Chairman (Independent Director) Margarito B. Teves - Member (Independent Director) Aurora T. Calderon - Member <u>Corporate Governance Committee</u> Artemio V. Panganiban - Chairman (Independent Director) Margarito B. Teves - Member (Independent Director) Ricardo C. Marquez - Member (Independent Director) Francis H. Jardeleza - Member Virgilio S. Jacinto - Member <u>Related Party Transaction Committee</u> Artemio V. Panganiban - Chairman (Independent Director) Margarito B. Teves - Member (Independent Director) Aurora T. Calderon - Member <u>Lead Independent Director</u> Margarito B. Teves 2. Election of the following as officers of the Company for 2025-2026: <table border="1"> <thead> <tr> <th>Name</th><th>Position</th></tr> </thead> <tbody> <tr> <td>Ramon S. Ang</td><td>President and Chief Executive Officer</td></tr> <tr> <td>Lubin B. Nepomuceno</td><td>General Manager</td></tr> <tr> <td>Emmanuel E. Eraña</td><td>Senior Vice President and Chief Finance Officer</td></tr> <tr> <td>Freddie P. Yumang</td><td>Senior Vice President and Chief Risk Officer</td></tr> <tr> <td>Maria Rowena O. Cortez</td><td>Vice President, Supply</td></tr> <tr> <td>Albertito S. Sarte</td><td>Deputy Chief Finance Officer and Treasurer</td></tr> <tr> <td>Jaime O. Lu</td><td>Vice President and Executive Assistant to the President on Petron Malaysia Operations and Retail Engineering and Network Development</td></tr> <tr> <td>Maria Rosario D. Vergel de Dios</td><td>Vice President, Human Resources Management</td></tr> <tr> <td>Magnolia Cecilia D. Uy</td><td>Vice President, Retail Sales</td></tr> </tbody> </table>	Name	Position	Ramon S. Ang	President and Chief Executive Officer	Lubin B. Nepomuceno	General Manager	Emmanuel E. Eraña	Senior Vice President and Chief Finance Officer	Freddie P. Yumang	Senior Vice President and Chief Risk Officer	Maria Rowena O. Cortez	Vice President, Supply	Albertito S. Sarte	Deputy Chief Finance Officer and Treasurer	Jaime O. Lu	Vice President and Executive Assistant to the President on Petron Malaysia Operations and Retail Engineering and Network Development	Maria Rosario D. Vergel de Dios	Vice President, Human Resources Management	Magnolia Cecilia D. Uy	Vice President, Retail Sales
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Ramon S. Ang	President and Chief Executive Officer																				
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Maria Rosario D. Vergel de Dios	Vice President, Human Resources Management																				
Magnolia Cecilia D. Uy	Vice President, Retail Sales																				

	Myrna C. Geronimo	Vice President, Controllers
	Allister J. Go	Vice President, Refinery Division
	Reynaldo V. Velasco, Jr.	Vice President, Refinery Plant Operations (Production A and B)
	Virgilio V. Centeno	Vice President, Industrial Sales
	Mark Tristan D. Caparas	Vice President and Chief Finance Officer, Petron Malaysia
	Jonathan F. Del Rosario	Vice President, Operations and Corporate Technical Services Group
	Lemuel C. Cuezon	Vice President, Marketing
	Jacqueline L. Ang	Vice President, Procurement
	Jhoanna Jasmine M. Javier-Elacio	Vice President - General Counsel and Corporate Secretary/Compliance Officer
	Fe Irma A. Ramirez	Assistant Vice President, Supply Optimization, Commercial Services and Synergy
	Agnes Grace P. Perez	Assistant Vice President/Head, Business Planning and Development
	Leon G. Pausing II	Assistant Vice President, Commercial Sales
	Ferdinando H. Enriquez	Assistant Vice President, Thermal Power Plant and Refinery Solid Fuel-Fired Boiler (until May 31, 2024)
	Francisco Rizal G. Bumagat, Jr.	Assistant Vice President, Petron Bataan Refinery Production B
	Michael D. Flores	Assistant Vice President, Service Station
	Mia S. Delos Reyes	Assistant Vice President, Corporate Affairs
	Brian R. Ocampo	Assistant Vice President, Management Information Systems
	Alejandro R. Romulo	Assistant Vice President, Petron Bataan Refinery Technical Services
	Andrew F. Tan	Assistant Vice President, LPG Business
	Gildo P. Destreza	Assistant Vice President, Metro Manila and Manufacturing District
	Liane Mel C. Apilado	Assistant Vice President, Internal Audit
	Rommel L. Bawalan	Assistant Vice President, Legal and Data Privacy Officer
	Rito R. Ladeza	Assistant Vice President, Petron Bataan Refinery Production A
	Jennifer Jude M. Sulit	Assistant Vice President, Petron Singapore Trading Pte. Ltd.
	Robert Frederick P. Lim	Assistant Vice President, Operating Services
	Reynante Constancio D. Fernandez	Assistant Vice President, Market Planning, Research and Sales Information
	Maria Crisselda T. Torcuator	Assistant Corporate Secretary
May 6, 2025	Matters approved at the board meeting held: 1. First Quarter 2025 Financial Statements 2. Cash dividends for preferred shareholders 3. Ratification and confirmation of the approval by the Executive Committee of the nomination of Mr. Emmanuel E. Eraña	

	Media release on performance also submitted.
August 5, 2025	Matters approved at the board meeting held: 1. First Semester 2025 Financial Statements 2. Cash dividends for preferred shareholders 3. Ratification and confirmation of the approval by the Executive Committee of the USD200 Million Term Loan Facility with MUFG Bank, Ltd. Media release on performance also submitted.
November 4, 2025	Matters approved at the board meeting held: 1. Year-to-Date September 2025 Financial Statements 2. Cash dividends for the preferred shareholders 3. Approval of material related party transactions for 2026 4. Schedule of board and stockholders' meetings for 2026 5. Ratification and confirmation of the approval by the Executive Committee of the exchange, tender and issuance of senior perpetual capital securities Media release on performance also submitted.
February 12, 2026	Matters approved at the board meeting held: 1. 2026 Operating Budget - Philippine Operations 2. Cash dividends for the preferred shareholders 3. Election of Gen. Rey Leonardo B. Guerrero as Director following the resignation of Mr. Jose P. de Jesus from the Board of Directors effective end of business of January 31, 2026
March 3, 2026	Matters approved at the board meeting held: 1. Approval of the Management Report and the Audited Financial Statements of the Company for the year-ended December 31, 2025 2. 2026 Operating Budget - Malaysian Operations 3. Cash dividends for the common shareholders 4. Nominees to the Board of Directors and Candidates for Independent Directors 5. Directors' fees for 2026 6. Appointment of external auditor a. Endorsement of the re-appointment of the external auditor b. Appointment for non-audit services and limited assurance engagements 7. Use of foreign-sourced dividends for working capital requirements 8. Amendment of the Company's By-Laws 9. Amendment of the Manual on Corporate Governance 10. Redemption of the remaining 2021 senior perpetual capital securities 11. Election of officers 12. Updates to the General Resolutions 13. Annual Stockholders' Meeting for 2026 Media release on performance also submitted.

CERTIFICATIONS OF THE INDEPENDENT DIRECTORS

*[Rest of page intentionally left blank;
The Certifications of the Independent Directors follow on next pages]*

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CONSUELO M. YNARES-SANTIAGO**, Filipino, of legal age and a resident of _____ after having been duly sworn to in accordance with law do hereby declare that:

1. I am a first-time nominee for independent director of Petron Corporation for election at its 2026 annual stockholders' meeting scheduled on May 7, 2026.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Linseed Field Corporation	Independent Director	2025 to present
Excellent Energy Resources Inc.	Independent Director	2025 to present
South Premiere Power Corp.	Independent Director	2025 to present
SMC SLEX Inc. (formerly, South Luzon Tollway Corporation)	Independent Director	2015 to present
Tahanan Outreach Program Services (TOPS)	Member, Board of Directors	2014 to present
Top Frontier Investment Holding, Inc.	Independent Director	2013 to present
Phoenix Petroleum Phil. Inc.	Independent Director	2013 to present
Anchor Insurance Brokerage Corporation	Independent Director	2012 to present
San Miguel Global Power Holdings Corp.	Independent Director	2011 to present
National Sandigan Foundation of the Philippines	Legal Consultant	2009 to present
Retired Supreme Court Justices Association of the Philippines	Member	2009 to present
UP Women Lawyers' Circle (WILOCI)	Consultant	2002 to present
Apostleship of Prayer Association	Member	2002 to present
Women's Lawyers' Association of the Philippines	Member	1990 to present
Federacion Internacional de Abogadas	Member	1990 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Petron Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.

4. I am not related to any director/officer/substantial shareholder of Petron Corporation and its subsidiaries and affiliates, except as above disclosed.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not in government service nor affiliated with a government agency or any government-owned or controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Petron Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.
9. I hereby waive my right to receive a duplicate original copy in electronic format of this Certificate as contemplated under the 2004 Rules on Notarial Practice, as amended.

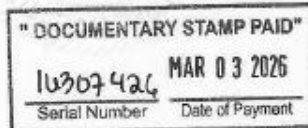
(Signature page follows)

Done this MAR 03 2026 at Mandaluyong City.


CONSUELO M. YNARES-SANTIAGO
Affiant

SUBSCRIBED AND SWORN to before me this MAR 03 2026 at Mandaluyong City,
affiant personally appeared before me and exhibited to me her Philippine Passport with
issued on _____ at _____.

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Book No. III
Series of 2026.




DARYL ANNE E. YANG
Notary Public for Mandaluyong City
40 San Miguel Avenue, 1550 Mandaluyong City
Appointment No. 0852-25
Until December 31, 2026
Attorney's Roll No. 68700
PTR No. 8040422 / 01-06-2026 / Mandaluyong
IBP No. 680087 / 12-31-2025 / Laguna
LE Compliance No. VIII-0015850 / 11-11-2024

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **TERESITA J. LEONARDO-DE CASTRO**, Filipino, of legal age and a resident of _____, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a first-time nominee for independent director of Petron Corporation for election at its 2026 annual stockholders' meeting scheduled on May 7, 2026.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Eagle Cement Corporation	Independent Director	July 2024 to present
Save The Parañaque River Foundation	Member	January 2023 to present
Philippine Stock Exchange Foundation, Inc.	Trustee	December 2021 to present
Philippine Stock Exchange, Inc.	Independent Director	November 2, 2020 to present
Securities Clearing Corporation of the Philippines	Independent Director	November 2, 2020 to present
Top Frontier Investment Holdings, Inc.	Independent Director	July 9, 2019 to present
UP Sigma Alpha Alumnae Association, Inc.	President	2018 to present
International Association of Women Judges (IAWJ)	(a) President	(a) 2014 to 2016
	(b) Member Executive Council	(b) 2016 to 2018
	(c) Member	(c) 2018 to Present
Philippine Women Judges Association (PWJA)	(a) President	(a) 2009 to 2018
	(b) Associate Member	(b) 2018 to Present
Association of Retired Supreme Court Justices	Member	2018 to present
UP Law Class 72 Foundation	Member	1997 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Petron Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.

4. I am not related to any director/officer/substantial shareholder of Petron Corporation and its subsidiaries and affiliates, except as above disclosed.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not in government service nor affiliated with a government agency or any government-owned or controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Petron Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.
9. I hereby waive my right to receive a duplicate original copy in electronic format of this Certificate as contemplated under the 2004 Rules on Notarial Practice, as amended.

(Signature page follows)

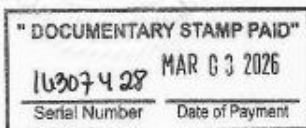
Done this MAR 03 2026 at Mandaluyong City.

Teresita Leonardo de Castro
TERESITA J. LEONARDO-DE CASTRO
Affiant

MAR 03 2026

SUBSCRIBED AND SWORN to before me this _____ at Mandaluyong City,
affiant personally appeared before me and exhibited to me her Passport with No.
issued on _____ at _____

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Page No. 60
Book No. III
Series of 2026.



Daryl Anne E. Yang
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. 6040422 / 01-06-2026 / Mandaluyong
IBP No. 580067/12-31-2025/Laguna
MCLE Compliance No. VIII-0015850/11-11-2024

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RICARDO C. MARQUEZ**, Filipino, of legal age, and a resident of 14 R. Kangleon Street,
, after having been duly sworn to in accordance with
law do hereby declare that:

1. I am a nominee for independent director of Petron Corporation and have been its independent director since May 17, 2022.
2. I am affiliated with the following companies:

Company/Organization	Position/Relationship	Period of Service
Top Frontier Investment Holdings, Inc.	Independent Director	March 2022 - present
San Miguel Food and Beverage, Inc.	Independent Director	March 2017 - present
Eagle Cement Corporation	Independent Director	February 2017 - present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of Petron Corporation, as provided for in Section 38 of the Securities Regulation Code and its implementing rules and regulations and other issuances of the Securities and Exchange Commission ("SEC").
4. To the best of my knowledge, I am not related to any director/officer/substantial shareholder of Petron Corporation and its subsidiaries and affiliates, except as above disclosed.
5. To the best of my knowledge, I am not the subject of any criminal or administrative investigation or proceeding pending in court.
6. I am neither in government service nor affiliated with a government agency or government-owned and -controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing rules and regulations, the Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Petron Corporation of any changes in the abovementioned information within five days (5) from its occurrence.

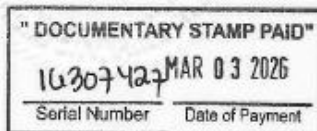
Done this MAR 03 2026 in Mandaluyong City.


RICARDO C. MARQUEZ
Independent Director

MAR 03 2026

SUBSCRIBED AND SWORN to before me this _____ in Mandaluyong City,
affiant exhibiting to me his Passport with No. _____ issued at _____ on
valid until _____.

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DARLANNE E. YANG
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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

Financial Performance

2025 vs 2024

Oil prices softened in 2025 as markets faced lingering oversupply following the increased production from OPEC+ and non-OPEC countries, alongside subdued global economic growth, in part, due to global tariff tension that affected trade relations. On the other hand, prices were supported by supply constraints brought about by geopolitical conflicts and sanctions on Russian, Venezuelan, and Iranian oil.

With relatively lower and less volatile prices in 2025, the Company delivered its strongest financial performance to date with operating income reaching **₱ 37.32 billion**, 28% higher than 2024, and achieved a consolidated net income of **₱ 15.63 billion** for the year 2025, 84% higher than the previous year. This result was backed by continued domestic sales volume growth, increased plant productivity and lower financing costs.

	Years Ended December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
	(in Millions)					
Sales	809,766	867,966	(58,200)	(7%)	100%	100%
Cost of Goods Sold	(753,748)	(821,753)	(68,005)	(8%)	(93%)	(95%)
Gross Profit	56,018	46,213	9,805	21%	7%	5%
Selling and Administrative Expenses	(20,663)	(18,757)	1,906	10%	(3%)	(2%)
Other Operating Income	1,968	1,767	201	11%	0%	0%
Interest Expense and Other Financing Charges	(18,708)	(20,961)	(2,253)	(11%)	(2%)	(2%)
Interest Income	1,182	1,201	(19)	(2%)	0%	0%
Share in Net Income of an Associate and Joint Venture	167	114	53	46%	0%	0%
Other Income (Expense) - net	(559)	3,417	(3,976)	(high)	(0%)	0%
Income Before Income Tax	19,405	12,994	6,411	49%	2%	1%
Income Tax Expense	(3,778)	(4,523)	(745)	(16%)	(1%)	(1%)
Net Income	15,627	8,471	7,156	84%	2%	1%
Attributable to Equity Holders of the Parent Company	14,752	8,469	6,283	74%	2%	1%
Attributable to Non-controlling Interests	875	2	873	high	0%	0%
	15,627	8,471	7,156	84%	2%	1%
Sales Volume in Thousand Barrels	137,861	139,853	(1,992)	(1%)		

Consolidated Sales Volume slightly declined by 1% to **137.86** million barrels (MMB) from 139.85 MMB due to reduced trading and export volumes. This was partly offset by the 5% growth in total domestic sales, fueled by the economic upturn, revitalized tourism, enhanced marketing initiatives, aptly supported by the elevated refinery production. Philippine operations drove the growth, with strong sales recorded across all domestic segments, while volume of the Company's Malaysian subsidiaries was flat as the local demand adjusted following the implementation of the government's revised fuel price subsidy system.

Net Sales of ₱ 809.77 billion decreased by 7% less than previous year's ₱ 867.97 billion due mainly to the combined impact of lower trading and export volumes, and average fuel prices.

Correspondingly, **Cost of Goods Sold** went down by 8% to **₱ 753.75 billion** mainly reflecting the decline in both total sales volume and cost per liter as benchmark crude Dubai averaged 13% lower at US\$69 per barrel versus the US\$80 per barrel in 2024.

The resulting **Gross Profit of ₱ 56.02 billion** improved by 21% from the ₱ 46.21 billion posted in the previous year owing to higher domestic sales volume and better refining margin.

Selling and Administrative Expenses rose by 10% to **₱ 20.66 billion** from ₱ 18.76 billion largely traced to terminalling/thruput fees, employee costs, rental, and maintenance and repairs of service stations. The increase was further amplified by the higher PHP/MYR exchange rate used in converting the expenses of Petron Malaysia to peso.

Other Operating Income of ₱ 1.97 billion was 11% or ₱ 201 million more than 2024's level because of higher rental income.

Interest Expense and Other Financing Charges were reduced by 11% to **₱ 18.71 billion** due to lower average interest rates and borrowing levels.

Interest Income ended at **₱ 1.18 billion** posting a slight decrease of 2% or ₱ 19 million from the previous year on account of lower average placement levels and interest rates.

Share in Net Income of an Associate and Joint Venture increased to **₱ 167 million** from prior year's ₱ 114 million, chiefly represented by the Company's share in the earnings of its associate, Petrogen Insurance Corporation.

Other Expense - net of ₱ 559 million was a reversal from 2024's ₱ 3.42 billion Other Income - net due to the absence of gain related to the recording of PNOC lots in the previous year, net impairment loss on property, plant and equipment and investment property, and higher currency swap costs.

Income tax expense amounted to **₱ 3.78 billion**, 16% lower than prior year's level primarily due to the reversal of Petron Parent's impairment of NOLCO recorded in 2024 and subsequently utilized in 2025.

2024 vs 2023

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

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

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

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

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

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

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

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

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

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

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

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

Income tax expense escalated by 51% to **₱ 4.52 billion** primarily due to the Parent's additional provision for partial impairment of Deferred Tax Asset related to the NOLCO and MCIT which are due to expire in 2025.

Financial Position

2025 vs 2024

	December 31	December 31	Horizontal Analysis Increase (Decrease)		Vertical Analysis December 31	
	2025	2024	Amount	%	2025	2024
Cash and cash equivalents	₱ 42,059	₱ 30,389	₱ 11,670	38%	9%	6%
Financial assets at fair value	1,080	1,044	36	3%	0%	0%
Trade and other receivables - net	81,603	82,762	(1,159)	(1%)	18%	18%
Inventories	67,495	90,570	(23,075)	(25%)	15%	19%
Other current assets	46,429	51,108	(4,679)	(9%)	10%	11%
Total Current Assets	238,666	255,873	(17,207)	(7%)	53%	55%
Investment in shares of stock of an associate and joint venture	1,227	1,165	62	5%	0%	0%
Property, plant and equipment - net	167,417	169,302	(1,885)	(1%)	37%	36%
Right of Use - net	2,315	2,925	(611)	(21%)	1%	1%
Investment property - net	30,101	28,243	1,858	7%	7%	6%
Deferred tax assets - net	548	560	(12)	(2%)	0%	0%
Goodwill - net	9,767	8,731	1,036	12%	2%	2%
Other noncurrent assets - net	1,921	2,003	(82)	(4%)	0%	0%
Total Noncurrent Assets	213,296	212,929	366	0%	47%	45%
Total Assets	₱ 451,962	₱ 468,802	(₱ 16,841)	(3%)	100%	100%
Short term loans	91,900	138,906	(47,006)	(34%)	20%	30%
Liabilities for crude oil and petroleum products	51,407	51,625	(218)	0%	11%	11%
Trade and other payables	33,021	29,012	4,009	14%	7%	6%
Current portion of lease liability	1,513	1,295	218	17%	0%	0%
Derivative liabilities	1,722	1,699	23	1%	0%	0%
Income tax payable	809	304	505	166%	0%	0%
Current portion of long-term debt - net	13,200	29,418	(16,218)	(55%)	3%	6%
Total Current Liabilities	₱ 193,572	₱ 252,259	(₱ 58,687)	(23%)	43%	54%

Forward

	Horizontal Analysis				Vertical Analysis	
	December 31	December 31	Increase (Decrease)		December 31	December 31
	2025	2024	Amount	%	2025	2025
Long-term debt - net of current portion	₱ 111,277	₱ 88,025	23,252	26%	25%	19%
Retirement benefits liability - net	3,734	3,661	73	2%	1%	1%
Deferred tax liabilities - net	7,917	6,719	1,198	18%	2%	1%
Lease liability - net of current Portion	12,572	12,120	452	4%	3%	3%
Asset retirement obligation	1,384	1,321	63	5%	0%	0%
Other noncurrent liabilities	483	487	(4)	(1%)	0%	0%
Total Noncurrent Liabilities	137,367	112,333	25,034	22%	30%	24%
Total Liabilities	330,939	364,592	(33,653)	(9%)	73%	78%
Capital stock	9,502	9,502	-	0%	2%	2%
Additional paid-in capital	57,698	57,698	-	0%	13%	12%
Capital securities	40,321	34,555	5,766	17%	9%	7%
Retained earnings	42,908	33,715	9,193	27%	9%	7%
Equity Reserves	(18,225)	(19,350)	1,125	(6%)	(4%)	(4%)
Treasury stock	(22,133)	(21,003)	(1,130)	5%	(5%)	(4%)
Total Equity Attributable to Equity Holders of the Parent Company	110,071	95,117	14,954	16%	24%	20%
Non-controlling Interests	10,952	9,093	1,859	20%	2%	2%
Total Equity	121,023	104,210	16,813	16%	27%	22%
Total Liabilities and Equity	₱ 451,962	₱ 468,802	(16,840)	(4%)	100%	100%

The **Consolidated assets** of Petron Corporation and its Subsidiaries as of end-December 2025 stood at **₱ 452.45 billion**, 3% or **₱ 16.35 billion** lower than end-2024 level of **₱ 468.80 billion**. The decrease in total assets was largely traced to lower inventories partly offset by higher cash and cash equivalents.

Cash and cash equivalents increased by 38% to **₱ 42.06 billion** from **₱ 30.39 billion** mainly from the remaining cash generated from operations after settlement of loans and interests, payment of cash dividends and distribution, and investment in various capital projects.

Inventories went down by **₱ 23.08 billion** to **₱ 67.50 billion** mainly from lower volume and average prices of crude as of year-end. Inventory by the end of 2025 was kept low in preparation for the scheduled maintenance activities of the Bataan refinery from January to February. On the other hand, the Port Dickinson Refinery was in total plant shutdown due to the non-operation of its product jetty facility which was damaged by Tropical Storm Senyar in November 2025.

Other current assets was reduced by 9% to **₱ 46.43 billion** on account of lower excise tax refund claims and input VAT, partly offset by additional creditable withholding taxes recorded during the year.

Investment in shares of stock of an associate and joint venture increased to **₱ 1.23 billion** mainly due to share in net income less dividends received from Petrogen Insurance Corporation.

Right of Use - net declined by 21% to **₱ 2.32 billion** due to depreciation recognized during the year.

Investment property - net climbed by **₱ 1.86 billion** to **₱ 30.10 billion** mainly from new and renewal of land leases for service stations, offset by the recorded depreciation during the year.

Goodwill - net rose to **₱ 9.77 billion** from **₱ 8.73 billion** due to currency translation with the weakening of the Philippine peso against the US dollar and Malaysian ringgit.

Short-term loans dropped by 34% to **₱ 91.90 billion** from **₱ 138.91 billion** due to the net settlement of loans during the year.

Trade and other payables went up by 14% to **₱ 33.02 billion** from higher outstanding liabilities to contractors and vendors.

Income tax payable more than doubled to **₱ 809 million** from **₱ 304 million** with higher earnings and increased tax liabilities of foreign subsidiaries and with the adoption of new income tax rate under the BEPS Pillar Two.

Long-term debt including current portion went up by 6% to **₱ 124.48 billion** from **₱ 117.44 billion** mainly from the issuance of bonds and availment of US dollar-denominated long-term loan, net of maturities during the year.

Deferred tax liabilities - net went up to **₱ 7.92 billion** from **₱ 6.72 billion** following the utilization of deferred tax assets pertaining to Petron Parent's Net Operating Loss Carry-Over (NOLCO) and other temporary differences between tax accounting and financial reporting.

Asset retirement obligation increased to **₱ 1.38 billion** from **₱ 1.32 billion** due to remeasurement of liability and recognition of accretion during the year.

Capital securities increased by 17% to **₱ 40.32 billion** mainly due to the issuance of US\$475 million (P26,794 million) senior perpetual capital securities (SPCS), partly offset by the repurchase of US\$387 million (P18,475 million) of the US\$550 million SPCS and redemption of US\$51.5 million (P2,553 million) redeemable perpetual shares.

Retained earnings rose by 27% to **₱ 42.91 billion** mainly traced to the net income recorded for the year partly offset by the cash dividends and distributions declared and paid during the period.

The negative balance of **Equity reserves** decreased to **₱ 18.23 billion** from **₱ 19.35 billion** with the recognition of translation gain on investment in foreign subsidiaries following the weakening of the Peso against the US dollar and Malaysian ringgit, partly offset by the forex loss on partial repurchase of capital securities during the year.

Treasury stock ended higher by 5% to **₱ 22.13 billion** as a result of the buyback of common shares in March 2025.

2024 vs 2023

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

Forward

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital securities went down by ₱ 2.97 billion to **₱ 34.56 billion** because of the partial repurchase of redeemable perpetual securities.

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

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

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

Cash Flows

2025 vs 2024

As of December 31, 2025, cash and cash equivalents stood at **₱ 42.06 billion**, higher by ₱ 11.67 billion compared to its balance at the beginning of the year. Cash generated from operations of ₱ 86.18 billion were used mainly to settle loans (₱ 42.18 billion), pay interest and taxes (₱ 17.88 billion), fund various capital projects (₱ 7.37 billion) and cover cash dividends and distributions payout (₱ 6.32 billion).

In Million Pesos	December 31, 2025	December 31, 2024	Change
Operating inflows	₱ 68,745	₱ 13,208	₱ 55,537
Investing outflows	(7,064)	(10,216)	3,152
Financing outflows	(50,481)	(1,285)	(49,196)

2024 vs 2023

Cash and cash equivalents amounted to **₱ 30.39 billion** as of end 2024, ₱ 2.87 billion higher versus end 2023 balance. Cash generated from operating activities of ₱ 45.15 billion were used for working capital requirement (₱ 13.09 billion), payment interest and taxes (₱ 19.01 billion), and various capital projects (₱ 10.34 billion) of the Company during the year. Meanwhile, proceeds from the issuance of preferred shares series 4 of ₱ 16.73 billion were mainly used to redeem preferred shares series 3A.

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

Discussion of the company's key performance indicators:

Ratio	December 31, 2025	December 31, 2024
Current Ratio	1.2	1.0
Debt to Equity Ratio	2.7	3.5
Return on Equity (%)*	13.9	8.3
Interest Rate Coverage Ratio	2.0	1.6
Assets to Equity Ratio	3.7	4.5

**based on trailing 12 months net income*

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

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

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

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

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

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

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

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

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

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

BUSINESS ENVIRONMENT

Philippine Economy

The Philippines ended 2025 with a GDP growth rate of 4.4%, lower than the 5.7% posted in 2024 and the government's target range of 5.5% to 6.5%. This slowdown was primarily driven by weakened business and investor confidence following the flood control projects scandal and the adverse weather disruptions in the second half of 2025. The country's economic growth was mainly supported by expansion in the services industry including wholesale and retail trade and financial services, alongside increased output in the manufacturing industry. On the expenditure side, household consumption increased by 4.6%, while government spending grew by 9.1%. Gross capital formation registered a 2.1% decline, following a slowdown in construction activity. Exports and imports rose by 8.1% and 5.1%, respectively.

The peso averaged P57.5/USD as of end-2025, reflecting a 0.4% depreciation from P57.3/USD in the same period in 2024. The weakness was driven largely by the continued strength of the US Dollar amid the US Federal Reserve's relatively restrictive policy stance which has kept US interest rates comparatively elevated and maintained strong demand for dollar-denominated assets. The peso depreciation was further contributed by weaker-than-expected Philippine GDP in the second half of 2025, and heightened global trade and geopolitical uncertainties.

Headline inflation for fiscal year 2025 averaged 1.7%, below the government's target range of 2%-4% and significantly lower than 3.2% in the previous year. This marked the slowest level since 2016 and was primarily driven by softer price indexes of the heavily-weighted food and non-alcoholic beverages.

Oil Market

Dubai crude prices averaged \$69.4 per barrel ("bbl") in financial year 2025, representing a 12.8% decline from \$79.6/bbl in 2024. This was mostly attributed to the elevated global oil supply and heightened concerns of a potential economic slowdown due to trade policy uncertainties. In contrast, financial year 2025 product cracks showed mixed movements: gasoline cracks fell by 15.5% to \$11.3/bbl, while diesel cracks rose by 9.9% to \$18.4/bbl and kero-jet cracks advanced by 9.2% to \$17.1/bbl.

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

Guimaras Oil Spill Incident

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

Other complaints for non-payment of compensation for the clean-up operations during the oil spill were filed by a total of 1,063 plaintiffs who allegedly did not receive any payment of their claims for damages arising from the oil spill. The total claims for both cases amount to P292 million. The cases are still pending.

In a Decision dated August 18, 2025 received by the Company only on February 6, 2026, the Court of Appeals dismissed the petition filed by the plaintiffs seeking the reversal of the trial court's previous order denying their Motion for Partial Summary Judgment. Similarly, in a decision dated August 19, 2025 received by the Company only on January 19, 2026, the Court of Appeals likewise dismissed the petition filed by plaintiffs seeking the reversal of the trial court's previous order denying their motion for trial by commissioner.

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

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

Seasonal aspects that have material effect on the financial statements

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

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

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

Audit and Audit-Related Fees

The Company paid R.G. Manabat & Co./KPMG the fees set out below for 2025 and 2024:

	2025 (in Pesos)	2024 (in Pesos)
Audit fees for professional services - Annual Financial Statement (tax-exempt and exclusive of out-of-pocket expenses)	10,017,705	9,720,863
Professional fees for due diligence and study on various internal projects	7,880,000	4,270,500
Professional fees for tax consulting services	-	492,999

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

For 2025, the Audit Committee, at its meeting held on March 4, 2025, endorsed the re-appointment of R.G. Manabat & Co./KPMG as external auditor of the Company for 2025 and the approval of R.G. Manabat & Co./KPMG's proposed fees. At its meeting held later on the same day, the Board of Directors, finding the recommendation of the Audit Committee to be in order, endorsed the re-appointment of R.G. Manabat & Co./KPMG as external auditor of the Company for 2025 and approved its fees for the approval and ratification, respectively, of the stockholders at the annual stockholders' meeting. At the 2025 annual stockholders' meeting held on May 2, 2025, the re-appointment of R.G. Manabat & Co./KPMG as external auditor of the Company for 2025 and R.G. Manabat & Co./KPMG's fees were approved and ratified, respectively, by the stockholders.

The engagement partner of R.G. Manabat & Co./KPMG, Ms. Rohanie C. Galicia, was assigned to the Company beginning with the 2022 audit of financial statements.

Set out in the next page is the report of the Audit Committee for the year 2025.

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 2025:

- 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 2025;
- 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 2025.



Margarito B. Teves
Chairperson
Independent Director



John Paul L. Ang
Director



Aurora T. Calderon
Director



Artemio V. Panganiban
Independent Director



Ricardo C. Marquez
Independent Director

Commitments for Capital Expenditure

In 2025, the Company spent P4.12 billion on capital investments, of which P2.01 billion was spent for refinery projects, including the Refinery Solid Fuel Fired Boilers Phase 3. In addition, expenditures incurred for projects in depots amounted to P478 million, service-station related expenditures totaled P1.44 billion, and spending for other commercial, maintenance and miscellaneous projects amounted to P186 million.

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

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

Crude oil accounts for over 40% of the Company's total cost of goods sold. Because of the commodity nature of oil, the cost of the Company's refined products is highly dependent on international crude oil and product prices. Fluctuations in the price of crude oil and finished products in the global market arise from factors that are beyond the Company's control, such as changes in global oil supply and demand. The Company's financial results are primarily affected by the differential or margin between the prices for its refined petroleum products and the prices for the crude oil that is the main raw material for these refined petroleum products, geopolitical factors (such as the current Russia-Ukraine conflict and developments in Iran and Venezuela), global economic conditions, weather, and government regulations. The Company holds approximately two months of crude oil and finished petroleum products inventory in the Philippines, which is accounted for using the first in-first-out method. Thus, a sharp drop in crude oil prices, for example, will result in losses, as the Company sells products produced from higher-priced crude oil at lower prices.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

Description of the Nature and Business of the Company

(1) Business Development

(i) The Company

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

On December 23, 2022, the SEC approved the amendment to the primary purpose of the Company under its Articles of Incorporation authorizing the Company to produce and deal in biofuels.

The two (2) principal common shareholders of the Company holding at least 5% of its common stock as of the date of this report are SEA Refinery (52.71%) and SMC (19.11%). SEA Refinery is wholly-owned by SMC. SMC thus holds an aggregate 71.82% ownership of the common shares of the Company.

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

(ii) Subsidiaries

The direct subsidiaries of the Company as of the date of this Information Statement are listed below:

- **New Ventures Realty Corporation (“NVRC”)** is a realty firm established on August 24, 1995. NVRC is authorized to acquire and develop land but it does not engage in the subdivision business. Land suitable for use as service station sites, bulk plants or sales offices are purchased by NVRC, which are then leased to Petron for use in the latter’s operation. NVRC’s wholly-owned subsidiary, Las Lucas Development Corporation, which was acquired in 2003, was later renamed “Las Lucas Construction and Development Corporation” upon approval by the SEC in September 2009. In 2012, NVRC acquired 100% of Parkville Estates and Development Corporation and 60% of Mariveles Landco Corporation. In 2013, NVRC further acquired 100% of South Luzon Prime Holdings Incorporated, MRGVeloso Holdings, Inc. and Abreco Realty Corp.
- **Overseas Ventures Insurance Corporation Ltd. (“Ovincor”)** was incorporated on November 16, 1995 under the laws of Bermuda for the purpose of expediting the reinsurance of Petron’s insurable interests and other insurances covered by Petron affiliate Petrogen Insurance Corporation. Reinsurance includes the insurance cover for the Petron Bataan Refinery, the bulk plants and service station properties, petroleum and cargo insurance and performance bonds for Petron contractors and haulers as well.
- **Petron Freeport Corporation (“PFC”; formerly, “Petron Treats Subic, Inc.”)** was incorporated on November 6, 2003. The company is registered with the Subic Bay Metropolitan Authority (“SBMA”) as a Subic Bay Freeport (“SBF”) enterprise. PFC is engaged in the business of operating and/or managing retail service stations and non-fuel businesses such as convenience stores.. PFC handles the operations (*i.e.*, forecourt, quick-service restaurant, and locators) of the service stations located at Gimikan and Argonaut.
- **Mema Holdings Inc. (“Mema”)** was acquired by Petron in 2022. It is a holding company intended for the hauling and logistics requirements of Petron.
- **Petron Singapore Trading Pte. Ltd. (“PSTPL”)** was established in 2010 as Petron’s trading subsidiary in Singapore. The subsidiary aims to optimize crude and petroleum product procurement and participate in Singapore’s Global Trader Program, which allows the Company access to a wider selection of crude and petroleum product alternatives, resulting in further optimization of Petron’s crude and petroleum product selection.
- **Petron Global Limited (“Petron Global”)** is a holding company incorporated under the laws of the British Virgin Islands acquired by the Company on February 24, 2012.
- **Petrochemical Asia (HK) Limited (“PAHL”)** is a holding company incorporated under the laws of Hong Kong over which the Company obtained control in January 2013.
- **Petron Oil & Gas Mauritius Ltd. (“POGM”)** is a holding company incorporated under the laws of Mauritius acquired by the Company on February 8, 2012.

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

Petron Malaysia owns and operates the Port Dickson Refinery (“PDR”) with a rated capacity of 88,000 bpd. The PDR produces a range of products, including gasoline, diesel, jet fuel, liquefied petroleum gas (“LPG”), naphtha and low sulfur waxy residue. Further, Petron Malaysia’s distribution network includes 10 product terminals all over Malaysia and also operates a palm methyl ester (“PME”) plant in Lumut, Perak, with a rated capacity of 78,000 metric tons per year of PME used for biodiesel blend. A second PME plant, with an annual rated capacity of 144,000 metric tons, is under construction at Port Dickson and will cater to the rest of the Company’s Peninsular Malaysia requirements. This supports the Malaysian government’s biodiesel program and aligns with national energy transition goals to reduce greenhouse gas emissions and enhance sustainability.

Petron Malaysia’s fuel marketing business caters to both retail and commercial segments. The retail business markets fuels and other products through its network of more than 830 company-owned and dealer-owned service stations located throughout Peninsular and East Malaysia. Retail sells top-of-the line fuel from Blaze 100, the only RON 100 gasoline in Malaysia, Blaze 97 and Blaze 95, all meeting Euro 4M standards specifications, while its premium Turbo Diesel and Diesel Max are Euro 5-compliant diesel products, with 7% and 10% PME biodiesel blend, respectively. Petron’s premier LPG brand, Petron Gasul, is conveniently accessible in over 220 service stations in Peninsular Malaysia. Petron also provides a one-stop shop service experience for motorists through more than 320 Treats and approximately 466 P-Kedai convenient stores located within its service station network, along with other amenities and restaurants with 30 allied business partners. Retail business also serves more than 42,000 fleet accounts through its Petron Fleet Card business which supports the Malaysian government’s Diesel Subsidy program.

The Company has enhanced its customers’ retail point of sale experience through its new indoor and outdoor payment terminals at service stations which provide a range of payment options and added convenience to the motorists. Its Petron Miles loyalty program provides motorists with the benefit and flexibility to earn points and redeem rewards at their convenience. Petron Malaysia launched the mobile app version of its P-Miles Loyalty Program and enhanced its Loyalty Management System to offer better customer experience through a more targeted, data-driven customer offering, with tighter security features. The Company has integrated the use of national ID (MyKad) at its payment terminals to help motorists manage their fuel subsidy while facilitating seamless loyalty points earning, without the need for the loyalty card to be swiped. Recently, the Company has introduced its PASTI OK campaign to reaffirm its commitment to provide excellent customer service and convenience in its retail service station network.

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

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

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

(iii) Operating Highlights

Sales

For 2025, the Company's consolidated sales volume stood at 137.9 million barrels, slightly lower by 1% than 2024's 139.9 million barrels.

Refining

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

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

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

Product Supply and Distribution

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

Human Resources

Petron aimed at strengthening its development programs to enhance both the hard and soft skills of its talents. The Company transitioned back to facilitating live programs while taking advantage of online platforms to employ self-directed learning tools. By year-end, total training hours per employee decreased by 6.5% from the previous year. Petron dedicated 395,287.60 training hours for all employees or an average of 166 hours training per employee.

To enrich the leadership pipeline, learning opportunities for leadership development offered by SMC were maximized. This was further complemented by Petron's structured coaching program, designed to accelerate the growth of key talents. The program brought together 49 coaches and 49 coachees, collectively generating 1,096 coaching hours in 2025.

Health, Safety and Environment (“HSE”)

The Company’s HSE programs remain a critical component in the operations of its facilities. These programs include the EcoWatch environmental awareness initiative, Oversight Safety Assessment and Compliance Inspections covering depots and terminals, service stations, third-party LPG filling plants, industrial accounts, and contractors’ sites, participation in industry-wide oil spill response exercises, emergency drills and simulations, seminars and training programs, and the maintenance of management systems and ISO certifications related to environment, health, and safety.

All 28 terminals are certified in accordance with ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), and ISO 45001:2018 (Occupational Health and Safety Management System). In addition, 14 Petron pier facilities are compliant with the International Ship and Port Facility Security (ISPS) Code and are certified by the Office of Transport Security under the Department of Transportation (DOTr). ISPS certification is mandated by the International Maritime Organization for all international vessels calling at international ports and for ports that accommodate such vessels.

The Company’s Terminal Operations Division also implemented the Human Organizational Performance (HOP) system, which focuses on preventing or reducing losses through behavior-based tools and proven management techniques. Through HOP, the Company seeks to strengthen the overall safety culture within the division, prevent all types of losses, and eventually roll out the system across the entire organization.

From January to December 2025, the Head Office, Petron Bataan Refinery, and terminal operations collectively achieved a total of 17 million safe man-hours.

Corporate Social Responsibility (“CSR”)

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

Education

- **Tulong Aral ng Petron (“Tulong Aral”)**. Education remains foremost in PFI’s CSR thrust, with its flagship education program Tulong Aral ng Petron (“TAP” or “Tulong Aral”). In partnership with the Department of Education (“DepEd”) and the Department of Social Welfare and Development (“DSWD”), TAP is sending deserving children and youth through elementary, high school and college. For school year (“SY”) 2025-2026:
 - PFI had 2,454 TAP scholars in all school levels nationwide: 594 in elementary, 1,850 in high school, and 20 in college.
 - 98% of TAP of elementary school scholars and 94% of high school scholars were retained in the program in SY 2025-2026
 - PFI continued to distribute school supplies in SM Stores as part of TAP scholars’ benefits. Scholars in areas inaccessible to nearby SM department stores had their school supplies distributed in their respective schools.
 - For our TAP high school scholars, PFI again conducted the Best U Can Be Life Skills program with AHA! Learning Center. This was participated in by 158 scholars, with 20 volunteers from

Refinery and Head Office serving as facilitators and joined by some TAP parent volunteers. Using the module **Pamilyang Petron: Matutong Matuto Muna**, the series of workshops aimed to develop core skills such as active listening, active reading, and effective and empathetic, helping them become more confident in speaking up and expressing their thoughts.

- For the TAP College Scholarship program, there are 20 scholars in SY 2025-2026, all coming from Mindanao except for two who are based in NCR. They are taking up engineering courses and business-related courses
- **Bataan scholarships.** Under the Refinery Engineering scholarship program, Petron supported twenty (20) new Electrical and Mechanical Engineering scholars from Bataan Peninsula State University for SY 2023-2024. Four of its previous graduates in electrical engineering passed the Licensure Board Exam in April 2024 and are awaiting the results of their application in Petron for possible hiring.
- For the Refinery Engineering Scholarship program, there are 21 scholars from the Bataan Peninsula State University for SY 2025-2026. In 2025, four Electrical and 10 Mechanical Engineering graduates of the program passed their Board Exams. In the same year, Petron welcomed five of the program's graduates as new members of the Refinery workforce in 2025. Another Mechanical Engineering scholar was hired as a Safety Engineer in January 16, 2026.
- **Brigada Eskwela.** Petron continued to support DepEd's Annual Brigada Eskwela National Schools Maintenance Week together with Refinery and Terminal Operations by donating materials and mobilizing volunteers to clean classrooms or paint tables and chairs in time for the opening of classes. In 2025, some 89 employees, including those from Head Office, volunteered to repaint tables and chairs or refurbish classrooms from 100 schools nationwide, which benefitted an estimated 10,000 students at least in the new school year.

Environment

- The *Puno ng Buhay* remains Petron's primary program to address its environmental footprint by undertaking long-term mangrove reforestation efforts in select areas in the country. Petron continues to reforest three areas: Hagonoy, Davao del Sur; Obando, Bulacan, and; Ivisan, Roxas or a total of 55 hectares of mangrove areas.
- Together with the UPLB College of Forestry and Natural Resources ("UPLB-CFNR"), activities were undertaken in 2025 to scientifically assess the carbon capture potential of these sites as part of efforts to effectively monitor and measure Petron's carbon reduction activities. In December 2025, UPLB-CFNR submitted its full report of their baseline data results gathered from their assessment activities done throughout the first three quarters of 2025.
- Also in December 2025, PFI signed a MOA with DENR Secretary Raphael PM Lotilla to adopt 30 hectares of upland forest within Brgy. Duale in Limay, Bataan, with the aim of starting reforestation activities in the site beginning January 2026. UPLB-CFNR will also conduct initial baseline mapping and assessment of this site for Carbon Sequestration measurement. This brings Petron's total adopted sites to 85 hectares. Equally important, this will ensure the protection of a watershed that is critical to the sustainability of Petron's refinery operations as well as the surrounding communities.
- PFI is also supporting the Petron Bataan Refinery in its environmental activities:
 - Under the Bataan Integrated Coastal Management (ICM) Program, PFI continued to support the Limay Fish Sanctuary and Province-wide initiatives for Pawikan Conservation and Protection.
 - The nearly 250 artificial reefs fabricated and deployed off Manila Bay in 2024 has already increased fish yield to benefit some 3,600 local fisherfolk. To better equip them, PFI also extended financial support to the Samahan ng mga Maliliit na Mangingisda ng Barangay Lamao Inc. or SMMBLI to procure much-needed fishing gear.

- Additionally, PFI will help establish supplemental livelihood activities for the Limay fisherfolks, specifically with mussel culture.
- To enhance monitoring and evaluation of the sanctuary, PFI provided an underwater camera to be used by the SMMBLI with supervision from the LGU.
- Petron, through PFI, continues to actively support the 1Bataan Pawikan Conservation Alliance Network as an associate member. This was highlighted by the commitment formalized in February 2025 through a MOA signing with PGENRO and LGU Limay establishing the first Limay Pawikan Hatchery in Barangay Luz. Part of this program is to enhance the capability of the LGU and the community in marine turtle conservation and proper hatchery management. During the Pawikan nesting season last December, PFI conducted IEC and capacity-building activities in close coordination with the LGU and community volunteers as part of continuing support to the Pawikan Festival in Morong.
- Contributions to the annual celebration of the Pawikan Festivals in Morong have resulted to small but meaningful positive wins for the pawikan conservation efforts and biodiversity protection. One indicator has been the increased emergence success rates of the sea turtles from the different nesting sites in the towns of Morong and Bagac. After hatching, the young turtles dig their way up from the nest column. This process is called emergence. Briefly, between 45 to 75 days from the laying of the eggs, these eggs will hatch and the hatchlings will start to crawl up from the nest. This is called EMERGENCE. Distinct from hatching success, which is just getting out of the egg, emergence includes successfully getting out of the nest/soil. The success rates increased from 84% in 2022-2023 to 89% in 2024-2025, which can be attributed in part to the improved management practices of the nesting sites, which in turn is a result of residents better understanding how to care for these sea creatures. By 2026, success indicators can also be included for Limay, which started to record the number of eggs laid by sea turtles in Bo. Luz only in June 2025.
- Nationwide, Terminal Operations and Refinery actively participated in activities that celebrate Earth Month, Environment Month and International Coastal Cleanup Day.

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

Entrepreneurship and Livelihood

- PFI re-instated the Petron Automotive Care Education, or ACE program as another avenue to make PFI's mission of alleviating poverty through education possible. By end 2025, the program produced 29 graduates from the seven (7)-day specialized training in partnership with Don Bosco OneTVET Philippines and Petron Lube Trade. The trainees were those currently employed in the CCCs and lube bays from NCR, Davao, Iloilo, Surigao, and Bacolod. PFI aims to enhance the implementation of ACE in 2026, specifically, looking at training Alternative Learning System graduates, with the goal of having them certified as Automotive Servicing NC I and II. This will allow PFI to help those who do not or cannot access formal education in schools and who are mostly out-of-school youths or adults.
- For its livelihood program, PFI tapped the Bank of Commerce's Consumer Protection and ESG Division to conduct Financial Literacy training for members of the TAP Rosario Parents Association. The activity aimed to help the group better manage their rag- and dressmaking business.

Health and Human Services

- **Disaster Response** - With a series of strong typhoons hitting the country along with the adverse impact of habagat, PFI supported requests from affected communities and agencies to help in the relief efforts. This included providing relief packs to our flood-stricken TAP scholars and host barangay in Rosario and Poro, along with the turnover of canned goods to Limay and Hermosa LGUs. Petron, through PFI, also donated P150,000 worth of diesel to DSWD to ensure the sustained operation of its genset at the National Resource Operations Center, which was the hub for the Department's disaster response operations.
- **Petron Clinics**. Petron Clinics in Rosario and Limay remained closed to the community, still partly due to continuing Covid precautions and as part of re-evaluating the preparedness of the clinics to meet the requirements of DOH Administrative Order 2021-0037 or the New Rules and Regulations Governing the Regulation of Clinical Laboratories in the Philippines.
- **Engaging employees and partners**. PFI also remained active in engaging Petron employees nationwide to serve as volunteers in the Company's CSR activities throughout the year. At the same time, PFI continued to work with San Miguel Foundation in encouraging employees to join in the Team Malasakit volunteering activities.

ESG and Sustainability

For ESG, PFI continued to serve as the Secretariat of the ESG Council and Technical Working Group, specifically in the development and production of Petron's 2024 Sustainability Report. This was submitted on April 15, 2025 as part of the Company's Annual Report on SEC Form 17-A.

Additionally, PFI helped advocate sustainability across the company by highlighting key messaging on energy efficiency and conservation initiatives across the entire supply chain, CSR programs, circularity practices including our EPR program, fiesta canister, among others, and carbon neutrality efforts. This included participating in activities such as the Pollution Control Officers training, Petron Terminal Ecowatch, Environment Summit, and CSR and Sustainability Summit, while also actively engaging with SMC Corporate Sustainability Office.

Governance

PFI successfully passed the annual check conducted by the DSWD Standards NCR Field Office as part of their regular review of Social Welfare and Development Agencies under its jurisdiction. On January 28, 2026, the Board of Trustees of PFI approved the Beneficiary Protection Policy of PFI, which is aimed at protecting beneficiaries from abandonment and any forms of neglect, abuse, and exploitation.

Petron Malaysia

Petron Malaysia, in its drive for sustainable operations and in line with the Malaysian government's thrust for cleaner fuels, has equipped its Port Dickson Refinery with a diesel hydrotreater facility unit, enabling it to produce Euro-5 specifications diesel products. It also has a Marine Fuel Import Facility 2 which allows importation of larger parcel finished products, thereby optimizing freight costs and reducing carbon emissions with less frequent sea vessel deliveries. Petron has also intensified its sustainability initiatives with its green solutions into its service stations, including installing solar panels to reduce electricity consumption from the grid, harvesting rainwater to optimize water consumption and using eco-friendly building materials to minimize environmental impact.

(2) Business of the Company

(i) Principal products or services and their markets

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

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

The Company also continues to expand its non-fuel businesses through the growth of Treats convenience store and the addition of various food kiosks, restaurants, and other service establishments at its stations. Furthermore, Petron distributes LPG-related appliances such as Reyna gas stoves.

(ii) Percentage of sales or revenues by foreign sales

Below is the summary of the percentage of sales or revenues of domestic and foreign sales of the Company and its subsidiaries from 2023 to 2025:

	Domestic	Exports/International	Total
2023, in million pesos	413,175	387,852	801,027
2023, in percentage	52%	48%	100%
2024, in million pesos	438,900	429,066	867,966
2024, in percentage	51%	49%	100%
2025, in million pesos	453,576	356,190	809,766
2025, in percentage	56%	44%	100%

(iii) Distribution methods of products or services

From the Petron Bataan Refinery, Petron moves its products, mainly by sea, to depots, terminals and airport installations situated throughout the Philippines. Its distribution network, comprised of 34 terminals and sales offices across the country, is the most extensive one for petroleum products in the country. Through this nationwide network, Petron supplies its various petroleum products such as gasoline, diesel, and LPG to its customers. Petron also supplies jet fuel to international and domestic carriers at key airports in the Philippines through its 12 into-plane facilities.

Petron sells gasoline, diesel, and kerosene to motorists and to the public transport sector through its network of around 1,800 retail service stations in the Philippines as of December 31, 2025.

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

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

(iv) New products or services

The Company's 2025 new products and approvals from accredited global industry certifying bodies and original equipment manufacturers ("OEMs") are described below.

For 2025, Petron was able to secure the renewal of licenses and approvals for industry standards such as the American Petroleum Institute (API) alongside with the International Lubricant Specification Advisory Committee (ILSAC), Association des Constructeurs Européens d'Automobiles/Association European Automobile Manufacturers Association (ACEA), National Marine Manufacturers Association (NMMA), Japan Lubricating Oil Society (JALOS), and OEM approvals from Porsche, Volvo, Mack, Renault, Cummins, MTU, Scania and licenses for food-grade products from Halal, Kosher and National Sanitation Foundation (NSF).

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

- License with API

Listed below are the Petron automotive engine oil products that have their API service symbol and API certification mark renewed for 2025:

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

- Registration with ACEA

In 2025, Petron renewed the registration for its Petron Blaze Racing and Petron Rev-X automotive lubricants with ACEA in compliance with the European Engine Lubricant Quality Management System (EELQMS).

- NMMA

Renewal was applied in 2025 for Petron Regatta as TC-W3 approved two-stroke cycle outboard engine lubricant.

- Approval with JALOS

Product approval was maintained in 2025 for Sprint HTP SAE 5W-40 as JASO MA2 approved four-stroke motorcycle engine lubricant.

- Food Grade Lubricants Approval with NSF, Halal and Kosher

Product approval was renewed in 2025 for Petron Hydrotur FG H1-68, Petron Hypex FG H1-150, Petron Hypex FG H1-220, Petron Hypex FG H1-320 and Petron Petrogrease EP FG H1-2 food grade lubricants.

- OEM Approval Renewals

The following OEM approvals were renewed in 2025:

- Rev-X Turbo HTP SAE 5W-40: Cummins CES 20081
- Rev-X Premium Multi-grade SAE 15W-40: Volvo VDS-3, Mack EO-N, Renault Trucks RLD-2, Daimler DTFR15B110

(v) Competition

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

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

In 2025, Petron purchased all of its term and spot crude requirements through its wholly-owned subsidiary, PSTPL. Majority of the crude purchases were sourced under term contracts with several suppliers, with various spot suppliers completing the balance of requirements. For its 2026 crude requirements, Petron, through PSTPL, will continue to source from both term and spot suppliers.

Petron purchased most of its finished product requirements in 2025 also through PSTPL. For 2026, aviation gasoline, asphalt, LPG, and base oil term contracts will be renewed through PSTPL”

For its coco-methyl ester (“CME”) and ethanol supply, Petron continued to support the directive of the Department of Energy (“DOE”) on the prioritization of locally produced CME and ethanol, complying with government regulation. About 39% of the total ethanol and 100% of CME requirements of the Company in 2025 were sourced from various local producers.

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

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

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

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

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

On November 4, 2025, upon the recommendation of the Related Party Transaction Committee of the Board of Directors (with the report of the external independent party Punongbayan & Araullo confirming the arm's length nature of the proposed transactions) and pursuant to the Policy on Related Party Transactions of the Company, the Board of Directors approved the proposed transactions for 2026 between the Company and PSTPL.

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

Described below are the transactions of Petron with related parties as of 2025:

1. Supply agreements with various SMC subsidiaries. Under these agreements, Petron supplies the fuel and lube requirements of selected SMC plants and subsidiaries.
2. Purchase of goods and services, such as those related to construction, information technology, shipping and terminaling, from various SMC subsidiaries.
3. Lease agreements with San Miguel Properties, Inc. for office space and certain parcels of lands where service stations are located.
4. Lease agreements with SMC covering certain parcels of lands where service stations are located.
5. Payment to SMC for its share in common expenses such as utilities and management fees.
6. Long-term lease agreements with NVRC covering certain parcels of lands where some of its depots, terminals and service stations are located.
7. Retail of fuel products through its subsidiary PFC and of lube products through PFISB.
8. Insurance coverage from its affiliate Petrogen which, in turn, obtains reinsurance coverage from Ovincor and other local reinsurers.
9. Certain advances to PCERP for investment opportunities.
10. Certain advances to NVRC and SLPHI.
11. Trading agreement with PSTPL for the procurement of crude oil, and trading of finished petroleum products and other materials such as ethanol, coal, catalysts and additives.

12. Engagement of PSTPL to perform the chartering function such as the renewal and negotiation of contract of affreightments and commodity risk management via hedging transactions.
13. General management services to PFISB.
14. NVRC and SMC subsidiaries entered into various lease agreements for portions of lands located at Limay, Bataan.
15. Logistics, freight forwarding, and into-plane services agreement with PLI.
16. Short-term loans from Bank of Commerce.
17. Certain advances from San Miguel Insurance Co. Ltd. and Ovincor.
18. Issuance of Redeemable Perpetual Securities (as hereinafter defined) to SMC.

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

The Company's intellectual property registrations and applications as of March 31, 2026 are described below.

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

Reyna Gas, Ultron (logo), Petron Super Driver Card (logo-long form), Petron Super Driver Card (logo-flag form), Car Care Center (logo), Rev-X Hauler (word mark), Ultron Touring (word mark), Voltran (word mark), Spinol (word mark), Petron XD3, Blaze 100 Octane (logo), Petron Motorsports (word mark), Petrogrease (wordmark); HiComp, Hydrotur, Sprint 4T Racer, Gearkote (word mark), Airlube (word mark), Petromar (word mark), Milrol (word mark), Pchem (word mark), Petron HDX (word mark), Petrokut (word mark), Petron GEP (word mark), Petromul (word mark), Petrotherm (word mark), Rubbex (word mark), Petrocyl 680 (word mark), Xtra Advance, Petron Chinese name (logo - long form), Petron Chinese name (logo - flag form), Petron Value Card (word mark), Petron ATF Premium, Petron Super Driver (word mark), Turnol, Petron STM, Petron Marinekote, Gasulette (word mark), Xtra Excel, Hypex (word mark), Motorsports with the P-swoosh logo, Best Day @ Petron, Petrogrease EP, Stemol, Treats Packaging Design, Petron Ronnie Mascot (logo), Greasolve, Sprint 4T Rider, Sprint 4T Enduro, Sprint 4T Extra, Petromate Power Booster, Best Day@Petron (logo), Petron GX (word mark), Petromate Oil Saver, Petron TF, Xtra Ultra, Xtra Exceed, Captain Booster (word mark), Tri Action Advantage (word mark); PShop (logo); Petron Railroad Extra, Engine Stress Reliever, Ultron Race; Petron GST; Petron Penetrating Oil, Rev-X Trekker, Tapat Sa'Yo (logo); Maxi-Gas; Sprint (word mark), Sprint (logo); Pay with Points, Save Your Cash (word mark), Grease Away; Performance Run (logo), Hi-Torq TX, Petron Tapat Sa'yo, Treats logo (B&W); Fuel Trust (word mark), Fuel Hope (word mark); Petron Grease Away; Tapat Sa'Yo (word mark); Golden Nozzle; CCC Automotive Fluids Specialist; Sa Sprint, Angat Ka; Gasul Guarantee; e-Fuel (logo - new); Treats logo (colored); Sprint Scooter (word mark); Sprint Scooter (logo); Your Fleet Your Rules (word mark).

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

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

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

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

Pending Industrial Design Applications. Petron has a pending application for registration of the industrial designs for its Gas Cylinder Safety and Gas Cylinder.

(x) Government Approval of Principal Products or Services

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

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

- Extended Producer’s Responsibility Act of 2022 (“EPR Law”). Republic Act No. 11898 or the EPR Law lapsed into law on July 23, 2022. The law, which amends Republic Act No. 9003 or “The Ecological Solid Waste Management Act of 2000”, requires product manufacturers and obliged companies to recover a certain portion of their plastic packaging wastes to reduce their plastic footprint. Under the EPR Law, the Company is obliged to comply with target recovery rates starting with 20% in 2023 and gradually increasing to 80% until 2028.
- Electric Vehicle Industry Development Act (“EVIDA”); Department Circular 2021-07-0023. Republic Act No. 11697 or EVIDA lapsed into law on April 15, 2022. The law provides for a national policy framework to develop the electric vehicle (“EV”) industry in the Philippines. The DOE issued the above circular on July 2, 2021, which provides the framework for the adoption and development of EVs and electric charging stations in the Philippines, including the installation of EV charging stations in retail stations. The promotion of the purchase and use of electric vehicles may impact oil industry demand.
- Corporate Recovery and Tax Incentives for Enterprise Act (“CREATE Act”). Republic Act No. 11534 or the CREATE Act took effect on April 11, 2021. The CREATE Act lowers corporate income taxes and rationalizes fiscal incentives.

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

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

The CREATE Act also provides for the rationalization of tax incentives that may be granted by investment promotion agencies (such as the Authority of the Freeport Area of Bataan or AFAB) to qualified registered business enterprises. As part of the rationalization of tax incentives, the CREATE

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

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

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

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

Some provisions are expected to have an impact on the Company, as follows:

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

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

- Revenue Regulations No. 24-2025 was issued by the BIR on the imposition of creditable withholding tax on top withholding agents, reducing the withholding tax rate from 1% to 0.5% on gross payments to the manufacturers and direct importers of solid or liquid fuels and related products.
- **LPG Industry Regulation Act**. Republic Act No. 11592 or the “LPG Industry Regulation Act” was enacted into law on October 14, 2021 and aims to ensure health, safety, security, environmental and quality standards in the LPG industry by instituting reforms in the existing standards and practices. The law defines prohibited acts such as engaging in LPG industry activities without the required licenses, certificates, and permits; selling, fabricating, or refilling unfilled LPG cylinders without the approval of the trademark owner; selling, exchanging, or possessing empty LPG cylinders that belong to another trademark owner; and non-compliance with prescribed standards such as those relating to safety, materials, and markings. It also provides for the establishment of an LPG Cylinder Exchange

and Swapping Program for the exchange, swapping, or buy back of LPG cylinders among industry participants and the establishment of accredited swapping centers.

As of date, various circulars are in their implementation stage, including the application guidelines for License to Operate (DOE DC 2022-11-037), and establishment of LPG Cylinder Exchange and Swapping Program (DOE DC 2022-11-0002).

In compliance with the Guidelines for the Recognition of LPG Training Institutions (DC 2023-08-0025) Petron was officially recognized by the DOE as a Training Institution on 30 September 2025. This accreditation allows Petron to provide training and certification for qualified LPG service personnel from its own refinery, bulk facilities and network of dealers and retailers.

- Tax Reform for Acceleration and Inclusion (the “TRAIN Law”). Republic Act No. 10963 or the TRAIN Law, which took effect on January 1, 2018, imposed a phased increase in excise taxes on petroleum products from 2018 to 2020. The schedule of increase for this three (3)-year period was as follows:
 - Php2.65-Php2-Php1 per liter (“/li”) per year for gasoline;
 - Php2.50-Php2-Php1.50/li for diesel and fuel oil;
 - Php1-Php1-Php1/kg for LPG; and
 - Php0.33-Php0-Php0/li for jet fuel

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

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

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

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

For the CME component, the DOE issued last May 7, 2024 Department Circular 2024-05-0014 which mandates all oil industry players to implement a 3% (CME blend), from current B2, beginning October 1, 2024. On May 29, 2025, the National Biofuel Board officially deferred the implementation of the 4% and 5% biodiesel blend mandates originally scheduled for October 2025 and October 2026, respectively. This suspension, formalized through Resolution No. 2025-01, Series of 2025, was prompted by concerns over potential increases in pump prices and inflationary effects on the national economy. While increase in CME blend is mandatory, the shift to E20 from E10 is on a voluntary basis.

- Renewable Energy Act of 2008 (the “Renewable Energy Act”). Republic Act No. 9513 or the Renewable Energy Act aims to promote the development and commercialization of renewable and environment-friendly energy resources (e.g. biomass, solar, wind, hydro, and geothermal) through various tax incentives—such as a seven (7)-year income tax holiday and duty-free importation of renewable energy equipment and machinery. The sale of power generated from these energy sources is also exempt from value-added tax under the TRAIN Law. The growth in renewable energy may displace or reduce use of oil-based power plants affecting the Company’s sales to the power sector.
- Clean Air Act of 1999 (the “Clean Air Act”). Republic Act No. 8749 or the Clean Air Act established air quality guidelines and emission standards for stationary and mobile equipment. It also included the required specifications for gasoline, diesel, and IFO to attain emission standards. Petron invested in a gasoil hydrotreater plant and an isomerization plant in order to produce diesel and gasoline that are compliant with the standards set by law.
- Laws on Controlled Chemicals (Presidential Decree No. 1866 as amended by Republic Act No. 9516). The implementing rules and regulations for this amended law were approved on June 9, 2016 and provided a list of chemicals under the control of the Philippine National Police. These rules reduced the controlled list from 101 to 32 chemicals and further classified 15 chemicals as high-risk and 17 as low-risk substances. The rules also outline the procedures for regulating, storing, handling, and transporting chemicals.
- Compliance with Euro 4 standards. In September 2010, the Department of Environment and Natural Resources issued Administrative Order 2010-23, which mandated that by 2016, all new motor vehicles that would be introduced in the market shall comply with Euro 4 emission limits, subject to Euro 4 fuel availability.

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

- Laws on Oil Pollution. To address issues on marine pollution and oil spillage, the Maritime Industry Authority (“MARINA”) mandated the use of double-hull vessels for transporting black products beginning end-2008 and white products by 2011. Petron has been using double-hull vessels in transporting all its products.
- Oil Marine Pollution Circulars. The Philippine Coast Guard has memorandum circulars prescribing the rules and regulations on the prevention, containment, abatement, and control of oil marine pollution by all marine vessels, coastal and offshore facilities, and other facilities utilizing or storing petroleum products. The circulars identify the prohibited acts and provide the penalties.
- Compliance with International Maritime Organization on marine fuel specifications. The Department of Energy (DOE) issued Department Circulars No. 2025-02-0002 and No. 2025-02-0003, published on February 17, 2025. These circulars provide guidelines for marine bunker fuel traders to comply with the mandatory use of the 0.50% m/m sulphur limit for all fuel used on ships for propulsion (i.e. bunkering).
- Anti-Competition Law (the “Philippine Competition Act”). The Philippine Competition Act, approved in July 2015, prohibits anti-competitive agreements, abuses of dominant positions, and mergers and acquisitions that limit, prevent, and restrict competition. To implement the national competition policy and attain the objectives and purposes of the law, the Philippine Competition Commission (“PCC”) was created. Among the powers of the PCC is the review of mergers and acquisitions based on factors it may deem relevant. The PCC, after due notice and hearing, may impose administrative fines on any entity found to have violated the provisions of the law on prohibited arrangements or to have failed to provide prior notification to the PCC of certain mergers and acquisitions.

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

- Amended Price Freeze Act of 2013. Republic Act No. 10623 or the Amended Price Freeze Act was signed on September 6, 2013. This law mandates the implementation of a 15-day price freeze for basic necessities, including LPG and kerosene, in areas declared under a state of emergency or calamity. Further to this, senior citizens and persons with disabilities (“PWDs”) are entitled to a discount for LPG and kerosene as mandated by the following:
 - Joint Administrative Order 17-01. Issued on February 17, 2021, this order provides for a 5% special discount for basic necessities including household LPG and kerosene.
 - Joint Memorandum Circular No. 01, s. 2022. Issued on May 6, 2022, this joint circular ensures that the discounts and privileges of senior citizens and PWDs are recognized if transactions are made online.
- Executive Order (EO) 890: Removing Import Duties on All Crude and Refined Petroleum Products. After the ASEAN Trade in Goods Agreement was implemented in 2010, the tariff rate structure in the oil industry was distorted with crude and product imports from ASEAN countries enjoying zero tariff while crude and product imports from outside the ASEAN were levied a 3% tariff.

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

- Oil Deregulation Law. Approved on February 10, 1998, the law provides for a liberalized and deregulated framework for the downstream oil industry. Recent circulars that serve as additional and more updated guidelines in implementing the law include the following:
 - Department Circular 2019-05-008. This DOE circular requires oil companies to submit a detailed computation, with corresponding explanation and supporting documents, of the cost components of liquid fuel and LPG on a per liter and per product basis. The circular has not been implemented following the temporary restraining orders and writs of preliminary injunction issued by the Regional Trial Courts of Taguig and Mandaluyong. Last September 10, 2024, the Supreme Court made public its decision dated July 31, 2024 affirming the validity of the circular in one of the cases filed against its implementation.
 - Department Circular 2021-09-0029. The “Revised Guidelines on Notices and Reportorial Requirements Pursuant to the Oil Deregulation Law” was published on November 5, 2021. It requires the submission of monthly and annual reports using revised templates for DOE to monitor importation and/or production of oil companies (and for Petron as a refiner) and includes additional reportorial requirements for lubes and blending plants, with more stringent penalties for non-compliance.
- Energy Regulatory Commission Resolution 17 (Series of 2003). The Energy Regulatory Commission issued a resolution on September 13, 2023 that provides for revised guidelines for the application and issuance of a Certificate of Compliance for generation facilities.
- Enhanced Policy to Rationalized Benefits to Communities Hosting Energy Generation and Resource Development Facilities. The DOE signed Department Circular 2025-10-0023 on October 14, 2025

increasing the financial benefits of host communities from Php 0.50/Kwh to Php2.50/Kwh. This policy will be implemented by January 2026.

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

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

In 2025, Petron R&D spent a total Php102.62 million, an increase from the Php87.46 million spent in 2024 and the Php87.42 million expended in 2023.

(xiii) Costs and effects of compliance with environmental laws

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

In 2025, the Company spent a total of Php81.05 million for treatment of wastes, monitoring and compliance, permits, and personnel training at the Petron Bataan Refinery while in 2024, it spent a total of Php49.34 million.

(xiv) Total number of employees and labor relations matters

As of December 31, 2025, the Company and its subsidiaries had 4,587 employees, with 2,386 employees in the Company (comprising one president, one general manager, 32 vice presidents and assistant vice presidents, 1,734 managerial, supervisory, professional and technical employees, and 618 rank-and-file employees); 728 employees of the Company's Malaysian operations; 27 in PSTPL; 1,442 in PLI; and 4 in PFC.

Petron has CBAs with its three (3) labor unions, namely: (i) Bataan Refiners Union of the Philippines ("BRUP"), which is affiliated with the Philippine Transport and General Workers Organization; (ii) Petron Employees Labor Union ("PELU"), and (iii) Petron Employees Association ("PEA"), which is affiliated with the National Association of Trade Unions. The CBAs of BRUP and PELU cover the period from January 1, 2025 to December 31, 2027. While PEA's CBA covers the period from January 1, 2026 to December 31, 2028.

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

(xv) Description of Property

Petron operates an extensive network of terminals, depots, LPG refilling plants and aviation installations which are located in Luzon, Visayas and Mindanao. As of December 31, 2024, its bulk fuel terminals were in Limay, Bataan; Mabini, Batangas; Mandaue City, Cebu; Poro Point, San Fernando, La Union; Navotas, Metro Manila; Rosario, Cavite; Puerto Princesa, Palawan; Culasi, Roxas City; Lapuz, Iloilo City; Bacolod City, Negros Occidental; Ormoc City, Leyte; Anibong, Tacloban City; Isabel, Leyte; Tagoloan, Misamis Oriental; Sasa, Davao City; Iligan City, Lanao del Norte; Jimenez, Misamis Occidental; Bawing, General Santos City; Nasipit, Agusan del Norte; and Zamboanga City. It has third-party facilities at Harbor Center, Tondo, Manila; Limay, Bataan; Subic, Zambales; and PHIVIDEC, Tagoloan, Misamis Oriental. Its sales offices are located in Calapan, Oriental Mindoro; San Jose in Occidental Mindoro; Odiongan, Romblon; Pasacao, Camarines Sur; Mobo, Masbate; Amlan, Negros Oriental; and Tagbilaran City, Bohol. Petron has LPG bulk refilling plants in Ugong, Pasig City; San Fernando, Pampanga; San Pablo City, Laguna; and

Legazpi City, Albay. Among its other installations are aviation depots at JOCASP-NAIA, Pasay City; Mactan, Cebu; Laguindingan, Misamis Oriental; Panglao, Bohol; and Davao City; third-party aviation facilities at Kalibo, Aklan and Clark, Pampanga; airport installations at Laoag City; Puerto Princesa, Palawan; Iloilo City; Caticlan, Aklan; and Zamboanga City; an additive plant in Subic, Zambales, a grease plant in Pandacan Manila, and a lube oil blending plant in Harbor Center, Tondo, Manila. Petron owns the largest petroleum refinery complex in the Philippines located in Limay, Bataan, with a crude distillation capacity of 180,000 barrels per day. In addition to major process units, the refinery also has several crude and product storage tanks, along with its own piers and other berthing facilities, one of which can accommodate very large crude carriers.

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

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

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

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

The Company also filed a motion for summary judgment on May 17, 2019. In a resolution dated November 13, 2019, the trial court granted the Company's motion for summary judgment and ordered (i) the rescission of the Deeds of Conveyance dated 1993 relating to the Company's conveyance of such leased premises to PNOC pursuant to a property dividend declaration in 1993, (ii) the reconveyance by PNOC to the Company of all such properties, and (iii) the payment by the Company to PNOC of the amount of

Php143 million, with legal interest from 1993, representing the book value of the litigated properties at the time of the property dividend declaration. PNOC filed a motion for reconsideration. The Company also filed a motion for partial reconsideration seeking a modification of the judgment to include an order directing PNOC to return to the Company all lease payments the latter had paid to PNOC since 1993. Following the trial court's denial of their separate motions for reconsideration, both PNOC and the Company filed their notices of appeal with the trial court.

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

In a resolution dated November 25, 2024, the Supreme Court denied with finality the motion for reconsideration and the motion to refer to the Supreme Court En Banc that the PNOC filed in December 2023. In a resolution dated July 2, 2025, the Supreme Court denied PNOC's second motion for reconsideration.

On December 12, 2025, the trial court issued an order granting Petron's motion for issuance of writ of execution. In an order dated January 8, 2026, the trial court denied PNOC's omnibus motion praying for the reversal of the trial court's December 12, 2025 order and for the voluntary inhibition of presiding Judge Ryan Scott F. Robiños.

Pursuant to the writ of execution, on December 17, 2025, Petron offered to pay PNOC the amount of P588 million through a manager's check, which PNOC declined to accept. On motion filed by Petron, the trial court issued an order dated February 19, 2026 divesting PNOC of its title over all the properties covered by the Deeds of Conveyance and vested title over them in Petron and ordered the relevant Registers of Deeds to cancel the transfer certificates of title in the name of PNOC and to issue new ones in the name of Petron. The trial court also ordered Petron to consign check that was refused acceptance by PNOC in December 2025. On March 4, 2026, PNOC accepted the check in full satisfaction of Petron's monetary obligations, inclusive of legal interest.

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

(3) Contingent Liabilities

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

- **Guimaras Oil Spill**

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

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

MT Solar I and other statutory/trading certificates issued by MARINA and other pertinent government agencies.

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

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

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

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

The relief sought is the reversal of the SBMI's initial finding that Petron was liable for allegedly overloading the vessel.

The appeal to the DOTC (now the DOTr of the finding of the SBMI that Petron was negligent and responsible for overloading the MT Solar I remain pending as of the date of this report.

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

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

These are complaints for damages filed on August 6, 2009 by a total of 1,063 plaintiffs who allegedly did not receive any payment from the defendants of their claims for damages arising from the oil spill due to the sinking of MT Solar 1 on August 11, 2006. Total claims for both cases amount to Php291.9 million (Php286.4 million and Php5.5 million). The reception of plaintiffs' evidence is on-going.

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

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

Both the Arsenal and Chavez cases have been remanded to and are pending with the trial courts. The plaintiffs filed a motion for partial summary judgment, which was denied by the trial court. In the course of plaintiffs' presentation of evidence, the plaintiffs also moved for trial by commissioner, which was denied by the trial court.

The plaintiffs elevated both matters by way of a petition for certiorari to the Court of Appeals in Cebu City.

In a decision dated August 18, 2025 received by the Company on February 6, 2026, the Court of Appeals dismissed the petition filed by the plaintiffs seeking the reversal of the trial court's previous order denying their motion for partial summary judgment. Similarly, in a decision dated August 19, 2025 received by the Company on January 19, 2026, the Court of Appeals likewise dismissed the petition filed by plaintiffs seeking the reversal of the trial court's previous order denying their motion for trial by commissioner.

In the meantime, proceedings before the trial court continue as of the date of this report.

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

(4) Securities of the Company

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

- Market Information

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

As of March 31, 2026, the total number of common stockholders of the Company was 143,120.

Common Shares

Common shares totaling 463,658,097 were bought back by the Company in 2025 pursuant to the share buy-back program of the Company approved by the Board of Directors on March 4, 2025.

The price of the common shares of the Company as of March 31, 2026 was Php2.91 per share. The price of the common shares of the Company on December 29, 2025, the last trading day of 2025, was Php2.48 per share. And the price of the common shares of the Company on December 27, 2024, the last trading day of 2024, was Php2.43 per share.

The high and low prices of the common shares for each quarter of the last two (2) fiscal years and for the period ended March 31, 2026 are indicated in the table below:

Period	Highest Close		Lowest Close	
	Price (in Peso)	Date	Price (in Peso)	Date
2026				
1 st Quarter	3.50	March 4-5 & 13	2.49	January 2 and 5
2025				
1 st Quarter	2.50	January 13-14	2.28	February 24
2 nd Quarter	2.66	May 26	2.34	April 16, 23 & 29, and May 5
3 rd Quarter	2.56	July 23	2.34	September 29
4 th Quarter	2.53	December 19	2.29	November 18

2024				
1 st Quarter	3.50	January 2-4	3.14	March 20
2 nd Quarter	3.16	April 15	2.72	June 27-28
3 rd Quarter	2.75	July 5 and 8	2.75	July 5 and 8
4 th Quarter	2.88	October 8	2.88	October 8

Preferred Shares

Series 2 Preferred Shares issued in 2014 (“Series 2 Shares”)

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

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

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

Series 3 Preferred Shares issued in 2014 (“Series 3 Shares”)

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

The Series 3A Preferred Shares may be redeemed by the Company starting on 5.5th anniversary from the listing date, which option was exercised by the Company on December 26, 2024.

The Series 3B Preferred Shares may be redeemed starting on the seventh anniversary from the listing date.

Series 3B Preferred Shares

The price of the Series 3B Preferred Shares as of March 31, 2026 was Php1,000.00 per share. The price of the Series 3B Preferred Shares on December 29, 2025, the last trading day of 2025, was Php1,005.00 per share. And the price of the Series 3B Preferred Shares on December 27, 2024, the last trading day of 2024, was Php1,030.00 per share.

The high and low prices of the Series 3B preferred shares for each quarter of the last two (2) fiscal years and for the period ended March 31, 2026 are indicated in the table below:

Period	Highest Close		Lowest Close	
	Price (in Peso)	Date	Price (in Peso)	Date
2026				
1 st Quarter	1,040.00	January 21 and March 11	965.00	March 13

2025				
1 st Quarter	1,050.00	January 14	995.00	March 27-28
2 nd Quarter	1,025.00	April 3	975.00	June 25
3 rd Quarter	1,019.00	September 2	990.00	June 24 and 26, and July 4, 7-9
4 th Quarter	1,040.00	November 26	999.00	October 20
2024				
1 st Quarter	1,010.00	February 13 and 15	960.00	March 13 and 18
2 nd Quarter	1,000.00	April 22 and 30; May 23-24, and June 28	970.00	April 3
3 rd Quarter	1,015.00	August 30	965.00	July 25 and August 5
4 th Quarter	1,030.00	December 27	965.00	November 15

Series 4 Preferred Shares issued in 2023 (“Series 4 Shares”)

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

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

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

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

Series 4A Preferred Shares

The price of the Series 4A Preferred Shares as of March 31, 2026 was Php1,009.00 per share. The price of the Series 4A Preferred Shares on December 29, 2025, the last trading day of 2025, was Php1,010.00. And the price of the Series 4A Preferred Shares on December 27, 2024, the last trading day of 2024, was Php1,005.00.

The high and low prices of the Series 4A preferred shares for each quarter since its issuance and for the period ended March 31, 2026 are indicated in the table below:

	Highest Close		Lowest Close	
Period	Price (in Peso)	Date	Price (in Peso)	Date
2026				
1 st Quarter	1,018.00	March 12	980.00	March 25
2025				
1 st Quarter	1,025.00	January 8-9	966.00	March 14
2 nd Quarter	1,015.00	April 3-4, 15 and 21	975.50	May 22
3 rd Quarter	1,010.00	July 18, August 8	965.50	July 31
4 th Quarter	1,018.00	December 1	970.50	November 14
2024				
1 st Quarter	1,010.00	February 2	971.00	January 19
2 nd Quarter	994.50	April 2	950.00	April 3
3 rd Quarter	996.50	September 17	970.00	July 3
4 th Quarter	1,010.00	December 23	950.00	December 11 and 19

Series 4B Preferred Shares

The price of the Series 4B Preferred Shares as of March 31, 2026 was Php1,010.00 per share. The price of the Series 4B Preferred Shares on December 29, 2025, the last trading day of 2025, was Php1,000.00. And the price of the Series 4B Preferred Shares on December 27, 2024, the last trading day of 2024, was Php1,020.00.

The high and low prices of the Series 4B preferred shares for each quarter since its issuance and for the period ended March 31, 2026 are indicated in the table below:

	Highest Close		Lowest Close	
Period	Price (in Peso)	Date	Price (in Peso)	Date
2026				
1 st Quarter	1,030.00	January 7	987.00	February 25
2025				
1 st Quarter	1,030.00	January 17	965.00	March 31
2 nd Quarter	1,004.00	June 26	965.00	April 14 and 23
3 rd Quarter	1,015.00	September 30	950.00	September 15
4 th Quarter	1,050.00	December 9	950.00	November 18
2024				
1 st Quarter	1,010.00	February 6; March 11 and 27	965.00	January 12

2 nd Quarter	1,010.00	May 24	950.00	May 27
3 rd Quarter	995.00	July 1-2, 5, 9, 18 and 22; August 5, 16, 27-28; September 2, 4, 9, 13	958.00	August 19
4 th Quarter	1,032.00	December 6	965.00	November 11

Series 4C Preferred Shares

The price of the Series 4C Preferred Shares as of March 31, 2026 was Php1,000.00 per share. The price of the Series 4C Preferred Shares on December 29, 2025, the last trading day of 2025, was Php1,009.00. And the price of the Series 4C Preferred Shares on December 27, 2024, the last trading day of 2024, was Php1,043.00.

The high and low prices of the Series 4C preferred shares for each quarter since its issuance and for the period ended March 31, 2026 are indicated in the table below:

Period	Highest Close		Lowest Close	
	Price (in Peso)	Date	Price (in Peso)	Date
2026				
1 st Quarter	1,029.00	March 4	993.00	March 23
2025				
1 st Quarter	1,060.00	January 3	1,005.00	January 15 and March 17
2 nd Quarter	1,045.00	April 2 and May 23	980.00	June 23
3 rd Quarter	1,040.00	July 4	998.00	July 15
4 th Quarter	1,020.00	December 3-5	995.00	December 11
2024				
1 st Quarter	1,000.00	January 16, 19, 22, 29-30; February 7, 16, 20-22, 26	973.00	January 2 and 8
2 nd Quarter	999.00	April 5	925.00	April 18
3 rd Quarter	1,009.00	August 30	960.00	September 11
4 th Quarter	1,043.00	December 27	990.00	October 1 and 9; December 10

Series 4D Preferred Shares

The price of the Series 4D Preferred Shares as of March 31, 2026 was Php1,010.00 per share. The price of the Series 4D Preferred Shares on December 29, 2025, the last trading day of 2025, was Php1,010.00. And the price of the Series 4D Preferred Shares on December 27, 2024, the last trading day of 2024, was Php1,050.00.

The high and low prices of the Series 4D preferred shares for each quarter since its issuance and for the period ended March 31, 2026 are indicated in the table below:

Period	Highest Close		Lowest Close	
	Price (in Peso)	Date	Price (in Peso)	Date
2026				
1 st Quarter	1,010.00	February 23 and March 23-24 and 31	985.00	January 21
2025				
1 st Quarter	1,100.00	January 13	1,020.00	March 21
2 nd Quarter	1,038.00	April 7	1,000.00	June 25-26 and 30
3 rd Quarter	1,020.00	July 4	954.00	September 2
4 th Quarter	1,025.00	December 10	990.00	October 17 and 20
2024				
3 rd Quarter	1,080.00	September 23	1,060.00	September 27
4 th Quarter	1,280.00	December 5	996.00	November 11-12

Series 4E Preferred Shares

The price of the Series 4E Preferred Shares as of March 31, 2026 was Php1,000.00 per share. The price of the Series 4D Preferred Shares on December 29, 2025, the last trading day of 2025, was Php1,015.00. And the price of the Series 4E Preferred Shares on December 27, 2024, the last trading day of 2024, was Php1,050.00.

The high and low prices of the Series 4E preferred shares for each quarter since its issuance and for the period as of March 31, 2026 are indicated in the table below:

Period	Highest Close		Lowest Close	
	Price (in Peso)	Date	Price (in Peso)	Date
2026				
1 st Quarter	1,095.00	January 22	995.00	March 2, 16 and 26
2025				
1 st Quarter	1,070.00	January 7-9, 13-14, 16-17 and 20, and March 25	1,050.00	January 2-3, 6, and 23, February 12, and March 26
2 nd Quarter	1,070.00	April 8	980.00	June 25
3 rd Quarter	1,030.00	August 29 and September 1	998.00	September 26
4 th Quarter	1,015.00	December 19 and 26	996.00	October 27
2024				
3 rd Quarter	1,015.00	September 25-26	1,000.00	September 30
4 th Quarter	1,050.00	December 26-27	1,000.00	October 1 and 7-8

- Holders

The lists of the top 20 stockholders of the common shares and preferred shares of the Company as of March 31, 2026 are as follows:

Common Shares

RANK	STOCKHOLDER NAME	Common	TOTAL SHARES	% OF O/S
1	SEA REFINERY CORPORATION	4,696,885,564	4,696,885,564	52.706209 %
2	PCD NOMINEE CORP. (FILIPINO)	1,897,806,822	1,897,806,822	21.296283 %
3	SAN MIGUEL CORPORATION	1,702,870,560	1,702,870,560	19.108801 %
4	PCD NOMINEE CORP. (NON-FILIPINO)	167,141,322	167,141,322	1.875580 %
5	F. YAP SECURITIES INC.	15,704,918	15,704,918	0.176233 %
6	BENITO KEH	7,200,000	7,200,000	0.080795 %
7	ERNESTO CHUA CHIACO &/OR MARGARET SY CHUA CHIACO	6,000,000	6,000,000	0.067329 %
8	SYSMART CORP.	4,000,000	4,000,000	0.044886 %
9	MARGARET S. CHUACHIACO	3,900,000	3,900,000	0.043764 %
10	MARY FELICCI B. ONGCHUAN	2,950,100	2,950,100	0.033105 %
11	GENEVIEVE S. CHUACHIACO	2,735,000	2,735,000	0.030691 %
12	ERNESSON S. CHUACHIACO	2,732,000	2,732,000	0.030657 %
13	Q - TECH ALLIANCE HOLDINGS, INC.	2,648,500	2,648,500	0.029720 %
14	GENEVIEVE S. CHUA CHIACO	2,490,000	2,490,000	0.027942 %
15	BENEDICT CHUA CHIACO	2,365,000	2,365,000	0.026539 %
16	ANTHONY CHUA CHIACO	2,008,000	2,008,000	0.022533 %
17	MANUEL AWITEN DY	2,000,000	2,000,000	0.022443 %
18	SHAHRAH RAHMANIFARD	2,000,000	2,000,000	0.022443 %
19	KRISTINE CHUA CHIACO	1,956,000	1,956,000	0.021949 %
20	CHING HAI GO &/OR MARTINA GO	1,500,000	1,500,000	0.016832 %
		8,526,893,786	8,526,893,786	95.684734 %

Series 3B Preferred Shares

RANK	STOCKHOLDER NAME	Preferred 3-B	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	6,519,715	6,519,715	98.828483 %
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	44,985	44,985	0.681901 %
3	CAN ASIA INC., RETIREMENT PLAN	5,000	5,000	0.075792 %
4	DISTILERIA BAGO INCORPORATED RETIREMENT PLAN	5,000	5,000	0.075792 %
5	MARILEX REALTY DEVELOPMENT CORPORATION	5,000	5,000	0.075792 %
6	SMHC MULTI-EMPLOYER RETIREMENT PLAN	5,000	5,000	0.075792 %
7	JOIE TINSAY &/OR IRENE TINSAY	4,500	4,500	0.068213 %
8	G. D. TAN & CO. INC.	2,000	2,000	0.030317 %
9	AGNES LOGRONIO BANIQUED	1,000	1,000	0.015158 %
10	ROMUALDO ESTACIO FRANCO OR VIRGINIA M. FRANCO	1,000	1,000	0.015158 %
11	CONCHITA PEREZ JAMORA	500	500	0.007579 %
12	ANTONIO M. OSTREA	500	500	0.007579 %
13	ENRIQUE LL. YUSINGCO	500	500	0.007579 %
14	ENRIQUE MIGUEL L YUSINGCO	500	500	0.007579 %
15	ENRIQUE NOEL L YUSINGCO	500	500	0.007579 %
16	MA. TERESA L YUSINGCO	500	500	0.007579 %
17	ANGELO DE GUZMAN MACABUHAY OR MARITNESS SIGUA MACABUHAY	400	400	0.006063 %
18	JOSE MANUEL R. SAN JUAN	100	100	0.001516 %
19	MICHELLE MARIE Y. SAN JUAN	100	100	0.001516 %
20	HENRY P. YUSINGCO IV	100	100	0.001516 %
		6,596,900	6,596,900	99.998484 %

Series 4A Preferred Shares

RANK	STOCKHOLDER NAME	Preferred 4-A	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	4,963,870	4,963,870	99.277400 %
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	32,630	32,630	0.652600 %
3	G. D. TAN & CO., INC.	2,500	2,500	0.050000 %
4	MICHAEL ANGELO O. LOPEZ OR MA. ANA KHRISTINA L. ATIENZA OR JOSE EMANUEL O. LOPEZ	1,000	1,000	0.020000 %
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		5,000,000	5,000,000	100.000000 %
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Series 4B Preferred Shares

RANK	STOCKHOLDER NAME	Preferred 4-B	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	2,834,790	2,834,790	94.650751 %
2	SAN MIGUEL FOODS, INC. RETIREMENT PLAN	100,000	100,000	3.338898 %
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	21,210	21,210	0.708180 %
4	THE PUREFOODS-HORMEL CO., INC. EMPLOYEES' RETIREMENT PLAN	15,000	15,000	0.500835 %
5	SMHC MULTI-EMPLOYER RETIREMENT PLAN	12,000	12,000	0.400668 %
6	SAN MIGUEL EQUITY INVESTMENTS, INC. RETIREMENT PLAN	2,500	2,500	0.083472 %
7	PROCESS SYNERGY, INC. RETIREMENT PLAN	2,000	2,000	0.066778 %
8	ARCHEN TECHNOLOGIES, INC. RETIREMENT PLAN	1,500	1,500	0.050083 %
9	G. D. TAN & CO., INC.	1,500	1,500	0.050083 %
10	SMCGP MULTI-EMPLOYER RETIREMENT PLAN	1,500	1,500	0.050083 %
11	AGNES LOGRONIO BANIQUED OR EDRIAN JAMES LOGRONIO BANIQUED	1,000	1,000	0.033389 %
12	EAST PACIFIC STAR BOTTLERS PHILS INC. RETIREMENT PLAN	1,000	1,000	0.033389 %
13	SAN MIGUEL FOOD AND BEVERAGE INC. RETIREMENT PLAN	1,000	1,000	0.033389 %
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		2,995,000	2,995,000	100.000000 %
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Series 4C Preferred Shares

RANK	STOCKHOLDER NAME	Preferred 4-C	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	5,216,845	5,216,845	86.875021 %
2	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	250,000	250,000	4.163197 %
3	SAN MIGUEL FOODS, INC. RETIREMENT PLAN	150,000	150,000	2.497918 %
4	SAN MIGUEL YAMAMURA PACKAGING CORPORATION RETIREMENT PLAN	150,000	150,000	2.497918 %
5	GINEBRA SAN MIGUEL INC. RETIREMENT PLAN	50,000	50,000	0.832639 %
6	PCD NOMINEE CORPORATION (NON-FILIPINO)	49,655	49,655	0.826894 %
7	NCC RETIREMENT PLAN	25,000	25,000	0.416320 %
8	THE PUREFOODS-HORMEL CO., INC. EMPLOYEES' RETIREMENT PLAN	20,000	20,000	0.333056 %
9	SMITS, INC. RETIREMENT PLAN	18,000	18,000	0.299750 %
10	MAGNOLIA, INC. RETIREMENT PLAN	15,000	15,000	0.249792 %
11	SAN MIGUEL MILLS, INC. RETIREMENT PLAN	12,000	12,000	0.199833 %
12	SMHC MULTI-EMPLOYER RETIREMENT PLAN	12,000	12,000	0.199833 %
13	DISTILERIA BAGO, INC. RETIREMENT PLAN	5,000	5,000	0.083264 %
14	CAN ASIA INC., RETIREMENT PLAN	4,000	4,000	0.066611 %
15	SAN MIGUEL PROPERTIES, INC. RETIREMENT PLAN	4,000	4,000	0.066611 %
16	SMC SHIPPING AND LIGHTERAGE CORP. RETIREMENT PLAN	4,000	4,000	0.066611 %
17	ANCHOR INSURANCE BROKERAGE CORP. RETIREMENT PLAN	2,500	2,500	0.041632 %
18	SAN MIGUEL EQUITY INVESTMENTS, INC. RETIREMENT PLAN	2,500	2,500	0.041632 %
19	MINDANAO CORRUGATED FIBREBOARD, INC. RETIREMENT PLAN	2,000	2,000	0.033306 %
20	PROCESS SYNERGY, INC. RETIREMENT PLAN	2,000	2,000	0.033306 %
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		5,994,500	5,994,500	99.825146 %
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Series 4D Preferred Shares

RANK	STOCKHOLDER NAME	Preferred 4-D	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	8,199,670	8,199,670	96.466706 %
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	70,830	70,830	0.833294 %
3	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	60,000	60,000	0.705882 %
4	SAN MIGUEL FOODS, INC. RETIREMENT PLAN	50,000	50,000	0.588235 %
5	SAN MIGUEL YAMAMURA PACKAGING CORPORATION RETIREMENT PLAN	50,000	50,000	0.588235 %
6	GINEBRA SAN MIGUEL INC. RETIREMENT PLAN	25,000	25,000	0.294118 %
7	NCC RETIREMENT PLAN	10,000	10,000	0.117647 %
8	MAGNOLIA, INC. RETIREMENT PLAN	8,000	8,000	0.094118 %
9	SMHC MULTI-EMPLOYER RETIREMENT PLAN	7,000	7,000	0.082353 %
10	SAN MIGUEL MILLS, INC. RETIREMENT PLAN	5,000	5,000	0.058824 %
11	DISTILERIA BAGO INCORPORATED RETIREMENT PLAN	3,000	3,000	0.035294 %
12	SAN MIGUEL EQUITY INVESTMENTS, INC. RETIREMENT PLAN	3,000	3,000	0.035294 %
13	SMCGP MULTI-EMPLOYER RETIREMENT PLAN	3,000	3,000	0.035294 %
14	JIMMY ONG OR EVELYN DEBBIE ONG	2,500	2,500	0.029412 %
15	ENRIQUE LL. YUSINGCO	1,500	1,500	0.017647 %
16	SMC MULTI SERVICES RETIREMENT PLAN	500	500	0.005882 %
17	HENRY P. YUSINGCO IV	300	300	0.003529 %
18	SAN MIGUEL FOUNDATION, INC. RETIREMENT PLAN	250	250	0.002941 %
19	SLG MULTI - EMPLOYER RETIREMENT PLAN	250	250	0.002941 %
20	JOSE MANUEL R. SAN JUAN	100	100	0.001176 %
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		8,499,900	8,499,900	99.998824 %
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Series 4E Preferred Shares

RANK	STOCKHOLDER NAME	Preferred 4-E	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	7,982,365	7,982,365	95.826711 %
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	73,135	73,135	0.877971 %
3	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	60,000	60,000	0.720288 %
4	SAN MIGUEL YAMAMURA PACKAGING CORPORATION RETIREMENT PLAN	52,000	52,000	0.624250 %
5	SAN MIGUEL FOODS, INC. RETIREMENT PLAN	50,000	50,000	0.600240 %
6	GINEBRA SAN MIGUEL INC. RETIREMENT PLAN	25,000	25,000	0.300120 %
7	NCC RETIREMENT PLAN	15,000	15,000	0.180072 %
8	MAGNOLIA, INC. RETIREMENT PLAN	10,000	10,000	0.120048 %
9	SAN MIGUEL MILLS, INC. RETIREMENT PLAN	10,000	10,000	0.120048 %
10	SMHC MULTI-EMPLOYER RETIREMENT PLAN	10,000	10,000	0.120048 %
11	SMITS, INC. RETIREMENT PLAN	10,000	10,000	0.120048 %
12	DISTILERIA BAGO INCORPORATED RETIREMENT PLAN	4,000	4,000	0.048019 %
13	SAN MIGUEL PROPERTIES, INC. RETIREMENT PLAN	4,000	4,000	0.048019 %
14	JOIE CLARAVALL TINSAY	3,500	3,500	0.042017 %
15	CAN ASIA INC., RETIREMENT PLAN	3,000	3,000	0.036014 %
16	SAN MIGUEL EQUITY INVESTMENTS, INC. RETIREMENT PLAN	3,000	3,000	0.036014 %
17	SMCGP MULTI-EMPLOYER RETIREMENT PLAN	3,000	3,000	0.036014 %
18	PROCESS SYNERGY, INC. RETIREMENT PLAN	2,500	2,500	0.030012 %
19	ARCHEN TECHNOLOGIES, INC. RETIREMENT PLAN	2,000	2,000	0.024010 %
20	MINDANAO CORRUGATED FIBREBOARD, INC. RETIREMENT PLAN	2,000	2,000	0.024010 %
		8,324,500	8,324,500	99.933974 %

- Dividends**

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

Share Issuances

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

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

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

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

Dividend Declarations and Payments

2026

Common Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
March 3, 2026	P0.15	March 18, 2026	April 15, 2026

Series 3B Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
February 12, 2026	P17.84575	March 4, 2026	April 15, 2026

Series 4A Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
February 12, 2026	P16.76975	March 16, 2026	April 7, 2026

Series 4B Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
February 12, 2026	P16.99300	March 16, 2026	April 7, 2026

Series 4C Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
February 12, 2026	P17.71525	March 16, 2026	April 7, 2026

Series 4D Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
February 12, 2026	P17.09100	March 2, 2026	March 23, 2026

Series 4E Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
February 12, 2026	P17.75800	March 2, 2026	March 23, 2026

2025

Common Shares

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

Series 3B Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	P17.84575	June 2, 2025	June 25, 2025
August 5, 2025	P17.84575	September 4, 2025	September 25, 2025
November 4, 2025	P17.84575	December 1, 2025	December 26, 2025

Series 4A Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	P16.76975	June 16, 2025	July 7, 2025
August 5, 2025	P16.76975	September 16, 2025	October 7, 2025
November 4, 2025	P16.76975	December 9, 2025	January 7, 2026

Series 4B Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	P16.99300	June 16, 2025	July 7, 2025
August 5, 2025	P16.99300	September 16, 2025	October 7, 2025
November 4, 2025	P16.99300	December 9, 2025	January 7, 2026

Series 4C Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	P17.71525	June 16, 2025	July 7, 2025
August 5, 2025	P17.71525	September 16, 2025	October 7, 2025
November 4, 2025	P17.71525	December 9, 2025	January 7, 2026

Series 4D Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	P17.09100	May 29, 2025	June 23, 2025
August 5, 2025	P17.09100	September 2, 2025	September 23, 2025
November 4, 2025	P17.09100	November 28, 2025	December 23, 2025

Series 4E Preferred Shares

Date of Board Approval	Cash Dividends per Share	Record Date	Payment Date
May 6, 2025	P17.75800	May 29, 2025	June 23, 2025
August 5, 2025	P17.75800	September 2, 2025	September 23, 2025
November 4, 2025	P17.75800	November 28, 2025	December 23, 2025

2024

Common Shares

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

Series 3A Preferred Shares

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

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

Series 3B Preferred Shares

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

Series 4A Preferred Shares

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

Series 4B Preferred Shares

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

Series 4C Preferred Shares

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

Series 4D Preferred Shares

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

Series 4E Preferred Shares

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

Distributions

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

- Description of Petron’s Shares

The Company has an authorized capital stock of Php10 billion divided into 9,375,104,497 common shares and 624,895,503 preferred shares, with a par value of Php1 each. As of the date of this report, the outstanding shares of the Company are composed of 8,911,446,400 common shares, 6,597,000 Series 3B Preferred Shares, 5,000,000 Series 4A Preferred Shares, 2,995,000 Series 4B Preferred Shares, 6,005,000 Series 4C Preferred Shares, 8,500,000 Series 4D Preferred Shares and 8,330,000 Series 4E Preferred Shares. The Company has 89,403,000 preferred treasury shares and 463,658,097 common treasury shares.

Common shares totaling 463,658,097 were bought back by the Company in 2025 pursuant to the share buy-back program of the Company approved by the Board of Directors on March 4, 2025.

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

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

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

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

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

- **Stock Ownership Plan**

Petron currently does not have a stock ownership plan or program. In 1994, when Petron's initial public offering was undertaken, a special secondary sale of Petron's shares was offered to its employees. The entitlement of shares at the listing price of P9.00 per share was made equivalent to the employee's base pay factored by his/her service years with Petron. Petron's executive officers, except the Chairman, the President and the Vice President for Corporate Planning, were entitled to own Petron shares under this stock ownership plan. Preparatory to the listing of the Company's preferred shares, avilment of said shares was offered to employees from February 15 to 19, 2010.

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

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

The securities discussed below were either sold in the Philippines by the Company in the past three (3) years (from 2023) or had developments during the same three (3)-year period. These securities were offered to institutional lenders not exceeding 19 or to not more than 19 non-qualified buyers or to any number of qualified buyers as defined in the Code and their offer and sale therefore qualified as exempt transactions pursuant to Sections 10.1(k) and 10.1(l) of the Code. A confirmation of exemption from the SEC that the offer and sale of the securities in the Philippines qualified as an exempt transaction under the Code was not required to be, and had not been, obtained.

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

US\$475 Million Senior Perpetual Capital Securities

On September 22, 2025, the Company issued US\$475 million Senior Perpetual Capital Securities which were listed on Singapore Exchange Securities Trading Limited (“SGX-ST”) on September 23, 2025 (“2025 Capital Securities”).

US\$550 Million Senior Perpetual Capital Securities

On April 19, 2021, the Company issued US\$550 million Senior Perpetual Capital Securities which were listed on the SGX-ST on April 20, 2021 (“2021 Capital Securities”).

On September 15, 2025, the Company made an exchange and tender offer to existing securityholders, resulting in the tender for exchange of US\$333.19 million of the principal amount of the 2021 Capital Securities with the 2025 Capital Securities and the tender for purchase in cash of US\$54.199 million of the principal amount of the 2021 Capital Securities. The settlement of the transactions took place on September 22, 2025, leaving the 2021 Capital Securities with an outstanding amount of US\$162.611 million.

In its March 3, 2026 meeting, the Board of Directors approved the redemption of the remaining outstanding 2021 Capital Securities on April 19, 2026.

US Dollar Redeemable Perpetual Securities

On June 22, 2020 and August 10, 2020, the Company issued redeemable perpetual securities (the “Redeemable Perpetual Securities”) Redeemable Perpetual Securities in the amount of US\$111.50 million were redeemed on September 25 and October 2, 2024, and April 4 and August 14, 2025.

(5) Corporate Governance

Corporate Governance Manual

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

On March 3, 2026, the Board of Directors approved the revisions to the Corporate Governance Manual to include the creation of a Board Sustainability Committee, and the right of stockholders owning at least 10% of the total outstanding voting capital stock to call for a special stockholders’ meeting for a legitimate purpose and the procedure for the exercise of such right.

Various Corporate Policies; Adoptions and Revisions in 2023

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

Revised Whistle-blowing and Non-Retaliation Policy

The Revised Whistle-blowing and Non-Retaliation Policy of the Petron Group expanded the coverage of the original policy. In addition to concerns on accounting, internal controls, auditing or financial

reporting matters such as malpractice, impropriety, theft or fraud, gross mismanagement or waste of funds, the policy now also covers illegal or non-compliant conduct and misconduct such as violations of any law or regulation, violations of the Revised Code of Business Conduct and Ethical Business Policy and other policies of the Company, and improper or unethical behavior likely to cause financial loss or prejudice to company reputation or constituting abuse of authority, harassment or duress. A Whistleblowing Relations Officer and a Whistleblowing Committee have been designated for the conduct of investigations.

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

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

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

Anti-Sexual Harassment Policy

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

Policy on Conflict of Interest

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

Diversity, Equity, and Inclusion Policy

This policy documents the dedication of the Petron Group to foster a welcoming and positive working environment. Recognizing that the workplace is an extension of an employee's social and cultural identity, the Petron Group aligns this with its core values and cultivates an open and safe space for its most valuable asset, its human capital. With this policy, the Petron Group expressly and consciously advocates an inclusive organization which is representative of all the sectors of society and which

promotes an equal and inclusive workplace, respects diversity, and accepts differences in order to attract and retain skilled employees, enhance productivity, and foster loyalty and unity within the Petron Group.

Policy on Child and Forced Labor

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

Board Diversity Policy

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

Revised Code of Conduct and Ethical Business Policy

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

Policy on Dealings in Securities

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

Board Assessment; Summary of 2025 Assessment

Board Assessment

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

The self-assessment forms covers the evaluation of the (1) fulfillment of the key responsibilities of the Board of Directors including the consideration of the interests of minority shareholders and stakeholders and their equitable treatment in its decision-making processes, the pursuit of good corporate governance, the establishment of a clear strategic direction for the Company designed to maximize long-term shareholder value, the review and approval of financial statements and budgets, and the appointment of directors who can add value and contribute independent judgment to the formulation of sound policies and strategies of the Company and officers who are competent and highly motivated; (2) relationship between the Board of Directors and the Management of the Company including having a

clear understanding of where the role of the Board of Directors ends and where that of Management begins, the participation of the Board of Directors and the board committees in major business policies or decisions, the continuous interaction with Management for an understanding of the businesses better, and the consideration of the correlation between executive pay and Company performance; (3) effectiveness of board process and meetings through the adequacy of the frequency, duration and scheduling of board and committee meetings, the ability of the Board of Directors to balance and allocate its time effectively in discussing issues related to the Company's strategy and competitiveness, the attendance at board and committee meetings and the conduct of meetings in a manner that ensures open communication, meaningful participation, and timely resolution of issues, the wide and diverse range of expertise and occupational and personal backgrounds of the directors, and the institutionalization of a formal review process for monitoring the effectiveness of the Board of Directors and the individual directors; and (4) individual performance of the directors including a director's understanding of the mission, values and strategies of the Company, his/her duties as a director and the Company's Articles, the Company's By-laws and governing policies and applicable law, rules and regulations, the attendance at meetings and the conscious effort to avoid entering into situations where a director may be placed in a conflict of interest with that of the Company.

2025 Board Assessment

All the 15 directors accomplished the annual self-assessment for 2025. The average self-rating by the Directors covering all four (4) topics discussed above was 4.75 (out of a possible 5.0), broken down as follows: (1) Fulfilment of Board Key Responsibilities - The ratings averaged 4.70 based on a series of nine (9) questions; (2) Board-Management Relationship - The ratings averaged 4.73 based on a series of four (4) questions; (3) Effectiveness of Board Processes and Meetings-- The ratings averaged 4.77 based on a series of nine (9) questions; and (4) Individual Performance of Directors-- The ratings averaged 4.80 based on a series of 10 questions.

Compliance with the Corporate Governance Manual

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

- Its directors possess all the qualifications and none of the disqualifications of a director under the Corporate Governance Manual, the Company's By-laws and applicable laws and regulations.
- The Company had three (3) independent directors (Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Margarito B. Teves, and Mr. Ricardo C. Marquez) and a Compliance Officer (Atty. Jhoanna Jasmine M. Javier-Elacio).
- The Company had a Lead Independent Director (Mr. Margarito B. Teves).
- The Company regularly held board meetings and board committee meetings, at which a quorum was always present.
- The directors properly discharge their duties and responsibilities as directors and attended a corporate governance seminar.
- Each director accomplished a self-assessment form for 2025.
- The Company has an external auditor.
- The Company has an Internal Audit Department.
- The Company respects and observes the rights of its stockholders under applicable law.
- The Company is in material compliance with laws and regulations applicable to its business operations, including applicable accounting standards and disclosure requirements.

Pursuit of Corporate Governance

As above-discussed, the Company adopted on May 8, 2017 its new Corporate Governance Manual to align with the Code of Corporate Governance for Publicly Listed Company approved by the SEC and which took effect on January 1, 2017. The Company revised the Corporate Governance Manual to be consistent with recent applicable law and rules and the current corporate governance best practice.

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

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

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

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

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

In 2025, the Company once again received a Golden Arrow award (three arrows) from the Institute of Corporate Directors in recognition of the Company as a top-performing Philippine publicly-listed company. This award was for the ASEAN Corporate Governance Scorecard for 2024.

(6) Director Meeting and Corporate Governance Seminar Attendance

Board and Annual Stockholders' Meetings Attendance

The list of the directors of the Company and the directors' attendance at meetings held in 2025 are set out in the next page.

Corporate Governance Seminar Attendance

All the directors of the Company (together with all its executive officers in 2025, the Internal Auditor and the Assistant Corporate Secretary) completed a corporate governance seminar for year 2025 conducted in accordance with SEC Memorandum Circular No. 20, Series of 2013.

Director's Name	February 13 Special Board Meeting	March 4 Regular Board Meeting	May 2 Annual Stockholders' Meeting	May 2 Organizational Board Meeting	May 6 Regular Board Meeting	August 5 Regular Board Meeting	November 4 Regular Board Meeting
1. Ramon S. Ang	✓	✓	✓	✓	✓	✓	✓
2. Lubin B. Nepomuceno	✓	✓	✓	✓	✓	✓	✓
3. Estelito P. Mendoza*	✓	✓	N/A	N/A	N/A	N/A	N/A
4. Jose P. De Jesus	✓	✓	✓	✓	✓	✓	✓
5. Ron W. Haddock	✓	✓	✓	✓	✓	✓	✓
6. Mirzan Mahathir	✓	✓	✓	✓	✓	✓	✓
7. Aurora T. Calderon	✓	✓	✓	✓	✓	✓	✓
8. Francis H. Jardeleza	✓	✓	✓	✓	✓	✓	✓
9. Virgilio S. Jacinto	✓	✓	✓	✓	✓	✓	✓
10. Nelly Favis-Villafuerte	✓	✓	✓	✓	✓	✓	✓
11. Horacio C. Ramos**	✓	✓	N/A	N/A	N/A	N/A	N/A
12. John Paul L. Ang	▼	✓	✓	✓	✓	✓	✓
13. Emmanuel E. Eraña***	N/A	N/A	✓	✓	✓	✓	✓
14. Jacqueline L. Ang***	N/A	N/A	✓	✓	✓	✓	✓
15. Artemio V. Panganiban	✓	✓	✓	✓	✓	✓	✓
16. Margarito B. Teves	✓	✓	✓	✓	✓	✓	✓
17. Ricardo C. Marquez	✓	✓	✓	✓	✓	✓	✓

Legend: ✓ - Present ▼ - Absent

* - Ceased to be a Director and Member of the Corporate Governance Committee and Audit Committee due to his early demise on March 26, 2025

** - Ceased to be a Director due to his early demise on April 17, 2025

*** - Elected as Director at the May 2, 2025 Annual Stockholders' Meeting

Board Committee Meeting Attendance

The list of members of the board committees and the members' attendance at meetings held in 2025 are set out below.

Executive Committee

Members	January 28	March 27	July 22	September 4
Ramon S. Ang (Chairperson)	✓	✓	✓	✓
Lubin B. Nepomuceno (Member)	✓	✓	✓	✓
Aurora T. Calderon (Member)	✓	✓	✓	✓
Virgilio S. Jacinto (Alternate Member)	-	-	-	-
John Paul L. Ang (Alternate Member)	-	-	-	-

Audit Committee

Members	March 4	May 6	August 5	November 4
Margarito B. Teves (Chairperson; Independent Director)	✓	✓	✓	✓
Artemio V. Panganiban (Independent Director)	✓	✓	✓	✓
Ricardo C. Marquez (Independent Director)	✓	✓	✓	✓
Estelito P. Mendoza*	✓	N/A	N/A	N/A
Aurora T. Calderon	✓	✓	✓	✓

John Paul L. Ang**	N/A	✓	✓	✓
Ferdinand K. Constantino - Advisor	✓	✓	✓	✓

* Ceased to be a Member of the Audit Committee due to his demise on March 26, 2025

** Elected as a Member of the Audit Committee during the Organizational Board Meeting on May 2, 2025

Corporate Governance Committee

Members	March 4	March 27
Artemio V. Panganiban (Chairperson, Independent Director)	✓	✓
Margarito B. Teves (Independent Director)	✓	✓
Ricardo C. Marquez (Independent Director)	✓	✓
Estelito P. Mendoza*	✓	N/A
Francis H. Jardeleza**	N/A	N/A
Virgilio S. Jacinto	✓	✓

* Ceased to be a Member of the Corporate Governance Committee due to his demise on March 26, 2025

** Elected as a Member of the Corporate Governance Committee during the Organizational Board Meeting on May 2, 2025

Related Party Transaction Committee

Members	November 4
Artemio V. Panganiban (Chairperson; Independent Director)	✓
Margarito B. Teves (Independent Director)	✓
Aurora T. Calderon	✓

ANNEX D

2025 Audited Financial Statements (Petron & Subsidiaries) and Statement of Management's Responsibility for Financial Statements



SECURITIES AND EXCHANGE COMMISSION

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



The following document has been received:

Receiving: ICTD ERMD

Receipt Date and Time: March 31, 2026 04:46:44 PM

Company Information

SEC Registration No.: 0000031171

Company Name: PETRON CORPORATION

Industry Classification: E40200

Company Type: Stock Corporation

Document Information

Document ID: OST103312026811149308

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2025

Submission Type: Consolidated, Annual

Remarks: None

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



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, 2025, 2024, and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

A handwritten signature in black ink, appearing to be 'RL' or similar, written over a horizontal line.

RAMON S. ANG

President, Chief Executive Officer and Acting Chairman

A handwritten signature in black ink, appearing to be 'Emmanuel E. Erana', written over a horizontal line.

EMMANUEL E. ERANA

Senior Vice President and Chief Finance Officer

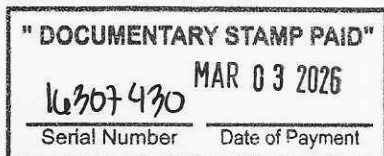
Signed this 3rd day of March 2026

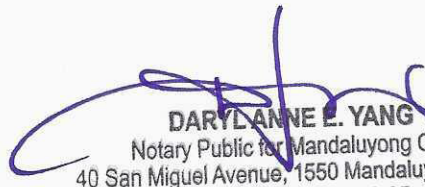
SUBSCRIBED AND SWORN TO before me, a Notary Public for and in the City of Mandaluyong, Metro Manila, this MAR 03 2026, affiants being personally known to me and signed this instrument in my presence and avowed under penalty of law to the whole truth of contents thereof.

Name
Ramon S. Ang
Emmanuel E. Eraña

Competent Evidence of Identity Date/Place of Issue

Doc. No. 295;
Page No. 60;
Book No. III;
Series of 2026




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. 6040422 /01-06-2026/ Mandaluyong
IBP No. 580067/12-31-2025/Laguna
MCLE Compliance No. VIII-0015850/11-11-2024

PETRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025, 2024 and 2023

With Independent Auditors' Report

R.G. Manabat & Co.



R.G. Manabat & Co.
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6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
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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, 2025 and 2024, 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, 2025, 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, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025, 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 consolidated financial statements of public interest entities in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

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 (P809,766 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, implementation and operating effectiveness of controls over the recording of revenue transactions.
- We checked, on a sampling basis, the sales transactions to supporting documentation such as sales invoices and delivery documents.
- We performed data and analytics procedures through two-way matching of sales invoices and delivery receipts for the last month of the current financial year and the first month of the following year, to assess whether revenue was recognized in the correct financial year, after performing manual testing over the population to assess the integrity of the information used.
- We tested journal entries posted to revenue accounts, including any unusual or irregular items.
- We tested, on a sampling basis, 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 (P67,495 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 evaluated 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 (P9,767 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, gross profit margin, growth rate and discount rate.
- 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, forecasted inflation rates and discount rate, 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, 2025, 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, 2025 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements.

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.

R.G. Manabat & Co.



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

R.G. MANABAT & CO.

A handwritten signature in black ink that reads 'Rohanie C. Galicia'.

ROHANIE C. GALICIA

Partner

CPA License No. 0118706

SEC Accreditation No. 118706-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements

Tax Identification No. 249-773-914

BIR Accreditation No. 08-001987-044-2024

Issued July 17, 2024; valid until July 17, 2027

PTR No. MKT 10764394

Issued January 5, 2026 at Makati City

March 31, 2026

Makati City, Metro Manila

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

	Note	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	5, 34, 35	P42,059	P30,389
Financial assets at fair value	6, 14, 34, 35	1,080	1,044
Trade and other receivables - net	4, 7, 28, 34, 35	81,603	82,762
Inventories	4, 8	67,495	90,570
Other current assets	14, 28	46,429	51,108
Total Current Assets		238,666	255,873
Noncurrent Assets			
Investment in shares of stock of an associate and a joint venture	2, 13	1,227	1,165
Property, plant and equipment - net	4, 9, 11, 37	167,417	169,302
Right-of-use assets - net	4, 10	2,315	2,925
Investment property - net	4, 9, 11	30,101	28,243
Deferred tax assets - net	4, 27	548	560
Goodwill - net	4, 12	9,767	8,731
Other noncurrent assets - net	4, 6, 14, 34, 35	1,921	2,003
Total Noncurrent Assets		213,296	212,929
		P451,962	P468,802
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term loans	15, 33, 34, 35, 37	P91,900	P138,906
Liabilities for crude oil and petroleum products	16, 28, 31, 34, 35	51,407	51,625
Trade and other payables	17, 28, 30, 33, 34, 35, 39	33,021	29,012
Lease liabilities - current portion	4, 31, 33, 34	1,513	1,295
Derivative liabilities	34, 35	1,722	1,699
Income tax payable		809	304
Current portion of long-term debt - net	18, 33, 34, 35	13,200	29,418
Total Current Liabilities		193,572	252,259

Forward

	Note	2025	2024
Noncurrent Liabilities			
Long-term debt - net of current portion	18, 33, 34, 35	P111,277	P88,025
Retirement benefits liability - net	30	3,734	3,661
Deferred tax liabilities - net	27	7,917	6,719
Lease liabilities - net of current portion	4, 31, 33, 34	12,572	12,120
Asset retirement obligation	4, 19	1,384	1,321
Other noncurrent liabilities	20, 34, 35	483	487
Total Noncurrent Liabilities		137,367	112,333
Total Liabilities		330,939	364,592
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	21	9,502	9,502
Additional paid-in capital		57,698	57,698
Capital securities		40,321	34,555
Retained earnings		42,908	33,715
Equity reserves		(18,225)	(19,350)
Treasury stock		(22,133)	(21,003)
Total Equity Attributable to Equity Holders of the Parent Company		110,071	95,117
Non-controlling Interests	12	10,952	9,093
Total Equity		121,023	104,210
		P451,962	P468,802

See Notes to the Consolidated Financial Statements.

PETRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Million Pesos, Except Per Share Data)

	<i>Note</i>	2025	2024	2023
SALES	28, 31, 37	P809,766	P867,966	P801,027
COST OF GOODS SOLD	22	753,748	821,753	754,429
GROSS PROFIT		56,018	46,213	46,598
SELLING AND ADMINISTRATIVE EXPENSES	23	(20,663)	(18,757)	(17,568)
OTHER OPERATING INCOME	29	1,968	1,767	1,683
INTEREST EXPENSE AND OTHER FINANCING CHARGES	26, 37	(18,708)	(20,961)	(19,095)
INTEREST INCOME	26, 37	1,182	1,201	1,284
SHARE IN NET INCOME OF AN ASSOCIATE AND A JOINT VENTURE	13	167	114	89
OTHER INCOME (EXPENSE) - Net	26	(559)	3,417	119
		(36,613)	(33,219)	(33,488)
INCOME BEFORE INCOME TAX		19,405	12,994	13,110
INCOME TAX EXPENSE	27, 36, 37	3,778	4,523	2,998
NET INCOME		P15,627	P8,471	P10,112
Attributable to:				
Equity holders of the Parent Company	32	P14,752	P8,469	P9,229
Non-controlling interests	12	875	2	883
		P15,627	P8,471	P10,112
BASIC/DILUTED EARNINGS PER COMMON SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	32	P1.12	P0.30	P0.27

See Notes to the Consolidated Financial Statements.

PETRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Million Pesos)

	<i>Note</i>	2025	2024	2023
NET INCOME		P15,627	P8,471	P10,112
OTHER COMPREHENSIVE LOSS				
<i>Item that will not be reclassified to profit or loss</i>				
Equity reserve for retirement plan	30	(204)	(1,655)	(38)
Income tax benefit	27	50	409	9
		(154)	(1,246)	(29)
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Loss on cash flow hedges		-	-	(68)
Exchange differences on translation of foreign operations		6,406	4,171	(2,418)
Share in other comprehensive income of an associate and a joint venture		8	1	4
Income tax benefit	27	-	-	18
		6,414	4,172	(2,464)
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		6,260	2,926	(2,493)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR - Net of tax		P21,887	P11,397	P7,619
Attributable to:				
Equity holders of the Parent Company		P19,901	P10,765	P7,146
Non-controlling interests	12	1,986	632	473
		P21,887	P11,397	P7,619

See Notes to the Consolidated Financial Statements.

PETRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Million Pesos)

	Note	Equity Attributable to Equity Holders of the Parent Company									Non-controlling Interests	Total Equity
		Capital Stock	Additional Paid-in Capital	Capital Securities	Retained Earnings		Equity Reserves			Total		
					Appropriated	Unappropriated	Reserve for Retirement Plan	Other Reserves	Treasury Stock			
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
Exchange differences on translation of foreign operations		-	-	-	-	-	-	5,307	-	5,307	1,099	6,406
Equity reserve for retirement plan - net of tax		-	-	-	-	-	(166)	-	-	(166)	12	(154)
Share in other comprehensive income of an associate and a joint venture		-	-	-	-	-	-	8	-	8	-	8
Other comprehensive income (loss)		-	-	-	-	-	(166)	5,315	-	5,149	1,111	6,260
Net income for the year		-	-	-	-	14,752	-	-	-	14,752	875	15,627
Total comprehensive income (loss) for the year		-	-	-	-	14,752	(166)	5,315	-	19,901	1,986	21,887
Cash dividends	12, 21	-	-	-	-	(2,894)	-	-	-	(2,894)	(128)	(3,022)
Distributions paid	21	-	-	-	-	(2,664)	-	-	-	(2,664)	-	(2,664)
Acquisition of common treasury shares	21	-	-	-	-	-	-	-	(1,130)	(1,130)	-	(1,130)
Issuance of capital securities	21	-	-	26,794	-	-	-	-	-	26,794	-	26,794
Repurchase of capital securities	21	-	-	(21,028)	-	-	-	(4,024)	-	(25,052)	-	(25,052)
Reversal of appropriation	21	-	-	-	(3)	2	-	-	-	(1)	1	-
Transactions with owners		-	-	5,766	(3)	(5,556)	-	(4,024)	(1,130)	(4,947)	(127)	(5,074)
As of December 31, 2025		P9,502	P57,698	P40,321	P -	P42,908	(P7,836)	(P10,389)	(P22,133)	P110,071	P10,952	P121,023

Forward

	Equity Attributable to Equity Holders of the Parent Company											
				Retained Earnings		Equity Reserves						
	Note	Capital Stock	Additional Paid-in Capital	Capital Securities	Appropriated	Unappropriated	Reserve for Retirement Plan	Other Reserves	Treasury Stock	Total	Non-controlling Interests	Total Equity
As of December 31, 2023		P9,485	P40,985	P37,529	P3	P31,844	(P6,466)	(P14,794)	(P7,600)	P90,986	P8,674	P99,660
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 a joint venture		-	-	-	-	-	-	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	12, 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	Appropriated	Unappropriated	Reserve for Retirement Plan	Other Reserves	Treasury Stock	Total	Non-controlling Interests	Total Equity
As of December 31, 2022		P9,485	P37,500	P62,712	P7,003	P23,379	(P6,437)	(P10,454)	(P18,000)	P105,188	P8,413	P113,601
Exchange differences on translation of foreign operations		-	-	-	-	-	-	(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 a joint venture		-	-	-	-	-	-	4	-	4	-	4
Other comprehensive loss		-	-	-	-	-	(29)	(2,054)	-	(2,083)	(410)	(2,493)
Net income for the year		-	-	-	-	9,229	-	-	-	9,229	883	10,112
Total comprehensive income (loss) for the year		-	-	-	-	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		P9,485	P40,985	P37,529	P3	P31,844	(P6,466)	(P14,794)	(P7,600)	P90,986	P8,674	P99,660

See Notes to the Consolidated Financial Statements.

PETRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Million Pesos)

		2025	2024 As Reclassified (Note 33)	2023 As Reclassified (Note 33)
	<i>Note</i>			
CASH FLOWS FROM				
OPERATING ACTIVITIES				
Income before income tax		P19,405	P12,994	P13,110
Adjustments for:				
Interest expense and other financing charges	26, 37	18,708	20,961	19,095
Depreciation and amortization	25, 37	14,509	13,456	13,292
Unrealized foreign exchange losses (gains) - net		824	2,043	(327)
Impairment loss (reversal of impairment) of receivables and inventories - net	7, 8	647	(341)	36
Retirement benefits costs	30	356	270	257
Interest income	26	(1,182)	(1,201)	(1,284)
Share in net income of an associate and a joint venture	13	(167)	(114)	(89)
Gain on lease termination	26	-	(3,509)	-
Other losses - net	9, 11, 26	406	592	154
Operating income before working capital changes		53,506	45,151	44,244
Changes in noncash assets, certain current liabilities and others	33	32,675	(13,094)	(6,140)
Cash generated from operations		86,181	32,057	38,104
Contribution to retirement fund	30	(850)	(1,023)	(1,015)
Interest paid		(16,432)	(18,594)	(17,117)
Income taxes paid		(1,445)	(413)	(948)
Interest received		1,291	1,181	1,292
Net cash flows provided by operating activities		68,745	13,208	20,316

Forward

			2024 As Reclassified (Note 33)	2023 As Reclassified (Note 33)
	Note	2025		
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	9	(P7,111)	(P9,960)	(P7,047)
Proceeds from sale of property and equipment		20	12	49
Acquisition of investment property	11	(259)	(376)	(244)
Proceeds from sale of investment property		210	-	1
Dividend received from an associate	13	113	108	-
Increase in other noncurrent assets		(37)	-	(9)
Payment for acquisition of a subsidiary	12	-	-	(300)
Net cash flows used in investing activities		(7,064)	(10,216)	(7,550)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans, bonds and advances	28, 33	398,298	385,910	289,660
Payments of:				
Loans, bonds and advances	33	(440,479)	(377,659)	(287,868)
Lease liabilities	29, 33	(2,592)	(2,780)	(2,463)
Cash dividends and distributions	21, 33	(6,320)	(6,723)	(7,356)
Repurchase of common treasury shares	21	(1,130)	-	-
Issuance/reissuance of preferred shares	21	-	16,730	13,885
Redemption of preferred shares	21	-	(13,403)	-
Issuance of capital securities	21	26,794	-	-
Repurchase of capital securities	21	(25,052)	(3,360)	(27,469)
Share issuance cost of a subsidiary		-	-	(142)
Net cash flows used in financing activities		(50,481)	(1,285)	(21,753)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		470	1,163	(677)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		11,670	2,870	(9,664)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		30,389	27,519	37,183
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	5	P42,059	P30,389	P27,519

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 diesel, gasoline, jet fuel, liquefied petroleum gas (LPG), kerosene, and petrochemicals. From the refinery, Petron moves its products mainly by sea to nearly 40 terminals and airport installations 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 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 more than 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, 2025, the Parent Company's public float stood at 28.04%.

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 and are listed for trading at the PSE.

As of December 31, 2025, the three (3) principal common shareholders of the Company holding at least 5% of its common stock are SEA Refinery Corporation ("SEA Refinery") (52.71%), PCD Nominee Corporation - Filipino (21.28%), and SMC (19.11%). SEA Refinery is a wholly-owned subsidiary of SMC. SMC thus holds an aggregate 71.82% 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 accompanying consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries and the Group's interests in associate and joint venture (collectively referred to as the Group).

The consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on March 3, 2026.

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		Country of Incorporation
	2025	2024	
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	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, 2025 and 2024, NVRC owns 100% of Las Lucas Construction and Development Corporation (LLCDC), South Luzon Prime Holdings, Inc. (SLPHI), and 60% of Mariveles Landco Corporation (MLC). On August 5, 2025, the SEC approved the merger of LLCDC, Abreco Realty Corporation (ARC), and Parkville Estates and Development Corporation (PEDC), with LLCDC as the surviving entity. Both ARC and PEDC were 100% owned by NVRC prior to the merger.

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), incorporated in Malaysia.

As of December 31, 2025 and 2024, 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. On July 18, 2025, PFL has completed its dissolution and liquidation.

PAHL is a holding company incorporated in Hong Kong in March 2008. As of December 31, 2025 and 2024, 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, 2025 and 2024, 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 2025 and 2024.

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.

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

Adoption of Amendments to Standards

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

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

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

The adoption of the amendments to 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, 2025, and have not been applied in preparing the consolidated financial statements.

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

- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 Financial Instruments and PFRS 7 Financial Instruments: Disclosures)*. The amendments relate to the date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features, and disclosures on investments in equity instruments.

Date of Recognition and Derecognition. The amendments clarified that:

- a financial asset or financial liability is recognized on the date on which the entity becomes party to the contractual provisions of the instrument unless the regular way exemption applies;
- a financial asset is derecognized on the date on which the contractual rights to cash flows expire or the asset is transferred; and
- a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished because the obligation specified in the contract is discharged or cancelled or expires or the liability otherwise qualifies for derecognition.

However, the amendments provide an exception for the derecognition of financial liabilities where an entity may choose to derecognize a financial liability that is settled using an electronic payment system before the settlement date if, and only if, the entity has initiated the payment instruction that resulted in:

- the entity having no practical ability to withdraw, stop or cancel the payment instruction;
- the entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- settlement risk associated with the electronic payment system is insignificant.

Entities may choose to apply the exception on a system-by-system basis.

Classification of Financial Assets. The amendments related to classification of financial assets introduced an additional test to assess whether the solely payments of principal and interest (SPPI) criterion is met for financial assets with contingent features that are not related directly to a change in basic lending risks or costs.

The amendments clarified that when a contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs, the financial asset has contractual cash flows that are SPPI if, and only if, in all contractually possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

Additional disclosures are required for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

Contractually Linked Instruments and Non-recourse Features. The amendments clarify the key characteristics of contractually linked instruments (CLIs) and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test). For example, it clarifies that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets; that CLIs have non-recourse features, but not all financial assets with non-recourse features are CLIs; and that the underlying pool of instruments of CLIs may include financial assets outside the scope of PFRS 9.

Disclosures on Investments in Equity Instruments. The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI). The entity discloses for each class of investment the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognized during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period. It also discloses any transfers of the cumulative gain or loss within equity during the reporting period related to investments derecognized during that reporting period.

The amendments apply for reporting periods beginning on or after January 1, 2026. Earlier application is permitted. Entities may choose to early-adopt the amendments for the recognition and derecognition of financial assets and financial liabilities separately from the other amendments.

- *Contracts Referencing Nature-dependent Electricity (Amendments to PFRS 9 and 7).* The amendments clarify the application of the own-use exemption for contracts referencing electricity from nature-dependent renewable energy sources, amend the hedge accounting requirements to allow these contracts to be designated as hedging instruments if certain conditions are met, and introduce additional disclosure requirements on the impact of these contracts on the financial performance and future cash flow.

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

- Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9). The amendments:
 - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in statement of income; and
 - replaced the term 'their transaction price (as defined in PFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying PFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

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

- PFRS 18, *Presentation and Disclosure in Financial Statements*, will replace PAS 1, *Presentation of Financial Statements* and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.
 - *A more structured income statement.* PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories - operating, investing, and financing - based on a company's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.
 - *Management-defined performance measures.* PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.

- *Greater disaggregation of information.* PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

PFRS 18 also now requires goodwill to be presented as a line item in the statement of financial position.

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

PFRS 18 also amends PAS 33 *Earnings per Share* to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

PFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. It applies retrospectively in accordance with PAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Specific reconciliations are required to be disclosed. Eligible entities including venture capital organizations, mutual funds and some insurers will be allowed to change their election for measuring investments in associates and joint ventures from equity method to fair value through profit or loss.

- PFRS 17, *Insurance Contracts*, replaces the interim 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 measurement 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 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.

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

Current versus Noncurrent Classification

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

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

Financial Instruments

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

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

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

Financial Assets

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

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

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

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

The Group's cash and cash equivalents, trade and other receivables, noncurrent receivables and deposits 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 cash flow 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 contractual rights to receive cash flows from the asset have expired; or
- the Group has transferred its contractual 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 contractual 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 “Other reserves” 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, 2025 and 2024 (Note 35).

Inventories

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

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

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

Business Combination

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

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

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

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

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

- *Goodwill in a Business Combination*

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

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

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

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

Investments in Shares of Stock of an Associate and a Joint Venture

The Group's investments in shares of stock of an associate and a joint venture are accounted for using the equity method.

The Group's 25.06% interest in Petrogen, accounted for as an investment in an associate and 50.00% joint venture interest in Terminal Bersama Sdn Bhd (TBSB), included under "Investment in shares of stock of an associate and a joint venture" 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 venture 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 associate and joint venture, less any impairment in value. The consolidated statements of income reflect the Group's share in the results of operations of associate and a joint venture are presented as part of "Share in net income of an associate and a joint venture" account. As of December 31, 2025 and 2024, the Group has capital commitments amounting to P1.7 and P1.6 for TBSB, respectively. The Group has no contingent liabilities in relation to its interest in these associate and joint venture.

Property, Plant and Equipment

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

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

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

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

The estimated useful lives of the assets are as follows:

	Number of Years
Buildings and improvements and related facilities	7 - 50
Refinery and plant equipment	4 - 30
Service stations and other equipment	3 - 30
LPG cylinders	12 - 15
Computers, office and motor equipment	2 - 20
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 methods 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 and non-lease components as a single component.

Group as a Lessor

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

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

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

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

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

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

Investment Property

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

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

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

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

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

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

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

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

Intangible Assets

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

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

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

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

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

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

As of December 31, 2025 and 2024, 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, and pending industrial design registrations for its gas cylinder safety seal and another gas cylinder.

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 a joint venture 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 and services at participating service stations. These points can be redeemed for Group's products, services, 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 contract liability account is set up for these points. The liability will be reversed when the Group has fulfilled its obligations to supply the products and services under the terms of the program or when it is no longer probable that the points under the program will be redeemed. The contract 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 the 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. Related parties may be individuals or corporate entities.

Basic and Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company, net of dividends on preferred shares and distributions to holders of capital securities, by the weighted average number of issued outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effect of all potential dilutive debt or equity instruments.

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.

Events After the Reporting Date

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

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:

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 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 in relation to the loyalty points and the delivery of goods and services exchanged for those points. The Group establishes and manages the consumer loyalty program, sets the terms and value of points, and funds redemption, thereby bearing primary responsibility for fulfilling the associated goods and services. Points issued by the Group can be redeemed for goods and services provided by the Group or by partner merchants at the customer's discretion.

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.

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

The Group use its judgment in determining the classification of financial assets based on its business model in which assets are managed and their cash flow characteristics. The classification and fair values of financial assets and financial liabilities are presented in Note 35.

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.

The Group, as a member of the Top Frontier Group, is within the scope of International Tax Reform - Pillar Two Model Rules which has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The Group has applied significant judgment in determining the potential exposure to top-up tax primarily from its operations in Singapore where the legislation is effective beginning January 1, 2025 and the effective tax rate is below the 15% minimum rate (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.

Receivables written-off amounted to P350 and P2 in 2025 and 2024, respectively. The allowance for impairment losses on trade and other receivables amounted to P897 and P1,227 as of December 31, 2025 and 2024, respectively. The carrying amount of trade and other receivables amounted to P81,603 and P82,762 as of December 31, 2025 and 2024, 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 2025 and 2024. The carrying amounts of other financial assets at amortized cost are as follows:

	Note	2025	2024
Cash in banks and cash equivalents	5	P38,995	P28,177
Noncurrent deposits	14	76	141
		P39,071	P28,318

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 P67,495 and P90,570 as of the end of 2025 and 2024, 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 P610 in 2025, P107 in 2024, and P363 in 2023 (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 2025, 2024 and 2023, the Group increased/(reduced) the allowance for inventory obsolescence amounting to P126, (P76) and P43, 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 Accounting Standards, 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. The disclosures of useful lives have been updated to reflect additions and new assets recognized during the year.

The carrying amount of property, plant and equipment amounted to P167,417 and P169,302 as of December 31, 2025 and 2024, respectively. Accumulated depreciation of property, plant and equipment, amounted to P148,732 and P134,309 as of December 31, 2025 and 2024, respectively (Note 9).

Right-of-use assets, net of accumulated depreciation, amounted to P2,315 and P2,925 as of December 31, 2025 and 2024, respectively. Accumulated depreciation of right-of-use asset amounted to P2,043 and P1,679 as of December 31, 2025 and 2024, respectively (Note 10).

The carrying amount of investment property amounted to P30,101 and P28,243 as of December 31, 2025 and 2024, respectively. Accumulated depreciation of investment property amounted to P27,841 and P24,657 as of December 31, 2025 and 2024, respectively (Note 11).

Intangible assets with finite useful lives, net of accumulated amortization, amounted to P124 and P68 as of December 31, 2025 and 2024, respectively (Note 14). Accumulated amortization of intangible assets with finite useful lives amounted to P965 and P861 as of December 31, 2025 and 2024, 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 P71,747 and P66,809 as of December 31, 2025 and 2024, 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 2025 and 2024 and discount rates of 7.9% and 7.7% in 2025 and 2024, 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 2025, 2024 and 2023 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, 2025 and 2024.

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 P548 and P560 as of December 31, 2025 and 2024, respectively (Note 27).

Impairment of 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 a joint venture, investment property, right-of-use assets and intangible assets with finite useful lives 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.

Accumulated impairment on property, plant and equipment and investment property amounted to P410 and nil as of December 31, 2025 and 2024, respectively (Notes 9 and 11).

The combined carrying amounts of property, plant and equipment, investment in shares of stock of an associate and interest in a joint venture, investment property, right-of-use assets and intangible assets with finite useful lives amounted to P201,184 and P201,703 as of December 31, 2025 and 2024, respectively (Notes 9, 10, 11, 13 and 14).

Estimating 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.

The Group's lease liabilities amounted to P14,085 and P13,415 as of December 31, 2025 and 2024, respectively (Notes 33 and 34).

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 P356, P270 and P257 in 2025, 2024 and 2023, respectively. Remeasurement losses of the net defined retirement obligation recognized in OCI amounted to P204, P1,655 and P38 in 2025, 2024 and 2023, respectively. The net retirement benefits liability amounted to P3,794 and P3,785 as of December 31, 2025 and 2024, respectively (Notes 17 and 30).

Asset Retirement Obligation. The Group has ARO arising from the 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 3.28% to 7.66% 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. 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 P1,451 and P1,379 as of December 31, 2025 and 2024, respectively (Notes 17 and 19).

5. Cash and Cash Equivalents

This account consists of:

	<i>Note</i>	2025	2024
Cash on hand		P3,064	P2,212
Cash in banks		23,976	9,410
Short-term placements		15,019	18,767
	34, 35	P42,059	P30,389

Cash in banks earn annual interest at the respective bank deposit rates. Short-term placements include highly liquid investments 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 5.88% in 2025, 1.00% to 6.00% in 2024, and 1.00% to 6.94% in 2023 (Note 26).

6. Financial Assets at Fair Value

This account consists of:

	<i>Note</i>	2025	2024
Derivative assets not designated as cash flow hedge		P1,085	P1,044
Proprietary membership shares		488	458
	34, 35	1,573	1,502
Less: Noncurrent portion	14	493	458
		P1,080	P1,044

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 and derivative assets 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 2025, 2024, and 2023 amounted to P30, P70, and P37, respectively (Note 26).

7. Trade and Other Receivables

This account consists of:

	Note	2025	2024
Trade	34	P62,804	P57,652
Related parties - trade	28, 34	3,685	3,782
Allowance for impairment loss on trade receivables		(664)	(690)
		65,825	60,744
Government		14,038	19,968
Related parties - non-trade	28	115	1,049
Others		1,847	1,205
Allowance for impairment loss on non-trade receivables		(222)	(204)
		15,778	22,018
	34, 35	P81,603	P82,762

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 2025 and 2024 is shown below:

	Note	2025	2024
Balance at beginning of year		P1,227	P1,211
Additions	23	26	8
Write off	4	(350)	(2)
Reversal	23	(8)	(17)
Currency translation adjustment		2	27
Balance at end of year		897	1,227
Less: Noncurrent portion for long-term receivables	34	11	333
		P886	P894

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, 2025 and 2024:

	Weighted Average Loss Rate	Gross Carrying Amount	ECL
December 31, 2025			
Retail	1.15%	P9,629	P111
Lubes	0.10%	1,023	1
LPG	4.94%	1,295	64
Industrial	0.63%	26,250	165
Others	1.23%	44,292	545
		P82,489	P886
	Weighted Average Loss Rate	Gross Carrying Amount	ECL
December 31, 2024			
Retail	1.03%	P9,123	P94
Lubes	0.05%	2,063	1
LPG	4.05%	1,557	63
Industrial	0.90%	24,437	221
Others	1.11%	46,476	515
		P83,656	P894

8. Inventories

This account consists of:

	2025	2024
Crude oil and others	P27,895	P46,757
Petroleum	30,592	34,947
Materials and supplies	5,325	5,295
Lubes, greases and aftermarket specialties	3,683	3,571
	P67,495	P90,570

The cost of these inventories amounted to P68,881 and P91,288 as of December 31, 2025 and 2024, 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 P298 and decreased by P130 as of December 31, 2025 and 2024, respectively.

Inventories charged to cost of goods sold amounted to P707,249, P779,724 and P714,535 in 2025, 2024, and 2023, respectively (Note 22).

Research and development costs on these products constituted the expenses incurred for internal projects in 2025, 2024 and 2023 (Note 23).

The movements in allowance for write-down of inventories to NRV and inventory obsolescence at the beginning and end of 2025 and 2024 are as follows:

	Note	2025	2024
Balance at beginning of year		P718	P1,045
Additions/reductions:			
Inventory obsolescence	4	126	(76)
Inventory write-down	4	610	107
Reversals		(107)	(363)
Translation adjustment		39	5
Balance at end of year		P1,386	P718

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, 2024		P27,968	P222,890	P22,759	P9,103	P4,741	P5,057	P292,518
Additions	39	264	970	1,783	928	151	5,974	10,070
Disposals/reclassifications		619	3,307	(1,337)	(41)	137	(4,196)	(1,511)
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
Additions		167	754	1,299	1,384	49	3,654	7,307
Disposals/reclassifications		1,122	2,903	77	107	38	(4,529)	(282)
Reclassification to/from investment property	11	(196)	-	-	-	10	356	170
Currency translation adjustment		266	3,351	1,259	342	242	139	5,599
December 31, 2025		30,321	236,138	26,565	12,020	4,718	6,643	316,405
Accumulated Depreciation								
January 1, 2024		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
Depreciation		817	9,136	1,085	537	120	-	11,695
Disposals/reclassifications		(40)	9	(141)	(65)	(7)	-	(244)
Reclassification to/from investment property	11	157	-	-	-	10	-	167
Currency translation adjustment		174	1,599	767	265	-	-	2,805
December 31, 2025		18,733	103,724	18,095	7,171	1,009	-	148,732
Accumulated Impairment								
January 1, 2025		-	-	-	-	-	-	-
Impairment	26	-	104	150	-	-	1	255
Currency translation adjustment		-	1	-	-	-	-	1
December 31, 2025		-	105	150	-	-	1	256
Carrying Amount								
December 31, 2024		P11,337	P136,150	P7,546	P3,753	P3,493	P7,023	P169,302
December 31, 2025		P11,588	P132,309	P8,320	P4,849	P3,709	P6,642	P167,417

In 2025 and 2024, 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).

In 2025, impairment loss of P255 was recognized for the carrying amount of Petron Malaysia's product jetty facility which was damaged by Tropical Storm Senyar in November 2025, as well as the carrying amount of LPG cylinders in circulation that are not expected to be recovered. The impairment loss is presented under "Other income (expense) - net" in the consolidated statements of income.

The Group's total unpaid acquisitions of property, plant and equipment amounted to P637 and P441 as of December 31, 2025 and 2024, respectively.

Certain fully depreciated property, plant and equipment with aggregate costs of P39,988 and P36,040 as of December 31, 2025 and 2024, respectively, are still being used in the Group's operations.

The Group capitalized interest amounting to P132, P90 and P417 in 2025, 2024, and 2023, respectively (Notes 15, 18, 26 and 29). The capitalization rates used to determine the amount of interest eligible for capitalization ranged from 2.95% to 8.28% in 2025 and from 2.81% to 9.43% in 2024.

Capital Commitments

As of December 31, 2025 and 2024, the Group has outstanding commitments to acquire property, plant and equipment amounting to P8,605 and P6,880, respectively.

10. Right-of-Use Assets

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

	<i>Note</i>	Land	Buildings and Improvements and Related Facilities	Service Stations and Other Equipment	Total
Cost					
January 1, 2024		P6,623	P1,222	P69	P7,914
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
Additions		79	-	-	79
Remeasurements/expiration		(502)	-	(9)	(511)
Currency translation adjustment		172	8	6	186
December 31, 2025		3,462	826	70	4,358
Accumulated Depreciation					
January 1, 2024		1,900	709	19	2,628
Cancellation/termination	39	(1,184)	-	-	(1,184)
Remeasurements/expiration		(4)	(421)	-	(425)
Depreciation		407	218	6	631
Currency translation adjustment		26	3	-	29
December 31, 2024		1,145	509	25	1,679
Remeasurements/expiration		(34)	-	(10)	(44)
Depreciation		259	89	5	353
Currency translation adjustment		50	4	1	55
December 31, 2025		1,420	602	21	2,043
Carrying Amount					
December 31, 2024		P2,568	P309	P48	P2,925
December 31, 2025		P2,042	P224	P49	P2,315

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 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 P1,046, P1,259 and P1,124 in 2025, 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 P867, P100 and P7, respectively, in 2025, 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 P3,566, P3,386 and P2,988 in 2025, 2024 and 2023, 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, 2024		P9,136	P4,133	P18,403	P16,361	P345	P48,378
Additions	39	40	-	169	1,744	200	2,153
Disposals/reclassifications/remeasurements	39	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	18,426	452	52,900
Additions		-	-	97	2,319	162	2,578
Disposals/reclassifications/remeasurements		(109)	-	(24)	(179)	-	(312)
Reclassifications from/to property, plant and equipment	9	-	(10)	196	-	(356)	(170)
Currency translation adjustment		434	-	1,373	1,285	8	3,100
December 31, 2025		9,806	4,923	21,250	21,851	266	58,096
Accumulated Depreciation							
January 1, 2024		-	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
Depreciation		-	9	683	1,483	-	2,175
Disposals/reclassifications/remeasurements		-	-	(24)	(374)	-	(398)
Reclassifications from/to property, plant and equipment	9	-	(10)	(157)	-	-	(167)
Currency translation adjustment		-	-	938	636	-	1,574
December 31, 2025		-	1,629	14,705	11,507	-	27,841
Accumulated Impairment							
January 1, 2025		-	-	-	-	-	-
Impairment	26	-	-	21	108	24	153
Currency translation adjustment		-	-	-	1	-	1
December 31, 2025		-	-	21	109	24	154
Carrying Amount							
December 31, 2024		P9,481	P3,303	P6,343	P8,664	P452	P28,243
December 31, 2025		P9,806	P3,294	P6,524	P10,235	P242	P30,101

In 2025 and 2024, 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).

In 2025, an impairment loss of P153 was recognized in relation to three service stations and a leasehold land in Malaysia as their recoverable amounts were lower than their carrying amounts. The total recoverable amounts of investment property related to the three service stations amounting to P267 have been determined based on their value in use. The length of cash flows takes into consideration the finite life of the investment property and are projected based on the long-range plan anchored on the budget approved by the Group. The key assumptions considered in the future cash flows are the estimates of product margin and sales volume. A pre-tax discount rate of 7.56% has been applied which reflects market assessment of time value of money and is derived based on the weighted average cost of capital using the Capital Asset Pricing Model (CAPM). The impairment loss is reported under "Other income (expense) - net" in the consolidated statements of income.

There are no other direct selling and administrative expenses other than depreciation and real property taxes arising from investment property that generated income in 2025, 2024 and 2023.

The fair value of investment property amounting to P71,747 and P66,809 as of December 31, 2025 and 2024, 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 P38,423 and P34,272 as of December 31, 2025 and 2024, respectively, were determined by Cuervo Appraisers, Inc. and Suleiman & Co. Property Consultants Sdn Bhd, external independent property appraisers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent appraiser provides the fair value of the Group's investment property on a regular basis. The fair value of investment property amounting to P19,302 and P19,234 as of December 31, 2025 and 2024, 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, 2025 and 2024 represents the remaining fair value amounting to P14,022 and P13,303, 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.

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 Subscription Agreement to subscribe to 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, P828 was paid in 2024, and P500 was paid in 2025.

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 merger was approved by the SEC on August 5, 2025. On the effective date of the merger, all the respective rights, businesses, powers, privileges, immunities, franchises, assets and other properties of ARC and PEDC including, but not limited to, all real and personal properties, contractual and property rights, licenses, privileges, property rights, claims, bank deposits, stocks, accounts receivable, retained earnings, credit lines, supplies, equipment, investments of whatever nature, including subscriptions to shares, choses in action, goodwill, intangible assets and such other assets, owned or which may have been acquired by ARC and PEDC shall be conveyed, assigned, and transferred to, possessed and owned by, and vested to LLCDC.

PFL

On July 18, 2025, the Group has completed the dissolution and liquidation of PFL. Consequently, PFL was deconsolidated from the Group upon completion of the liquidation. The impact of the deconsolidation was assessed by management and determined to be not material to the Group's financial position and financial performance as at and for the year ended December 31, 2025, as PFL had no significant assets, liabilities, or results of operations at the date of dissolution.

Goodwill

The movements and balances of goodwill as of and for the years ended December 31 are as follows:

	2025	2024
Cost		
Balance at beginning of year	P8,731	P8,093
Translation adjustments	1,036	638
Net Carrying Amount at End of Year	P9,767	P8,731

Impairment Testing of Goodwill from Petron Malaysia

Goodwill arising from the acquisition of Petron Malaysia, which accounts for 99% of total goodwill in the consolidated statements of financial position as of December 31, 2025 and 2024, 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 prepared by the Management for the first five (5) years.
- A discount rate of 7.9% and 7.7% in 2025 and 2024, respectively, was applied based on the weighted average cost of capital using the CAPM.
- The Group used terminal growth rate of 3% in 2025 and 2024 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 related to goodwill were recognized in 2025, 2024 and 2023 in relation to the goodwill arising from the acquisition of Petron Malaysia.

Non-controlling Interests

The following table summarizes the financial information relating to each of the Group's subsidiaries that has material non-controlling interests:

	December 31, 2025		December 31, 2024	
	NVRC	PMRMB	NVRC	PMRMB
Non-controlling Interests Percentage	14.45%	26.60%	14.45%	26.60%
Carrying amount of non-controlling interest	P442	P10,510	P443	P8,650
Current assets	P539	P20,572	P472	P32,022
Noncurrent assets	6,589	32,457	6,678	28,397
Current liabilities	(970)	(9,772)	(962)	(25,347)
Noncurrent liabilities	(1,028)	(5,730)	(1,042)	(4,337)
Net assets	P5,130	P37,527	P5,146	P30,735
Net income (loss) attributable to non-controlling interests	P30	P845	(P29)	P31
Other comprehensive income attributable to non-controlling interests	P -	P1,111	P -	P630
Sales/Revenues	P317	P182,855	P77	P198,763
Net income (loss)	P206	P3,294	(P91)	P219
Other comprehensive income	-	1	-	1
Total comprehensive income (loss)	P206	P3,295	(P91)	P220
Dividends paid to non-controlling interest	P32	P96	P8	P205
Cash flows provided by operating activities	P109	P21,979	P115	P330
Cash flows provided by (used in) investing activities	109	(1,830)	(42)	(1,842)
Cash flows provided by (used in) financing activities	(96)	(17,634)	(107)	1,896
Net increase (decrease) in cash and cash equivalents	P122	P2,515	(P34)	P384

13. Investment in Shares of Stock of an Associate and a Joint Venture

This account consists of:

	2025	2024
Investment in an associate	P1,217	P1,155
Investment in a joint venture	10	10
	P1,227	P1,165

Investment in Shares of Stock of an Associate

As of December 31, 2025 and 2024, 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, 2025 and 2024:

	2025	2024
Percentage of ownership	25.06%	25.06%
Current assets	P6,791	P6,955
Noncurrent assets	2,312	1,990
Current liabilities	(4,246)	(4,337)
Net assets	P4,857	P4,608
Revenue	P744	P662
Net income	P676	P439
Other comprehensive income	P23	P -
Total comprehensive income	P699	P439
Share in net assets	P1,217	P1,155
Carrying amount of investment in shares of stock of an associate	P1,217	P1,155

The Group recognized P169, P110 and P84 in 2025, 2024 and 2023, respectively, as share in net income of Petrogen and received dividends of P113 in 2025, P108 in 2024 and nil in 2023 accounted for using equity method.

Investment in a Joint Venture

Investment in a joint venture pertains to 50.00% equity interest TBSB. TBSB is a Malaysian company operating as a liquified petroleum gas bottling plant.

The Group recognized (P2), P4, and P5 in 2025, 2024 and 2023, respectively, as share in net income (loss) of a joint venture accounted for using equity method.

14. Other Assets

This account consists of:

	Note	2025	2024
Current			
Prepaid taxes		P40,931	P42,212
Input VAT		3,781	6,946
Prepaid expenses	28	1,369	1,584
Others - net	28	348	366
		P46,429	P51,108
Noncurrent			
Proprietary membership shares	6	P488	P458
Catalyst - net		413	515
Prepaid rent		139	233
Intangibles - net	4	124	68
Noncurrent deposits	34, 35	76	141
Input VAT		28	27
Derivative assets	6	5	-
Others - net	28	648	561
		P1,921	P2,003

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 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 P430, P357 and P287 as of December 31, 2025, 2024 and 2023, respectively, net of amortization amounting to P26, P27 and P108 in 2025, 2024 and 2023, respectively.

The amortization of prepaid rent amounted to P20 in 2025, P36 in 2024 and P70 in 2023.

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 P56, P76 and P130 in 2025, 2024 and 2023, 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 P230, P256 and P334 in 2025, 2024 and 2023, 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 5 to 119 days and annual interest ranging from 4.00% to 7.05% in 2025, from 3 to 178 days and annual interest ranging from 3.96% to 8.00% in 2024, from 4 to 180 days and annual interest ranging from 3.71% to 7.53% in 2023 (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 P5,716 in 2025, P8,144 in 2024, P7,835 in 2023 (Note 26). Interest expense amounting to P63 was capitalized as part of property, plant and equipment in 2025 while P42 in 2024 and P176 in 2023 (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	2025	2024
Third parties		P51,387	P51,601
Related parties	28	20	24
	34, 35	P51,407	P51,625

17. Trade and Other Payables

This account consists of:

	<i>Note</i>	2025	2024
Trade		P11,173	P8,948
Specific taxes and other taxes payable		5,222	4,468
Due to related parties	28	8,467	7,788
Cylinder deposits		3,819	3,432
Accrued interest		1,270	1,153
Contract liability on consumer loyalty program		1,054	831
Dividends payable	33	405	1,039
Accrued payroll		292	149
Retention payable		165	241
Asset retirement obligation - current	19	67	58
Retirement benefits liability	30	60	124
Accrued rent		54	223
Insurance liabilities		5	3
Others	12, 39	968	555
	34, 35	P33,021	P29,012

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 anytime upon surrender of the LPG cylinders subject to certain conditions.

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 contract liability on consumer loyalty program amounting to P1,489 and P1,475 in 2025 and 2024, respectively (Note 37).

18. Long-term Debt

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

	<i>Note</i>	2025	2024
Unsecured Peso-Denominated (net of debt issue costs)			
Fixed retail bond of 6.5945% due in 2030, 6.9761% due in 2032, and 7.3896% due in 2035	(p)	P31,603	P -
Fixed retail bond of 3.4408% due in 2025 and 4.3368% due in 2027	(d)	8,962	17,917
Term loan of 7.4941% due until 2029	(l)	6,973	6,959
Fixed rate retail bonds of 7.8183% due in 2024 and 8.0551% due in 2025	(a)	-	6,788
Floating rate term loan due until 2029	(m)	4,978	4,969
Floating rate term loan due until 2030	(o)	4,473	-
Term loan of 7.1663% due until 2027	(e)	3,990	4,483
Term loan of 7.4206% due until 2027	(f)	1,871	3,114
Term loan of 7.5496% due until 2027	(g)	1,871	3,114
Term loan of 6.4920% due in 2025	(h)	-	2,371
Term loan of 4.5900% due until 2025	(c)	-	624
Term loan of 6.8672% due in 2025	(i)	-	624
Unsecured Foreign Currency-Denominated (net of debt issue costs)			
Floating rate dollar loan - US\$500 million due until 2029	(n)	28,995	28,347
Floating rate dollar loan - US\$669 million due until 2027	(j)	13,565	27,118
Fixed rate dollar loan of 5.7400% - US\$200 million due until 2030	(q)	11,679	-
Floating rate dollar loan - US\$225 million due in 2028	(k)	5,517	10,227
Floating rate yen loan - JP¥15 billion due until 2025	(b)	-	788
	33, 34, 35	124,477	117,443
Less current portion		13,200	29,418
		P111,277	P88,025

- a. On October 19, 2018, the Parent Company offered P20,000 fixed retail 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 bonds matured on April 19, 2024 (5.5-year term) while the Series D bonds matured on October 19, 2025 (7-year term). Interests 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 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), and the balance for general corporate purposes. The bonds were listed with the Philippine Dealing & Exchange Corp. on October 19, 2018.

- b. 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 fully paid the facility as of December 31, 2025.
- c. 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. As of December 31, 2025, the Parent Company has fully paid the term loan facility.
- d. On October 12, 2021, the Parent Company issued P18,000 retail bonds divided into Series E (P9,000) and Series F (P9,000) with interest rates of 3.4408% p.a. and 4.3368% p.a., respectively. The Series E Bonds matured on October 12, 2025 while Series F Bonds is due on October 12, 2027. 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.
- e. 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. The Parent Company has paid principal amortizations of P500 each in 2025 and 2024.
- f. 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 each in 2025 and 2024.
- g. 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 each in 2025 and 2024.

- h. 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 was fully paid on September 8, 2025. The proceeds were used to pay currently maturing indebtedness.
- i. 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 was fully paid on September 8, 2025. The proceeds were used to pay currently maturing indebtedness.
- j. 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. The Parent Company has paid portion of the facility amounting to US\$243 million and US\$192 million in 2025 and 2024, respectively.

- k. 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. The Parent Company has paid portion of the facility amounting to US\$84 million and US\$45 million in 2025 and 2024, respectively.
- l. 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.

- m. 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.
- n. 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.
- o. On February 28, 2025, the Parent Company made a full drawdown of P5,000 unsecured term loan facility signed and executed on February 26, 2025. The facility is amortized over 5 years with the total principal repaid in 10 equal semi-annual installments beginning August 28, 2025. The facility is subject to a floating interest rate payable quarterly. The proceeds were used to refinance the bridge loan availed in 2024. As of December 31, 2025, the Parent Company has paid principal amortization amounting to P500.
- p. On July 7, 2025, the Parent Company issued P32,000 fixed retail bonds divided into Series G (P15,910) bearing interest at 6.5945% per annum, Series H (P4,604) bearing interest at 6.9761% per annum, and Series I (P11,486) bearing interest at 7.3896% per annum. The Series G bonds are due on July 7, 2030 (5-year term), Series H bonds are due on July 7, 2032 (7-year term) while the Series I bonds are due on July 7, 2035 (10-year term). Interests are payable quarterly, commencing on October 7, 2025, and thereafter, on January 7, April 7, July 7, and October 7 of each year. The net proceeds were used primarily for Series D and E bonds settlement, existing debt repayments, and other general corporate purposes. The bonds are listed with the Philippine Dealing & Exchange Corp.
- q. The Parent Company made a full drawdown of US\$200 million term loan facility on August 29, 2025, the same date the agreement was signed and executed. The facility will be amortized over 5 years with a 2-year grace period, after which the total principal will be repaid in 7 equal semi-annual installments beginning August 29, 2027. The facility is subject to a fixed interest rate of 5.74% per annum payable quarterly, beginning on November 29, 2025, and thereafter on February 28, May 29, August 29, and November 29 of each year. The proceeds were partially used for the repayment of outstanding indebtedness and general corporate purposes.

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. The net leverage ratio and consolidated gross debt to consolidated net worth are tested on an incurrence and quarterly basis, respectively.

As of December 31, 2025 and 2024, the Group was in compliance 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 P9,640, P9,005 and P8,331 in 2025, 2024, and 2023, respectively (Note 26). Interest amounting to P56 was capitalized in 2025, P38 in 2024 and P187 in 2023 (Note 9).

Movements in debt issue costs follow:

	Note	2025	2024
Balance at beginning of year		P1,449	P1,366
Additions		544	721
Amortization for the year	26	(666)	(638)
Balance at end of year		P1,327	P1,449

Repayment Schedule

The annual maturities of long-term debts as of December 31, 2025 and 2024 are as follows (Note 34):

2025

Year	Gross Amount	Debt Issue Costs	Net
2026	P13,552	P352	P13,200
2027	43,487	429	43,058
2028	18,315	115	18,200
2029	14,591	31	14,560
2030 and beyond	35,859	400	35,459
	P125,804	P1,327	P124,477

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

19. Asset Retirement Obligation

Movements in ARO are as follows:

	Note	2025	2024
Balance at beginning of year		P1,379	P3,658
Accretion for the year	26	59	207
Additions		124	75
Effect of change in estimates	4	42	58
Translation adjustment		43	21
Settlement		(1)	(1)
Effect of change in discount rate		(195)	(39)
Derecognition	39	-	(2,600)
Balance at end of year including current portion		P1,451	P1,379

20. Other Noncurrent Liabilities

This account consists of:

	Note	2025	2024
Cash bonds		P427	P426
Derivative liabilities		7	-
Others		49	61
	34, 35	P483	P487

Cash bonds represent deposits from customers as a form of collateral.

Others include liabilities 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.

On March 18, 2025, the Parent Company repurchased all of the 459,156,097 common shares held by PCERP pursuant to the common share buyback program approved by the BOD on March 4, 2025 via a block sale aggregating to P1,119.

The Parent Company also acquired a total of 4,502,000 of its own common shares aggregating to P11 from July 9, 2025 to August 29, 2025. All repurchased shares are recorded as treasury shares.

As of December 31, 2025 and 2024, the Parent Company had 97,232 and 97,572 stockholders with at least one board lot at the PSE for a total of 8,911,446,400 and 9,375,104,497 (P1.00 per share par value) issued and outstanding common shares, respectively.

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, as and if 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 stock 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, 2025 and 2024, the Parent Company had 37,427,000 (P1 par value) issued and outstanding preferred shares. The total number of preferred shareholders with at least one board lot at the PSE as of December 31, 2025 and 2024 are as follows:

	2025	2024
Series 3B Preferred Shares	25	25
Series 4A Preferred Shares	4	4
Series 4B Preferred Shares	13	13
Series 4C Preferred Shares	27	27
Series 4D Preferred Shares	21	22
Series 4E Preferred Shares	26	26
	116	117

b. Retained Earnings

Declaration of Cash Dividends

On various dates in 2025, 2024 and 2023, 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
2025				
Common	P0.10000	March 4, 2025	March 18, 2025	April 2, 2025
Series 3B	17.84575	May 6, 2025	June 2, 2025	June 25, 2025
Series 4A	16.76975	May 6, 2025	June 16, 2025	July 7, 2025
Series 4B	16.99300	May 6, 2025	June 16, 2025	July 7, 2025
Series 4C	17.71525	May 6, 2025	June 16, 2025	July 7, 2025
Series 4D	17.09100	May 6, 2025	May 29, 2025	June 23, 2025
Series 4E	17.75800	May 6, 2025	May 29, 2025	June 23, 2025
Series 3B	17.84575	August 5, 2025	September 4, 2025	September 25, 2025
Series 4A	16.76975	August 5, 2025	September 16, 2025	October 7, 2025
Series 4B	16.99300	August 5, 2025	September 16, 2025	October 7, 2025
Series 4C	17.71525	August 5, 2025	September 16, 2025	October 7, 2025
Series 4D	17.09100	August 5, 2025	September 2, 2025	September 23, 2025
Series 4E	17.75800	August 5, 2025	September 2, 2025	September 23, 2025
Series 3B	17.84575	November 4, 2025	December 1, 2025	December 26, 2025
Series 4A	16.76975	November 4, 2025	December 9, 2025	January 7, 2026
Series 4B	16.99300	November 4, 2025	December 9, 2025	January 7, 2026
Series 4C	17.71525	November 4, 2025	December 9, 2025	January 7, 2026
Series 4D	17.09100	November 4, 2025	November 28, 2025	December 23, 2025
Series 4E	17.75800	November 4, 2025	November 28, 2025	December 23, 2025

Forward

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

Total cash dividends declared by the Parent Company amounted to P2,894 in 2025, P3,650 in 2024, and P3,053 in 2023.

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 a result of merger of PEDC to LLCDC in 2025, the appropriation was reverted back to unappropriated retained earnings.

The appropriated retained earnings attributable to the equity holders of the Parent Company amounted to nil and P3 as of December 31, 2025 and 2024, respectively.

- c. The Group's unappropriated retained earnings include its accumulated equity in net earnings of subsidiaries, a joint venture and an associate amounting to P61,506, P49,533 and P48,107 as of December 31, 2025, 2024 and 2023, 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:

	2025	2024	2023
Balance at beginning of year	(P11,680)	(P14,794)	(P10,454)
Net loss on cash flow hedges, net of tax	-	-	(50)
Cumulative translation adjustment	5,307	3,499	(2,008)
Share in other comprehensive income of an associate and a joint venture	8	1	4
Repurchase of capital securities	(4,024)	(386)	(2,286)
Balance at end of year	(P10,389)	(P11,680)	(P14,794)

- e. SPCS

On January 19, 2018, the Parent Company issued US\$500 million (P24,881) 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 the sole and absolute discretion to defer payment of any or all of the distribution.

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), and January 19, 2023 (P841).

On April 19, 2021, the Parent Company issued US\$550 million (P26,231) 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 19, 2025 (P375), September 22, 2025 (P746), April 19, 2025 (P1,234), October 18, 2024 (P1,258), April 18, 2024 (P1,246), October 19, 2023 (P1,238), and April 19, 2023 (P1,224).

On September 22, 2025, the Parent Company completed the issuance of US\$475 million (P26,794) SPCS at an issue price of 100% consisting of US\$333.19 million (P18,795) securities pursuant to exchange offer and US\$ 141.81 million (P7,999) new securities issued for cash. The securities were listed on the Singapore Exchange Securities Trading Limited on September 23, 2025. The net proceeds were used to finance costs and expenses relating to both exchange and tender offer, and SPCS issuance, and for general corporate purposes.

Concurrently, the Parent Company has completed the settlement of US\$333.19 million (P15,890) securities tendered for exchange and US\$54.20 million (P2,585) securities tendered for purchase, both of which form part of US\$550 million SPCS issued in 2021.

Holders of the SPCS are conferred a right to receive distribution on a semi-annual basis from their issue date at a rate of 7.35% per annum, subject to a step-up rate. The Company has the sole and absolute discretion to defer payment of any or all of the distribution.

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 Company's option on or after September 28, 2028 or on any distribution payment date thereafter or upon the occurrence of certain other events.

These SPCS were offered to institutional lenders not exceeding 19 or to not more than 19 non-qualified buyers or to any number of qualified buyers in the Philippines as defined in the SRC and their offer and sale and therefore qualified as exempt transactions pursuant to Sections 10.1(k) and 10.1(l) of the SRC. Hence, 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 SMC used for capital expenditures requirements.

Holder of the RPS is conferred a right to receive distributions on a quarterly basis, every February 27, May 27, August 27 and November 27. The Parent Company has the sole and absolute discretion to defer payment of any or all of the distribution.

On May 26, 2023, the Parent Company fully redeemed its US\$6 million (P302) RPS.

Distributions to holder of the RPS were made on May 26, 2023 (P3) and February 27, 2023 (P3).

On June 22, 2020, the Parent Company issued US\$130 million (P6,444) RPS to SMC used for general corporate purposes. Holder of the RPS is 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. Subsequently, the Parent Company repurchased US\$10 million (P496) and US\$41.5 million (P2,057) on April 4, 2025 and August 14, 2025, respectively.

Payment of distributions pertaining to RPS were made on December 22, 2025 (P10), September 22, 2025 (P10), August 14, 2025 (P13), June 22, 2025 (P31), April 4, 2025 (P1), March 22, 2025 (P36), 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), and March 22, 2023 (P64).

On August 10, 2020, the Parent Company issued additional US\$100 million RPS to SMC used for general corporate purposes. Holder of the RPS is conferred a right to receive distributions on a quarterly basis every February 10, May 10, August 10 and November 10.

Holder of the RPS was paid on November 10, 2025 (P53), August 10, 2025 (P52), May 10, 2025 (P50), February 10, 2025 (P53), 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), and February 10, 2023 (P49).

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	2025	2024	2023
Inventories	8, 37	P707,249	P779,724	P714,535
Distribution or transshipment costs		20,363	18,974	17,113
Depreciation and amortization	25	9,891	8,824	8,420
Materials and supplies		5,417	5,317	6,209
Personnel expenses	24	3,238	2,275	1,839
Purchased services and utilities		2,337	2,204	2,589
Others	29, 31	5,253	4,435	3,724
		P753,748	P821,753	P754,429

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	2025	2024	2023
Purchased services and utilities		P5,842	P5,155	P4,309
Personnel expenses	24	5,045	4,378	3,892
Depreciation and amortization	25	4,618	4,632	4,872
Maintenance and repairs		2,147	1,879	1,960
Advertising		841	837	530
Rent	29	806	525	497
Taxes and licenses		759	509	608
Materials and office supplies		449	625	791
Impairment loss (reversal of impairment loss) on trade and other receivables - net	4, 7	18	(9)	(14)
Others	8	138	226	123
		P20,663	P18,757	P17,568

Selling and administrative expenses include research and development costs amounting to P103, P87 and P87 in 2025, 2024 and 2023, respectively (Note 8).

24. Personnel Expenses

This account consists of:

	Note	2025	2024	2023
Salaries, wages and other employee costs	28	P7,830	P6,290	P5,386
Retirement benefits costs - defined benefit plan	28, 30	356	270	257
Retirement benefits costs - defined contribution plan	28	97	93	88
		P8,283	P6,653	P5,731

The above amounts are distributed as follows:

	Note	2025	2024	2023
Costs of goods sold	22	P3,238	P2,275	P1,839
Selling and administrative expenses	23	5,045	4,378	3,892
		P8,283	P6,653	P5,731

25. Depreciation and Amortization

This account consists of:

	Note	2025	2024	2023
Cost of goods sold:				
Property, plant and equipment	9	P9,587	P8,342	P7,957
Right-of-use assets	10	74	226	129
Other assets	14	230	256	334
	22	9,891	8,824	8,420
Selling and administrative expenses:				
Property, plant and equipment	9	2,108	2,114	2,290
Right-of-use assets	10	279	405	510
Investment property	11	2,175	2,037	1,942
Intangible assets and others	14	56	76	130
	23	4,618	4,632	4,872
	37	P14,509	P13,456	P13,292

26. Interest Expense and Other Financing Charges, Interest Income and Other Expenses

This account consists of:

	Note	2025	2024	2023
Interest expense and other financing charges:				
Long-term debt	18	P8,922	P8,331	P7,574
Short-term loans	15	5,653	8,102	7,659
Bank charges		1,540	1,535	1,470
Accretion on lease liability	29	1,046	1,259	1,124
Amortization of debt issue costs	18	662	636	570
Advances from a related party	28	299	321	167
Defined benefit obligation	30	336	303	303
Accretion on ARO	19	59	207	226
Others	39	191	267	2
	37	P18,708	P20,961	P19,095
Interest income:				
Short-term placements	5	P974	P933	P990
Plan assets	30	143	156	106
Trade receivables	7	45	44	40
Advances to related parties	28	10	53	45
Cash in banks	5	10	10	9
Hedging		-	5	94
	37	P1,182	P1,201	P1,284
Other income (expense) - net:				
Marked-to-market gains (losses) - net	35	(P872)	P986	(P133)
Foreign currency losses - net	34	(152)	(1,771)	(509)
Changes in fair value of financial assets at FVPL	6	30	70	37
Gain on lease termination	39	-	3,509	-
Hedging gains (losses) - net		-	3	(104)
Others - net		435	620	828
		(P559)	P3,417	P119

Bank charges amounting to P7 was capitalized as part of property, plant and equipment in 2025 while P5 in 2024 and P28 in 2023 (Note 9).

Also included in "Others - net" were the following: (i) rental income amounting to P65 in 2025 while P69 in 2024 and P63 in 2023 (Note 29), (ii) gain (loss) on sale of property and equipment amounting to P114 in 2025, (P53) in 2024 and P33 in 2023, (iii) impairment loss on property, plant and equipment and investment property of P255 and P153, respectively, in 2025 and nil for both 2024 and 2023 (Notes 9 and 11), and (iv) write-on of LPG cylinder deposits of P335 in 2025 and nil for both 2024 and 2023. The write on pertains to balances associated with cylinders which are no longer expected to be returned and are therefore not likely to be claimed by the customers.

27. Income Taxes

The components of income tax expense are shown below:

	2025	2024	2023
Current	P2,568	P1,284	P1,513
Deferred	1,210	3,239	1,485
	P3,778	P4,523	P2,998

Deferred tax assets and liabilities are from the following:

2025

	January 1 2025	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	December 31 2025
Net retirement benefits liability	P2,016	(P177)	P50	P -	P1,889
Rental	947	717	-	-	1,664
NOLCO	2,964	(2,545)	-	-	419
Various allowances, accruals and others	307	(32)	-	(50)	225
Inventory differential	(20)	202	-	-	182
MCIT	1,378	918	-	-	2,296
ARO	224	68	-	-	292
Unutilized tax losses	576	40	-	-	616
Unrealized foreign exchange gains - net	294	204	-	-	498
Capitalized taxes and duties on inventories deducted in advance	(1,020)	374	-	-	(646)
Capitalized interest, losses, duties and taxes on property, plant and equipment deducted in advance and others	(3,032)	7	-	-	(3,025)
Excess of double-declining over UPM and straight-line method of depreciation and amortization	(10,793)	(986)	-	-	(11,779)
	(P6,159)	(P1,210)	P50	(P50)	(P7,369)

2024

	January 1 2024	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	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	December 31 2023
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)

The above amounts are reported in the consolidated statements of financial position as follows:

	2025	2024
Deferred tax assets - net	P548	P560
Deferred tax liabilities - net	(7,917)	(6,719)
	(P7,369)	(P6,159)

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.

As of December 31, 2025 and 2024, the Group has unrecognized deferred tax assets pertaining to NOLCO and MCIT because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom as follows:

	2025		2024	
	Tax Base	Tax Effect	Tax Base	Tax Effect
NOLCO	P107	P27	P5,393	P1,348
MCIT	-	-	310	310
	P107	P27	P5,703	P1,658

In 2025, the Group subsequently reversed a portion of the previously derecognized deferred tax asset related to NOLCO amounting to P855, following the actual utilization of the related tax losses during the year. The remaining unutilized NOLCO and MCIT previously derecognized in 2024 expired in 2025.

As of December 31, 2025 and 2024, the NOLCO and MCIT of the Group that can be claimed as deduction from future taxable income and deduction from corporate income tax due, respectively, are as follows:

As of December 31, 2025

Year Incurred/Paid	Carryforward Benefits Up To	NOLCO	MCIT
2021	December 31, 2026	P1,678	P -
2023	December 31, 2026	105	513
2024	December 31, 2027	1	865
2025	December 31, 2028	1	918
		P1,785	P2,296

As of December 31, 2024

Year Incurred/Paid	Carryforward Benefits Up To	NOLCO	MCIT
2020	December 31, 2025	P15,461	P -
2021	December 31, 2026	1,678	-
2022	December 31, 2025	4	310
2023	December 31, 2026	105	513
2024	December 31, 2027	1	865
		P17,249	P1,688

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 25-2020 implementing Section 4 (bbbb) of Republic Act (RA) No. 11494, otherwise known as the Bayanihan to Recover as One Act, 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 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:

	2025	2024	2023
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	(0.05%)	(0.09%)	(0.16%)
Nontaxable income	(7.00%)	(6.91%)	(4.47%)
Nondeductible expense	0.11%	3.09%	4.33%
Nondeductible interest expense	0.05%	0.08%	0.10%
Recognition of previously derecognized deferred tax asset on NOLCO	(4.36%)	-	-
Unrecognized deferred tax assets on NOLCO and MCIT	-	14.08%	-
Income subject to income tax holiday (ITH)	(0.31%)	(0.30%)	-
Others, mainly income subject to different tax rates	6.03%	(0.14%)	(1.93%)
Effective income tax rate	19.47%	34.81%	22.87%

Optional Standard Deduction (OSD)

In the determination of the Group's current taxable income, entities within the Group has an option to either apply the 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 2025, 2024 and 2023, majority of the entities within the Group opted to continue claiming itemized standard deductions except for certain subsidiaries of NVRC such as LLCDC, SLPHI, MLC, ARC and PEDC, as they opted to apply OSD. SLPHI opted to apply itemized standard deductions in 2025.

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.

International Tax Reform - Pillar Two Model Rules

The Group has adopted the amendments to PAS 12, Income Taxes, relating to the International Tax Reform - Pillar Two Model Rules. These amendments provide a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from Pillar Two income taxes. Accordingly, no deferred tax assets or liabilities have been recognized in respect of Pillar Two legislation.

The Group is a member of the Top Frontier Group. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Top Frontier Group operates. The legislation is effective as of January 1, 2025 in Australia, Hong Kong, Indonesia, Japan, Malaysia, Mauritius, Netherlands, New Zealand, Singapore, Thailand, and Vietnam. As of December 31, 2025, such legislation is not yet effective in the Philippines, Bermuda, British Virgin Islands, Cayman Islands, China, and Taiwan.

The Top Frontier Group is within the scope of the enacted or substantively enacted legislation and has performed a Transitional Country-by-Country Reporting (CbCR) Safe Harbor (TCSH) assessment to identify jurisdictions that may be excluded from detailed Pillar Two computations. The assessment was based on the most recent tax filings, CbCR reports, and financial statements of the relevant entities. All jurisdictions met the TCSH criteria, except for Bermuda, Hong Kong and Singapore. Full Pillar Two computations are currently being undertaken for Bermuda, Hong Kong, and Singapore.

The Top Frontier Group is evaluating the application of the Undertaxed Profits Rule (UTPR) Safe Harbor, subject to compliance with the relevant requirements under applicable rules.

Based on the Top Frontier Group's assessment, the Group has recognized a Pillar Two top-up tax expense of approximately P253 for the year, primarily arising from operations in Singapore where the effective tax rate is below the 15% minimum. The computation of the top-up tax is still for refinement as the Top Frontier Group finalizes its detailed calculations and to consider further guidance or clarifications that may be issued by relevant tax authorities.

28. Related Party Disclosures

The Parent Company, certain subsidiaries, associate, joint venture 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	2025	P10	P -	P -	P -	On demand;	Unsecured;
		2024	45	-	894	-	interest bearing	no impairment
		2023	45	-	894	-		
	a	2025	-	1,119	-	-	On demand;	Unsecured;
		2024	-	-	88	-	non-interest bearing	no impairment
		2023	-	-	43	-		
Intermediate Parent	b, e, f, h, i	2025	25	296	31	473	On demand;	Unsecured;
		2024	18	235	15	418	non-interest bearing	no impairment
		2023	29	221	18	461		
Under Common Control	14, b, c, d, h, i, j, k	2025	9,674	7,155	3,990	2,816	On demand;	Unsecured;
		2024	9,513	6,664	3,992	2,767	non-interest bearing	no impairment
		2023	15,949	5,808	3,801	2,638		
	k	2025	-	299	-	5,879	On demand;	Unsecured;
		2024	-	321	-	5,785	interest bearing	no impairment
		2023	-	167	-	3,322		
Associate	b, h	2025	308	343	57	300	On demand;	Unsecured;
		2024	280	296	81	203	non-interest bearing	no impairment
		2023	240	210	54	73		
Joint Venture	c, g, h	2025	-	83	3	-	On demand;	Unsecured;
		2024	-	74	-	4	non-interest bearing	no impairment
		2023	-	65	1	-		
Associate and Joint Venture under Common Control	b, h, l	2025	371	210	51	225	On demand;	Unsecured;
		2024	331	-	54	1	non-interest bearing	no impairment
		2023	326	-	87	1		
	l	2025	-	32	-	-	Short-term;	Unsecured;
		2024	-	41	-	1,100	interest bearing	no impairment
		2023	-	112	-	1,100		
		2025	P10,388	P9,537	P4,132	P9,693		
		2024	P10,187	P7,631	P5,124	P10,278		
		2023	P16,589	P6,583	P4,898	P7,595		

- 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). These advances have been fully settled in 2025.
- Sales relate to the Parent Company's supply agreements with the Intermediate Parent, various SMC subsidiaries, and an associate. Under these agreements, the Parent Company supplies diesel fuel, gasoline and lube requirements of selected SMC plants and subsidiaries.
- Purchases relate to purchase of goods and services such as power, construction, information technology, shipping and terminalling from a joint venture and various SMC subsidiaries.
- The Parent Company entered into various lease agreements with San Miguel Properties, Inc. for office space and certain parcels of land where service stations are located.
- The Parent Company has existing lease agreements with SMC covering certain parcels of land where service stations are located.
- The Parent Company also pays SMC for its share in common expenses such as utilities and management fees.
- TBSB provides bottling services to PFISB and another venturer.
- Amounts owed by related parties consist of trade, non-trade receivables, advances and prepaid expenses.

- 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):

	2025	2024	2023
Salaries and other short-term employee benefits	P1,116	P1,010	P906
Retirement benefits costs - defined benefit plan	136	123	116
Retirement benefits costs - defined contribution plan	24	24	37
	P1,276	P1,157	P1,059

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	2025	2024	2023
Interest on lease liabilities	10	P1,046	P1,259	P1,124
Income from sub-leasing		(1,867)	(1,696)	(1,608)
Expenses relating to short-term leases	10	867	586	491
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	10	100	14	30
Expenses relating to the variable portion of lease payments	10	7	6	4
		P153	P169	P41

Rent expense amounting to P168 is included in "Cost of goods sold - others" account in 2025, P81 in 2024 and P28 in 2023 (Note 22). Interest expense amounting to P6 was capitalized as part of property, plant and equipment in 2025, P5 in 2024 while P26 in 2023 (Note 9).

Amounts recognized in the consolidated statements of cashflows:

	Note	2025	2024	2023
Interest paid under operating activities	33	P1,052	P1,264	P1,150
Cash outflows for short term, low value leases and variable portion of lease payments		974	606	525
Principal lease payments under financing activities	33	1,540	1,516	1,313
	10	P3,566	P3,386	P2,988

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.

	2025	2024
Less than one year	P2,502	P1,421
One to two years	833	628
Two to three years	607	378
Three to four years	350	474
Four to five years	469	330
More than five years	1,613	2,415
	P6,374	P5,646

Rent income recognized in profit or loss amounted to:

	Note	2025	2024	2023
Other operating income		P1,968	P1,767	P1,683
Others - net	26	65	69	63
		P2,033	P1,836	P1,746

30. Retirement Plan

The succeeding tables summarize the components of net retirement benefits costs (income) under defined benefit retirement plans recognized in the 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, 2025. 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 two of the BOT are also 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)		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
Balance at beginning of year	(P5,940)	(P4,815)	(P4,500)	P2,155	P2,131	P1,173	(P3,785)	(P2,684)	(P3,327)
Recognized in Profit or Loss									
Current service cost	(358)	(270)	(257)	-	-	-	(358)	(270)	(257)
Past service cost - curtailment	2	-	-	-	-	-	2	-	-
Interest expense	(336)	(303)	(303)	-	-	-	(336)	(303)	(303)
Interest income	-	-	-	143	156	106	143	156	106
	(692)	(573)	(560)	143	156	106	(549)	(417)	(454)
Recognized in Other Comprehensive Income									
Remeasurements:									
Actuarial gains (losses) arising from:									
Experience adjustments	129	(729)	(233)	-	-	-	129	(729)	(233)
Changes in financial assumptions	36	(209)	(162)	-	-	-	36	(209)	(162)
Changes in demographic assumptions	(7)	(88)	22	-	-	-	(7)	(88)	22
Return on plan asset excluding interest	-	-	-	(362)	(629)	335	(362)	(629)	335
	158	(1,026)	(373)	(362)	(629)	335	(204)	(1,655)	(38)
Others									
Benefits paid	530	563	565	(412)	(526)	(498)	118	37	67
Contributions	-	-	-	850	1,023	1,015	850	1,023	1,015
Translation adjustment	(224)	(89)	53	-	-	-	(224)	(89)	53
	306	474	618	438	497	517	744	971	1,135
Balance at end of year	(P6,168)	(P5,940)	(P4,815)	P2,374	P2,155	P2,131	(P3,794)	(P3,785)	(P2,684)

The above net defined benefit retirement liability was recognized in the consolidated statements of financial position as follows:

	Note	2025	2024
Trade and other payables	17	P60	P124
Retirement benefits liability (noncurrent portion)		3,734	3,661
		P3,794	P3,785

Retirement benefits costs (income) recognized in the consolidated statements of income by the Parent Company amounted to P231, P194, and P181 in 2025, 2024 and 2023, respectively.

Retirement benefits costs recognized in the consolidated statements of income by the subsidiaries amounted to P125, P76 and P76, in 2025, 2024 and 2023, respectively, including negative past service cost - curtailment of PFC in 2025.

The carrying amounts of the Parent Company's retirement fund approximate fair values as of December 31, 2025 and 2024.

Plan assets consist of the following:

	2025	2024
Shares of stock:		
Quoted	46%	60%
Unquoted	20%	15%
Government securities	28%	19%
Cash and cash equivalents	5%	5%
Others	1%	1%
	100%	100%

Investment in Shares of Stock. As of December 31, 2025, the Parent Company's plan assets include 14,250,900 common shares of SMC with fair market value per share of P82. As of December 31, 2024, the Parent Company's plan assets include 459,156,097 common shares of Petron with fair market value per share of P2.43 and 14,250,900 common shares of SMC with fair market value per share of P86 (Note 21).

The Parent Company's plan recognized a gain (loss) on the investment in marketable securities of Petron and SMC amounting to (P57), (P744) and P658 in 2025, 2024 and 2023, 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 P71 in 2025, P66 in 2024 and P66 in 2023.

Government Securities represent 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 BO 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 P508 to its defined benefit retirement plan in 2026.

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:

	2025	2024	2023
Discount rate	4.19% to 6.40%	4.34% to 6.15%	5.00% to 6.58%
Future salary increases	5.00% to 7.00%	5.00% to 7.00%	5.00% to 8.00%

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 14.00 years as of December 31, 2025 and 6.60 to 12.30 years as of December 31, 2024.

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	
	1 Percent Increase	1 Percent Decrease
2025		
Discount rate	(P54)	P121
Salary increase rate	506	(447)
	Defined Benefit Liabilities	
	1 Percent Increase	1 Percent Decrease
2024		
Discount rate	(P95)	P155
Salary increase rate	461	(408)

The Parent Company has advances to PCERP amounting to nil and P982 as of December 31, 2025 and 2024, 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 2025 and 2024 (Note 28). In 2025, Parent Company's interest-bearing advances to PCERP were fully settled (Note 28).

Transactions with the retirement plan are made at normal market prices and terms. Outstanding balances as of December 31, 2025 and 2024 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, 2025, 2024 and 2023.

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), Chevron USA Inc. Singapore Branch (Chevron) and Shell International Eastern Trading Company (SIETCO). The contract with Saudi Aramco is from January 1, 2025 to December 31, 2025 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 January 1, 2025 to December 31, 2025 was renewed from January 1, 2026 to December 31, 2026. The contract with Chevron is from December 1, 2024 to November 30, 2025 and was renewed from February 1, 2026 to January 31, 2027. 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, 2025, 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, 2025 and 2024 (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 provides tolling services which include storage, blending, filing and logistics management. In consideration of these services, Innospec pays PFC a service fee based on the total volume of products blended at PFC Fuel Additives Blending facility. In 2025, the tolling services operations of PFC ceased following the non-renewal of agreement with Innospec.

Tolling services started in 2008 on which PFC recognized revenue amounting to nil, P49 and P76 in 2025, 2024 and 2023, 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, 2025 and 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, 2025 and 2024, 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:

	2025	2024	2023
Net income attributable to equity holders of the Parent Company	P14,752	P8,469	P9,229
Dividends on preferred shares for the year	(1,956)	(2,713)	(2,115)
Distributions to the holders of capital securities	(2,664)	(2,951)	(4,569)
Net income attributable to common shareholders of the Parent Company (a)	P10,132	P2,805	P2,545
Weighted average number of common shares outstanding (in millions) (b)	9,008	9,375	9,375
Basic/diluted earnings per common share attributable to equity holders of the Parent Company (a/b)	P1.12	P0.30	P0.27

As of December 31, 2025, 2024 and 2023, 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):

	2025	2024	2023
Decrease (increase) in assets:			
Trade and other receivables	P1,481	P5,106	(P5,082)
Inventories	22,584	(12,391)	7,946
Other assets	2,813	(9,482)	(2,516)
Increase (decrease) in liabilities:			
Liabilities for crude oil and petroleum products	(652)	5,117	(5,696)
Trade and other payables and others	6,449	(1,444)	(792)
	P32,675	(P13,094)	(P6,140)

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, 2025	P1,039	P13,415	P5,785	P138,906	P117,443	P276,588
Changes from financing cash flows:						
Payment of principal	-	(1,540)	-	-	-	(1,540)
Interest paid	-	(1,052)	-	-	-	(1,052)
Proceeds from avallment of loans/advances	-	-	3,410	347,023	47,865	398,298
Payments of loans/advances	-	-	(3,410)	(394,384)	(42,685)	(440,479)
Dividends and distributions paid	(6,320)	-	-	-	-	(6,320)
Total changes from financing cash flows	(6,320)	(2,592)	-	(47,361)	5,180	(51,093)
Dividends and distributions declared	5,686	-	-	-	-	5,686
New leases	-	2,210	-	-	-	2,210
Interest expense	-	1,052	-	-	-	1,052
Effects of changes in foreign exchange rates	-	-	94	355	1,188	1,637
Amortization of debt issue costs	-	-	-	-	666	666
Balance as of December 31, 2025	P405	P14,085	P5,879	P91,900	P124,477	P236,746

	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	P3,322	P137,910	P108,896	P267,020
Changes from financing cash flows:						
Payment of principal	-	(1,516)	-	-	-	(1,516)
Interest paid	-	(1,264)	-	-	-	(1,264)
Proceeds from avallment of loans/advances	-	-	2,243	343,474	40,193	385,910
Payments of loans	-	-	-	(343,142)	(34,517)	(377,659)
Dividends and distributions paid	(6,723)	-	-	-	-	(6,723)
Total changes from financing cash flows	(6,723)	(2,780)	2,243	332	5,676	(1,252)
Dividends and distributions declared	6,814	-	-	-	-	6,814
New leases	-	2,492	-	-	-	2,492
Interest expense	-	1,264	-	-	-	1,264
Effects of changes in foreign exchange rates	-	124	220	664	2,233	3,241
Lease termination	-	(3,629)	-	-	-	(3,629)
Amortization of debt issue costs	-	-	-	-	638	638
Balance as of December 31, 2024	P1,039	P13,415	P5,785	P138,906	P117,443	P276,588

	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)
Interest paid	-	(1,150)	-	-	-	(1,150)
Proceeds from availment of loans/advances	-	-	-	268,329	21,331	289,660
Payments of loans	-	-	-	(268,078)	(19,790)	(287,868)
Dividends and distributions paid	(7,356)	-	-	-	-	(7,356)
Total changes from financing cash flows	(7,356)	(2,463)	-	251	1,541	(8,027)
Dividends and distributions declared	7,834	-	-	-	-	7,834
New leases	-	2,234	-	-	-	2,234
Interest expense	-	1,150	-	-	-	1,150
Effects of changes in foreign exchange rates	-	(71)	(40)	(227)	(291)	(629)
Amortization of debt issue costs	-	-	-	-	585	585
Balance as of December 31, 2023	P948	P15,944	P3,322	P137,910	P108,896	P267,020

c. Reclassifications in the consolidated statements of cash flows

In 2025, the Group refined the presentation of interest paid on lease liabilities in the consolidated statements of cash flows. Accordingly, comparative information for 2024 and 2023 amounting to P1,264 and P1,150, respectively, has been reclassified to exclude such amounts as “Interest paid” from operating activities in order to consistently align its presentation as “Payments of lease liabilities” within financing activities.

Other reclassifications amounting to P72 and P4 in 2024 and 2023, respectively, pertain to cash flow items within the operating activities.

The reclassifications have no impact on the Group's consolidated statements of cashflows for the year ended December 31, 2024 and 2023.

The effects of the reclassifications are as follows:

	2024 As Previously Reported	Adjustments	2024 As Reclassified
<i>Net Cash Flows Provided by Operating Activities</i>			
Impairment loss (reversal of impairment) of receivables and inventories - net	(P343)	P2	(P341)
Changes in noncash assets, certain current liabilities and others	(11,758)	(1,336)	(13,094)
Interest paid	(19,928)	1,334	(18,594)

	2023 As Previously Reported	Adjustments	2023 As Reclassified
<i>Net Cash Flows Provided by</i>			
<i>Operating Activities</i>			
Impairment loss (reversal of impairment) of receivables and inventories - net	P29	P7	P36
Changes in noncash assets, certain current liabilities and others	(4,986)	(1,154)	(6,140)
Interest paid	(18,264)	1,147	(17,117)

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:

- The Enterprise-Wide Risk Management Group, which is mandated with the overall coordination and development of the enterprise-wide risk management process.
- The Risk and Insurance Management Group, which is assigned to identify, assess, manage, and mitigate risks, while ensuring adequate insurance coverage across the Group.

- c. The Treasurers Department, which is in charge of foreign currency hedging transactions.
- d. The Transaction Management Unit of Controllers Department, which provides backroom support for all hedging transactions.
- e. The Corporate Technical and Engineering Services Group, which oversees strict adherence to safety and environmental mandates across all facilities.
- f. The Internal Audit Department, which has been tasked with the implementation of a risk-based auditing.
- g. 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.
- h. 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:

	2025		2024	
	US Dollar (in millions)	Phil. Peso Equivalent	US Dollar (in millions)	Phil. Peso Equivalent
Assets				
Cash and cash equivalents	572	33,629	403	23,324
Trade and other receivables	576	33,852	646	37,341
Other assets	20	1,155	20	1,184
	1,168	68,636	1,069	61,849
Liabilities				
Short-term loans	-	-	277	16,006
Liabilities for crude oil and petroleum products	787	46,284	814	47,135
Long-term debts (including current maturities)	1,030	60,554	1,171	67,717
Other liabilities	270	15,816	179	10,340
	2,087	122,654	2,441	141,198
Net Foreign Currency-Denominated Monetary Liabilities	(919)	(54,018)	(1,372)	(79,349)

The Group incurred net foreign currency losses amounting to P152, P1,771, and P509 in 2025, 2024 and 2023, 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, 2025	58.790
December 31, 2024	57.845
December 31, 2023	55.370

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, 2025 and 2024:

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
2025				
Cash and cash equivalents	(P215)	(P518)	P215	P518
Trade and other receivables	(171)	(564)	171	564
Other assets	(7)	(18)	7	18
	(393)	(1,100)	393	1,100
Liabilities for crude oil and petroleum products	267	996	(267)	(996)
Long-term debts (including current maturities)	1,030	772	(1,030)	(772)
Other liabilities	11	266	(11)	(266)
	1,308	2,034	(1,308)	(2,034)
	P915	P934	(P915)	(P934)
	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
2024				
Cash and cash equivalents	(P264)	(P337)	P264	P337
Trade and other receivables	(178)	(639)	178	639
Other assets	(10)	(18)	10	18
	(452)	(994)	452	994
Short-term loans	-	277	-	(277)
Liabilities for crude oil and petroleum products	461	1,161	(461)	(1,161)
Long-term debts (including current maturities)	1,171	878	(1,171)	(878)
Other liabilities	22	173	(22)	(173)
	1,654	2,489	(1,654)	(2,489)
	P1,202	P1,495	(P1,202)	(P1,495)

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 P583 and P727 in 2025 and 2024, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect.

Interest Rate Risk Table. As of December 31, 2025 and 2024, the terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

2025	<1 Year	1 - <2 Years	2 - <3 Years	3 - <4 Years	4 - <5 Years	>5 Years	Total
Fixed Rate							
Philippine peso denominated	P5,000	P15,750	P2,000	P1,000	P15,910	P16,090	P55,750
Interest rate	7.2% - 7.5%	4.3% - 7.5%	7.5%	7.5%	6.6%	6.9% - 7.4%	
US\$ denominated (expressed in Php)	-	P1,680	P3,359	P3,359	P3,359	-	11,757
Interest rate	-	5.74%	5.74%	5.74%	5.74%	-	-
Floating Rate							
Philippine peso denominated	1,833	2,667	2,667	1,833	500	-	9,500
Interest rate	3, 6 mos. BVAL + margin	3, 6 mos. BVAL + margin	3, 6 mos. BVAL + margin	3, 6 mos. BVAL + margin	3, 6 mos. BVAL + margin	-	
US\$ denominated (expressed in Php)	6,719	23,390	10,289	8,399	-	-	48,797
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	-	
	P13,552	P43,487	P18,315	P14,591	P19,769	P16,090	P125,804

*The Parent Company reprices every month but has been given an option to reprice every 3 or 6 months.

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	-	
JPY 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.

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	2025	2024
Cash in banks and cash equivalents	5	P38,995	P28,177
Derivative assets	6, 14	1,085	1,044
Trade and other receivables - net	7	81,603	82,762
Noncurrent deposits	14	76	141
		P121,759	P112,124

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, 2025 and 2024:

	Trade Accounts Receivables Per Class			
	Class A	Class B	Class C	Total
December 31, 2025				
Retail	P4,269	P4,463	P896	P9,628
Lubes	463	347	213	1,023
LPG	745	386	164	1,295
Industrial	16,940	577	8,734	26,251
Others	17,841	4,938	5,513	28,292
	P40,258	P10,711	P15,520	P66,489

	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
LPG	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

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, 2025 and 2024, 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.

	2025			
	Financial Assets at Amortized Cost			Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	
Cash in banks and cash equivalents	P38,995	P -	P -	P38,995
Trade and other receivables	-	81,603	886	82,489
Derivative assets not designated as cash flow hedge	-	-	-	1,085
Long-term receivables	-	-	11	11
Noncurrent deposits	76	-	-	76
	P39,071	P81,603	P897	P122,656

	2024				
	Financial Assets at Amortized Cost			Financial Assets at FVPL	Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired		
Cash in banks and cash equivalents	P28,177	P -	P -	P -	P28,177
Trade and other receivables	-	82,762	894	-	83,656
Derivative assets not designated as cash flow hedge	-	-	-	1,044	1,044
Long-term receivables	-	-	333	-	333
Noncurrent deposits	141	-	-	-	141
	P28,318	P82,762	P1,227	P1,044	P113,351

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, 2025 and 2024.

2025	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	P42,059	P42,059	P42,059	P -	P -	P -
Trade and other receivables	81,603	81,603	81,603	-	-	-
Derivative assets (including non-current portion)	1,085	1,085	1,080	5	-	-
Proprietary membership shares	488	488	-	-	-	488
Noncurrent deposits	76	76	-	-	-	76
Financial Liabilities						
Short-term loans	91,900	92,423	92,423	-	-	-
Liabilities for crude oil and petroleum products	51,407	51,407	51,407	-	-	-
Trade and other payables*	18,531	18,531	18,531	-	-	-
Cylinder deposits	3,819	3,819	3,819	-	-	-
Derivative liabilities	1,729	1,729	1,722	7	-	-
Long-term debts (including current maturities)	124,477	152,328	20,908	49,468	61,268	20,684
Lease liability (including current portion)	14,085	24,202	2,476	2,446	6,179	13,101
Cash bonds	427	427	-	412	15	-
"Others" under other noncurrent liabilities	49	49	-	37	12	-

*excluding specific taxes and other taxes payable, retirement benefits liability, deferred income, advances from customers, cylinder deposits and others

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*	17,321	17,321	17,321	-	-	-
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

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:

	2025	2024
Total assets	P451,962	P468,802
Total liabilities	330,939	364,592
Total equity	121,023	104,210
Debt to equity ratio	2.7:1	3.5:1
Assets to equity ratio	3.7:1	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	2025		2024	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets (FA):					
Cash and cash equivalents	5	P42,059	P42,059	P30,389	P30,389
Trade and other receivables	7	81,603	81,603	82,762	82,762
Noncurrent deposits	14	76	76	141	141
FA at amortized cost		123,738	123,738	113,292	113,292
Proprietary membership shares	6	488	488	458	458
Derivative assets not designated as cash flow hedge	6, 14	1,085	1,085	1,044	1,044
FA at FVPL		1,573	1,573	1,502	1,502
Total financial assets		P125,311	P125,311	P114,794	P114,794

	Note	2025		2024	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities (FL):					
Short-term loans	15	P91,900	P91,900	P138,906	P138,906
Liabilities for crude oil and petroleum products	16	51,407	51,407	51,625	51,625
Trade and other payables*	17	18,531	18,531	17,321	17,321
Long-term debt including current portion	18	124,477	124,477	117,443	117,443
Cash bonds	20	427	427	426	426
Cylinder deposits	17	3,819	3,819	3,432	3,432
"Others" under other noncurrent liabilities	20	49	49	61	61
Other FL		290,610	290,610	329,214	329,214
Derivative liabilities not designated as cash flow hedge		1,729	1,729	1,699	1,699
Total financial liabilities		P292,339	P292,339	P330,913	P330,913

*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 9.24% is used in 2025 and 9.39% in 2024.

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, 2025 and 2024.

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, 2025 and 2024, the Group has no outstanding cross currency swap.

Interest Rate Collar. As of December 31, 2025 and 2024, the Group has no outstanding interest rate collar.

Freestanding Derivatives

Freestanding derivatives consist of interest rate, foreign currency and commodity derivatives entered into by the Group.

Currency Forwards. As of December 31, 2025 and 2024, the Group has outstanding foreign currency forward contracts with aggregate notional amount of US\$1,322 million and US\$1,214 million, respectively, and with various maturities in 2026 and 2025. As of December 31, 2025 and 2024, the net fair value of these currency forwards amounted to (P446) and (P977), respectively.

Commodity Swaps. The Group has outstanding swap agreements covering its oil requirements, with various maturities from 2025 to 2027. 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 116.5 million barrels and 100.6 million barrels for 2025 and 2024, respectively. The estimated net (payouts)/receipts for these transactions amounted to (P198) and P322 as of December 31, 2025 and 2024, respectively.

Commodity Options. As of December 31, 2025 and 2024, 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, 2025 and 2024, 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, 2025 and 2024, the net fair value of these embedded currency forwards is minimal.

For the years ended December 31, 2025, 2024 and 2023, the Group recognized marked-to-market gains (losses) from freestanding and embedded derivatives amounting to (P872), P986, and (P133) 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 2025 and 2024 are as follows:

	Note	2025	2024
Fair value at beginning of year		(P655)	P413
Net changes in fair value during the year	26	(872)	986
Fair value of settled instruments		883	(2,054)
Fair value at end of year		(P644)	(P655)

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, 2025 and 2024. 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.

	2025	2024
	Level 2	Level 2
Financial Assets		
Proprietary membership shares	P488	P458
Derivative assets	1,085	1,044
Financial Liabilities		
Derivative liabilities	(1,729)	(1,699)

The Group has no financial instruments valued based on Level 1 and Level 3 as of December 31, 2025 and 2024. 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 2025 and 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. Sales of fuel, LPG and lubricants to industrial customers including manufacturing, transportation, aviation, and construction sectors.
- c. Sales of LPG and lubricants through dealers and distribution network.
- d. Lease of real properties and equipment at the service stations and other related structures.
- e. Export sales of various petroleum and non-fuel products to other countries such as China, Taiwan, Malaysia, Singapore, Indonesia, Vietnam 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, 2025, 2024 and 2023.

	Petroleum	Leasing**	Marketing	Elimination/ Others**	Total
2025					
Revenue:					
External sales	P806,592	P1,195	P809	P1,170	P809,766
Inter-segment sales	387,255	317	-	(387,572)	-
Operating income	36,637	240	23	423	37,323
Net income	20,101	206	38	(4,718)	15,627
Assets and liabilities:					
Segment assets*	503,715	7,128	686	(60,115)	451,414
Segment liabilities*	350,211	1,906	75	(29,170)	323,022
Other segment information:					
Property, plant and equipment	163,051	-	71	4,295	167,417
Depreciation	14,265	9	2	233	14,509
Impairment loss on property, plant and equipment and investment property	408	-	-	-	408
Interest expense	18,855	74	1	(222)	18,708
Interest income	1,204	6	18	(46)	1,182
Income tax expense	3,641	66	8	63	3,778
Cost of sales - inventories	1,093,361	-	726	(386,838)	707,249

*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".

	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
Cost of sales-inventories	1,164,316	-	1,056	(385,648)	779,724

*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".

	Petroleum	Leasing**	Marketing	Elimination/ Others**	Total
2023					
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	164,951	-	83	2,953	167,987
Depreciation	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	2,961	42	8	(13)	2,998
Cost of sales-inventories	1,048,562	-	1,019	(335,046)	714,535

*excluding deferred tax assets and liabilities

**revenues from the use of loaned equipment are presented as part of "Leasing" while revenues from provisions of technical support are presented as part of "Others".

Inter-segment sales transactions amounted to P387,572, P373,256 and P326,420 for the years ended December 31, 2025, 2024 and 2023, respectively.

The following table presents additional information on the petroleum business segment of the Group as of and for the years ended December 31, 2025, 2024 and 2023:

	Retail	Lube	LPG	Industrial	Others*	Total
2025						
Revenue	P364,341	P7,500	P38,673	P167,151	P228,927	P806,592
Property, plant and equipment	8,569	56	3,108	85	151,233	163,051
Capital expenditures	1,175	10	2	59	5,297	6,543
2024						
Revenue	379,864	7,452	38,568	161,268	277,613	864,765
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						
Revenue	367,013	6,462	33,267	146,980	244,310	798,032
Property, plant and equipment	7,880	62	2,079	62	154,868	164,951
Capital expenditures	1,237	34	10	40	3,645	4,966

*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, 2025 and 2024.

	2025	2024
Local	P336,444	P360,469
International	114,970	107,773
	P451,414	P468,242

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, 2025, 2024 and 2023.

	Petroleum	Leasing*	Marketing	Elimination/ Others*	Total
2025					
Local	P451,772	P1,512	P809	(P517)	P453,576
Export/international	742,075	-	-	(385,885)	356,190
2024					
Local	437,246	1,306	1,163	(815)	438,900
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

*revenues from the use of loaned equipment are presented as part of "Leasing" while revenues from provisions of technical support are presented as part of "Others".

38. Events After the Reporting Date

- a. On February 10, 2026, the Parent Company paid distributions amounting to US\$906 thousand (P53) to the holder of the US\$100 million RPS.
- b. On February 12, 2026, the BOD of the Parent Company approved the declaration of cash dividends for preferred shareholders with the following details:

Type	Per Share	Date of Record	Date of Payment
Series 3B	17.84575	March 4, 2026	March 25, 2026
Series 4A	16.76975	March 16, 2026	April 7, 2026
Series 4B	16.99300	March 16, 2026	April 7, 2026
Series 4C	17.71525	March 16, 2026	April 7, 2026
Series 4D	17.09100	March 2, 2026	March 23, 2026
Series 4E	17.75800	March 2, 2026	March 23, 2026

- c. On March 3, 2026, the BOD of the Parent Company approved the following:
 - i. Declaration of P0.15 per share cash dividends to common stockholders to be paid on April 15, 2026.
 - ii. Redemption of the remaining US\$162.61 million (P7,755) SPCS issued in April 2021 on April 19, 2026.

39. Litigations, Contingencies and Other Matters

- a. Lease Agreements with PNOC

On October 20, 2017, Petron filed with the Regional Trial Court (RTC) of Mandaluyong City a complaint against the PNOC for the reconveyance of the various landholdings it conveyed to PNOC in 1993 as a result of the government-mandated privatization of the Parent Company.

The subject landholdings consisted of the refinery lots in Limay, Bataan, 23 bulk plant sites and 66 service station lots located in different parts of the country. The Deeds of Conveyance covering the landholdings provide that the transfer of these lots to PNOC was without prejudice to the continued long-term use by Petron of the conveyed lots for its business operation. Thus, PNOC and the Parent Company executed three lease agreements covering the refinery lots, the bulk plants, and the service station sites, all with an initial lease term of 25 years which expired in August 2018, with a provision for automatic renewal for another 25 years. In 2009, the Parent Company, through its realty subsidiary, NVRC, had an early renewal of the lease agreement for the refinery lots with an initial lease term of 30 years, renewable for another 25 years.

The complaint alleged that PNOC committed a fundamental breach of the lease agreements when it refused to honor both the automatic renewal clause in the lease agreements for the bulk plants and the service station sites and the renewed lease agreement for the refinery lots on the alleged ground that all such lease agreements were grossly disadvantageous to PNOC, a government-owned-and-controlled corporation.

On December 11, 2017, the trial court granted Parent Company's prayer for a writ of preliminary injunction, enjoining PNOC from committing any act aimed at ousting the Parent Company from possession of the subject properties until the case is decided.

The court-mandated mediation in 2018 and the judicial dispute resolution proceedings before the court in 2019 were likewise terminated, after the parties failed to agree to a settlement. The Parent Company filed a motion for summary judgment on May 17, 2019. In a resolution dated November 13, 2019, the trial court granted the Parent Company's motion for summary judgment and ordered: (i) the rescission of the Deeds of Conveyance dated 1993 relating to the Parent Company's conveyance of such leased premises to PNOC pursuant to a property dividend declaration in 1993, (ii) the reconveyance by PNOC to the Parent Company of all such properties, and (iii) the payment by the Parent Company to PNOC of the amount of P143, with legal interest from 1993, representing the book value of the litigated properties at the time of the property dividend declaration. PNOC filed a motion for reconsideration. The Parent Company also filed a motion for partial reconsideration seeking a modification of the judgment to include an order directing PNOC to return to the Parent Company all lease payments the latter had paid to PNOC since 1993.

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

In a resolution dated November 25, 2024, the Supreme Court denied with finality the motion for reconsideration and the motion to refer to the Supreme Court *En Banc* that the PNOC filed in December 2023. The November 2024 resolution also ordered the immediate issuance of the entry of judgment and declared that no further pleadings or motions shall be entertained.

On January 21, 2025, PNOC filed a second motion for reconsideration. A second motion for reconsideration is generally prohibited under the Internal Rules of the Supreme Court.

Given the finality of the Supreme Courts's ruling, the Group recognized in its 2024 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).

On December 12, 2025, the trial court issued an order granting the Parent Company's Motion for Issuance of Writ of Execution. On December 23, 2025, PNOC filed a motion for reconsideration with the trial court seeking the reversal of the trial court's order. In an Order dated January 8, 2026, the trial court denied PNOC's Omnibus Motion praying for the reversal of the trial court's December 12, 2025 Order granting the Writ of Execution and for the voluntary inhibition of presiding Judge Ryan Scott F. Robiños.

The Parent Company recognized in its 2025 books additional legal interest amounting to P178 computed up to December 16, 2025 and made a valid tender of payment on December 17, 2025, when it offered to pay PNOC the amount of P588 through a Manager's Check. The Parent Company's judgment debt in favor of PNOC could have been immediately satisfied had PNOC accepted the tender, but PNOC refused to do so. The Parent Company's tender of payment was followed by its attempt to deposit the amount with the Branch Sheriff and the Branch Clerk of Court on January 27, 2026, pursuant to Rule 39 of the Rules of Court. When this was also refused without the payment of various fees, the Parent Company filed a Motion for Consignation with the RTC on February 16, 2026. Also on February 16, 2026, the Parent Company filed an Omnibus Motion seeking the court's order to divest PNOC of its ownership over all subject landholdings covered by the case and to vest ownership in the Parent Company.

On February 19, 2026, the Parent Company received an Order from the RTC divesting PNOC of its title over all the properties covered by the Deeds of Conveyance and vested title over them in the Parent Company and ordered the relevant Registers of Deeds to cancel the transfer certificates of the title in the name of PNOC and to issue new ones in the name of the Parent Company. The trial court also ordered the Parent Company to consign the check that was refused acceptance by PNOC in December 2025.

On March 4, 2026, PNOC accepted the check amounting to P588 in full satisfaction of the Parent Company's monetary obligations, inclusive of legal interest. The liability of the Parent Company to PNOC was derecognized.

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 of December 31, 2025. 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, 2025 and 2024, 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. Impact of Israel-US-Iran Conflict

The joint attack of the United States and Israel on Iran on February 28, 2026 has resulted in significant volatility in global oil markets. Dubai crude prices increased sharply, surpassing the \$100 per barrel mark within a short period from an average of \$62 per barrel in January 2026. The market reaction was driven by concerns over global oil supply following the closure of the Strait of Hormuz, a key transit route through which about 20% of global oil and a significant share of liquefied natural gas supply pass. As a result, prices have remained volatile, with notable movements observed across refined products, particularly middle distillates such as kerosene/jet fuel and diesel.

The Group sources most of its crude oil requirements from the Middle East under term supply arrangements. The closure of the Strait of Hormuz has affected the movement of crude oil from the region. In response, the Group has undertaken measures to support the continuity of supply, including pursuing alternative sources of crude oil through its network of suppliers and securing imported fuel products to supplement refinery production and maintain product availability.

The increase in oil prices may affect the Group's working capital requirements. This impact may be further influenced by depreciation of the Philippine peso, as crude oil and fuel purchases and a portion of the Group's borrowings are denominated in US dollars. The Group manages its exposure to commodity price and foreign currency fluctuations using derivative instruments under its risk management strategies. The Group also maintains access to funding as part of its ongoing capital management activities.

In a deregulated market environment, the Group generally adjusts product prices in response to changes in prevailing regional prices and related costs, subject to market conditions. Prolonged elevated prices may affect demand levels, while refining margins may be influenced by prevailing market conditions.

The Group remains compliant with all financial covenants as of the reporting date and maintains headroom under its existing debt facilities. In light of the evolving situation, management continues to monitor developments and their potential impact on the Group's financial position and covenant compliance.

These developments represent non-adjusting events after the reporting date, as the conditions arose subsequent to December 31, 2025 and did not exist at the reporting date. Accordingly, these events do not affect the amounts recognized in the consolidated financial statements as of December 31, 2025. Considering the rapidly evolving nature of the situation, volatility in global oil prices, and uncertainty over the duration and extent of supply disruptions, the Group is currently unable to reliably estimate the potential financial impact on its financial position, financial performance, and cash flows for the subsequent reporting periods.

The Group remains focused on ensuring supply chain reliability, pursuing diversification of crude and product sourcing, optimizing inventory levels, and implementing cost management initiatives. The Group continues to adopt prudent risk management to mitigate the adverse effects of the war, and implement appropriate measures to ensure continuity of supply, operations, and cash flows, amid the oil market volatility and disruptions in 2026.

- e. The Group has unused letters of credit totaling approximately P35,338 and P41,164 as of December 31, 2025 and 2024, respectively.

PETRON CORPORATION AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2025

Statement of Management's Responsibility for the Consolidated Financial Statements

Report of Independent Auditors on Supplementary Information Filed Separately from the Consolidated Financial Statements

Supplementary Schedules to the Consolidated Financial Statements

Supplementary Schedules of Annex 68 - J		Page No.
A.	Financial Assets	NA ^(a)
B.	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	NA ^(b)
C.	Amounts Receivable and Payable from Related Parties which are Eliminated during the Consolidation of Financial Statements	1 - 2
D.	Long-term Debt	3
E.	Indebtedness to Related Parties	NA
F.	Guarantees of Securities of Other Issuers	NA
G.	Capital Stock	4

^(a)Balance of Financial Assets at Fair Value Through Profit or Loss is less than 5% of total current assets.

^(b)Balance of account is less than 1% of the total assets of the Group and no individually significant advances over P1,000,000.

Map of the Conglomerate within which the Group belongs

Financial Soundness Indicators

Schedule of Proceeds from Recent Offering of Securities

Report on Independent Auditors on Supplementary Information Filed Separately from the Separate Financial Statements

Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration

R.G. Manabat & Co.



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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Petron Corporation and Subsidiaries (the “Group”) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated March 31, 2026.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following schedules are the responsibility of the Group’s management:

- Supplementary Schedules of Annex 68-J
- Map of the Conglomerate

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024

and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029

financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manabat & Co.



These supplementary information are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not required parts of the consolidated financial statements. Such supplementary information have been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink that reads 'Rohanie C. Galicia'.

ROHANIE C. GALICIA

Partner

CPA License No. 0118706

SEC Accreditation No. 118706-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements

Tax Identification No. 249-773-914

BIR Accreditation No. 08-001987-044-2024

Issued July 17, 2024; valid until July 17, 2027

PTR No. MKT 10764394

Issued January 5, 2026 at Makati City

March 31, 2026

Makati City, Metro Manila

R.G. Manabat & Co.



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REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders

Petron Corporation
SMC Head Office Complex
40 San Miguel Avenue
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Petron Corporation and Subsidiaries (the "Group") as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated March 31, 2026. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas and calculations, is the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

R.G. MANABAT & CO.

ROHANIE C. GALICIA

Partner

CPA License No. 0118706

SEC Accreditation No. 118706-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements

Tax Identification No. 249-773-914

BIR Accreditation No. 08-001987-044-2024

Issued July 17, 2024; valid until July 17, 2027

PTR No. MKT 10764394

Issued January 5, 2026 at Makati City

March 31, 2026

Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024

and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029

financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

PETRON CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Amounts in Millions)

NAME OF RELATED PARTY		BEGINNING BALANCE	ADDITIONS/ CTA/RECLASS/ OTHERS	AMOUNTS COLLECTED/ CREDIT MEMO	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NONCURRENT	ENDING BALANCE
Petron Corporation	P	4,062	P 24,974	P (25,353)	-	P 3,683	P 2,747	P 936	3,683
Overseas Ventures Insurance Corporation Ltd.		1,456	69	(40)	-	1,485	1,485	-	1,485
Petrogen Insurance Corporation		-	-	-	-	-	-	-	-
Petron Freeport Corporation		32	-	(32)	-	-	-	-	-
Petron Singapore Trading Pte., Ltd.		27,997	371,742	(376,621)	-	23,118	23,118	-	23,118
Petron Marketing Corporation		21	-	-	-	21	21	-	21
New Ventures Realty Corporation and Subsidiaries		327	93	(58)	-	362	185	177	362
Mema Holdings Inc.		907	2,177	(2,667)	-	417	417	-	417
Petron Global Limited		-	-	-	-	-	-	-	-
Petron Finance (Labuan) Limited		-	-	-	-	-	-	-	-
Petron Oil And Gas Mauritius Ltd. and Subsidiaries		-	-	-	-	-	-	-	-
Petrochemical Asia (Hk) Limited and Subsidiaries		76	1	-	-	77	77	-	77
TOTAL	P	34,878	P 399,056	P (404,771)	-	P 29,163	P 28,050	P 1,113	P 29,163

PETRON CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Amounts in Millions)

NAME OF RELATED PARTY		BEGINNING BALANCE		ADDITIONS/ CTA/RECLASS/ OTHERS		AMOUNTS PAID/ DEBIT MEMO		AMOUNTS WRITTEN OFF		TOTAL		CURRENT		NONCURRENT		ENDING BALANCE
Petron Corporation	P	29,408	P	269,555	P	(281,009)	P	-	P	17,954	P	17,777	P	177	P	17,954
Overseas Ventures Insurance Corporation Ltd.		-		456		(456)		-		-		-		-		-
Petron Freeport Corporation		59		1		(26)		-		34		34		-		34
Petron Singapore Trading Pte., Ltd.		2,166		15,058		(15,392)		-		1,832		1,832		-		1,832
Petron Marketing Corporation		-		-		-		-		-		-		-		-
New Ventures Realty Corporation and Subsidiaries		1,861		1,935		(1,956)		-		1,840		904		936		1,840
Mema Holdings Inc.		36		510		(497)		-		49		49		-		49
Petron Global Limited		-		-		-		-		-		-		-		-
Petron Finance (Labuan) Limited		-		-		-		-		-		-		-		-
Petron Oil And Gas Mauritius Ltd. and Subsidiaries		1,348		111,541		(105,435)		-		7,454		7,454		-		7,454
Petrochemical Asia (Hk) Limited and Subsidiaries		-		-		-		-		-		-		-		-
TOTAL	P	34,878	P	399,056	P	(404,771)	P	-	P	29,163	P	28,050	P	1,113	P	29,163

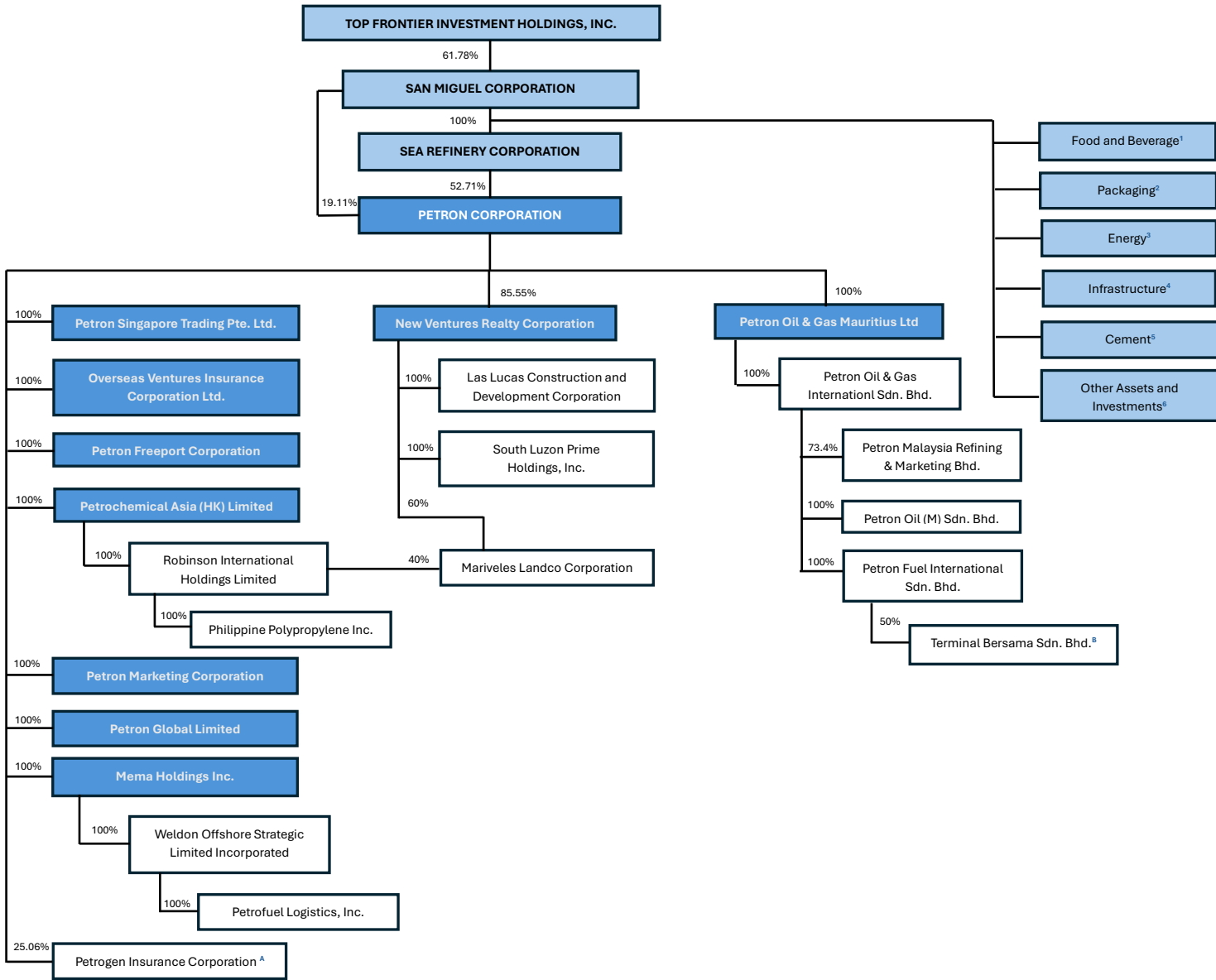
PETRON CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2025
(Amounts in Millions)

TITLE OF ISSUE	AGENT / LENDER	Outstanding Balance	Amount Shown as Current	Current and Long-term	INTEREST RATES	Number of Periodic Installments	Final Maturity
Unsecured term notes and bonds:							
<u>Peso denominated:</u>							
Floating	BDO Unibank, Inc.	5,000	823	4,978	BVAL	2.5-year grace period; amortized in 6 semi-annual payments	Apr 2029
Floating	Metropolitan Bank & Trust Company	4,500	989	4,473	BVAL	amortized in 10 semi-annual payments	Feb 2030
Fixed	China Banking Corporation	7,000	1,987	6,973	7.4941%	2-year grace period; amortized in 7 semi-annual payments	Mar 2029
Fixed	China Banking Corporation	4,000	492	3,990	7.1663%	2-year grace period; amortized in 7 semi-annual payments	May 2027
Fixed	BDO Unibank, Inc.	1,875	1,247	1,871	7.4206%	15-month grace period; amortized in 16 quarterly payments	Jun 2027
Fixed	Landbank of the Philippines	1,875	1,247	1,871	7.5496%	15-month grace period; amortized in 16 quarterly payments	Jun 2027
Fixed	Philippine Depository and Trust Corporation	15,910	-	15,717	6.5945%	One-time payment upon maturity	Jul 2030
Fixed	Philippine Depository and Trust Corporation	4,604	-	4,546	6.9761%	One-time payment upon maturity	Jul 2032
Fixed	Philippine Depository and Trust Corporation	11,486	-	11,340	7.3896%	One-time payment upon maturity	Jul 2035
Fixed	Philippine Depository and Trust Corporation	9,000	-	8,962	4.3368%	One-time payment upon maturity	Oct 2027
		<u>65,250</u>	<u>6,785</u>	<u>64,721</u>			
<u>Foreign currency - denominated</u>							
Floating	Standard Chartered Bank (Hongkong) Limitec	13,757	2,394	13,565	SOFR	2-year grace period; amortized in 7 semi-annual payment:	Nov 2027
Floating	MUFG Bank, Ltd., Hong Kong	5,644	-	5,517	SOFR	2-year grace period; amortized in 7 semi-annual payment:	Mar 2028
Floating	MUFG Bank, Ltd., Hong Kong	29,395	4,021	28,995	SOFR	2-year grace period; amortized in 7 semi-annual payment:	Jul 2029
Fixed	MUFG Bank, Ltd., Hong Kong	11,758	-	11,679	5.74%	2-year grace period; amortized in 7 semi-annual payment:	Aug 2030
		<u>60,554</u>	<u>6,415</u>	<u>59,756</u>			
Total Long-term Debt		P <u>125,804</u> P	<u>13,200</u> P	<u>124,477</u>			

PETRON CORPORATION AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2025

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors and executive officers	Others
Common stock	9,375,104,497	8,911,446,400	Not applicable	6,399,756,124	1,474,332	2,510,215,944
Preferred stock	624,895,503					
Series 3B Preferred		6,597,000	Not applicable	-	32,300	6,564,700
Series 4A Preferred		5,000,000	Not applicable	-	100	4,999,900
Series 4B Preferred		2,995,000	Not applicable	-	3,500	2,991,500
Series 4C Preferred		6,005,000	Not applicable	-	7,500	5,997,500
Series 4D Preferred		8,500,000	Not applicable	-	22,700	8,477,300
Series 4E Preferred		8,330,000	Not applicable	-	13,250	8,316,750

PETRON CORPORATION
MAP OF THE CONGLOMERATE
 As at **December 31, 2025**



The group structure includes the Ultimate Parent Company, Top Frontier Investment Holdings, Inc., Intermediate Parent Company, San Miguel Corporation and its major subsidiaries, associates and joint ventures, Direct Parent Company, SEA Refinery Corporation, Petron Corporation's subsidiaries, associate, and joint venture.

1. **Food and Beverage** business includes San Miguel Food and Beverage, Inc. subsidiaries including San Miguel Foods, Inc. and subsidiaries, San Miguel Mills, Inc. and subsidiaries, Magnolia Inc. and subsidiary, The Purefoods-Hormel Company, Inc., Nine Dots Media Consulting Corporation, Single Kitchen Ventures Inc., San Miguel Super Coffeemix Co., Inc., San Miguel Foods International, Limited and subsidiary, San Miguel Foods Investment (BVI) Limited and subsidiary, San Miguel Pure Foods (VN) Co., Ltd., Ginebra San Miguel Inc. subsidiaries including Distilleria Bago, Inc., and East Pacific Star Bottlers Phils Inc., San Miguel Brewery Inc. subsidiaries including Iconic Beverages, Inc., Brewery Properties Inc. and subsidiary and San Miguel Brewing International Limited and subsidiaries including, San Miguel Brewery Hong Kong Limited and subsidiaries, PT. Delta Djakarta Tbk. and subsidiary, San Miguel Brewery Vietnam Company Limited, San Miguel Beer (Thailand) Limited and San Miguel Marketing (Thailand) Limited. San Miguel (Baojing) Brewery Co., Ltd. and PT San Miguel Foods Indonesia are in the process of liquidation as at December 31, 2025.
2. **Packaging** business includes San Miguel Yamamura Packaging Corporation and subsidiaries including SMC Yamamura Fuso Molds Corporation, Can Asia, Inc. and Wine Brothers Philippines Corporation; San Miguel Yamamura Packaging International Limited subsidiaries including San Miguel Yamamura Glass (Vietnam) Limited, San Miguel Yamamura Phu Tho Packaging Co. Ltd., San Miguel Yamamura Haiphong Glass Company Ltd., Zhaoqing San Miguel Yamamura Glass Company Ltd., Foshan San Miguel Yamamura Packaging Co., Ltd. and subsidiary, San Miguel Yamamura Packaging and Printing Sdn. Bhd., San Miguel Yamamura Woven Products Sdn. Bhd. and subsidiary, San Miguel Yamamura Plastic Films Sdn. Bhd., San Miguel Yamamura Australasia Pty. Ltd. and subsidiaries including SMCY Pty. Ltd. and subsidiary, SMCY Pty. Ltd., SMCY Pty. Ltd. and subsidiary, Cospak Ltd., SMCYB Pty. Ltd., SMCY Pty. Ltd., SMCY Pty. Ltd. and SMCY Ltd.; and Mindanao Corrugated Fibreboard, Inc.
3. **Energy** business includes San Miguel Global Power Holdings Corp. and subsidiaries including Sual Power Inc. and subsidiary, San Roque Hydropower Inc., Limay Power Inc., Malita Power Inc., SMC PowerGen Inc., SMCGP Masinloc Power Company Limited, Masinloc Power Co. Ltd., PowerOne Ventures Energy Inc., SMGP BESS Power Inc., SMGP Kabankalan Power Co. Ltd., and Mariveles Power Generation Corporation.
4. **Infrastructure** business includes San Miguel Holdings Corp. and subsidiaries including SMC NAIAX Corporation, Trans Air Development Holdings, Corp., SMC TPLEX Holdings Company, Inc. and subsidiary SMC TPLEX Corporation, Universal LRT Corporation (BVI) Limited, San Miguel AeroCity Inc., SMC Mass Rail Transit 7 Inc., Luzon Clean Water Development Corporation, Alloy Manila Toll Expressways Inc., SMC InfraVentures Inc. and subsidiary, SMC Skyway Stage 4 Corporation, Pasig River Expressway Corporation, Intelligent E-Processes Technologies Corp., SMC Northern Access Link Expressway Corp., SMC Southern Access Link Expressway Corp., South Luzon Toll Road-5 Expressway, Inc., TPLEX Operations and Maintenance Corporation, SMC NBEX Inc., SMC CBEX Inc., SMC PLEX Inc., SMC TPLEX Extension Infrastructure Corp. and Jethander Asia Services Inc., Atlantic Auro Investments B.V. subsidiaries including SMC Tollways Corporation and subsidiaries including Stage 3 Connector Tollways Holdings Corporation and subsidiary, SMC Skyway Stage 3 Corporation, and SMC Skyway Corporation and subsidiary, Skyway O & M Corporation, SMC SLEX Holdings Company Inc. and subsidiaries including Manila Toll Expressway Systems Inc., SMC SLEX Inc. and SMC Tollway Holdings S.a.r.l., Cypress Tree Capital Investments, Inc. subsidiaries including Star Infrastructure Development Corporation and Star Tollway Corporation (collectively the Star Tollways Group), and SMC Bulacan Water Services Corporation subsidiaries including Obando Water Company, Inc. and Bulakan Water Company, Inc.
5. **Cement** business includes San Miguel Equity Investments Inc. and subsidiaries including Northern Cement Corporation, Eagle Cement Corporation and subsidiaries, and Southern Concrete Industries, Inc.
6. **Other Assets and Investments** include San Miguel Properties, Inc. subsidiaries including SMC Makati Flagship Realty Corp., Bright Ventures Realty, Inc. and Tierra Verdosa Services Corp., SMC Shipping and Lighterage Corporation subsidiaries including SL Harbor Bulk Terminal Corporation. SMC Asia Car Distributors Corp. and subsidiaries, SMC EQUIPMENT Corporation, Petrogen Insurance Corporation, San Miguel International Limited and subsidiary San Miguel Holdings Limited and subsidiaries including San Miguel Insurance Company, Ltd., SMC Stock Transfer Service Corporation, Archen Technologies Inc., SMITS, Inc. and subsidiaries, San Miguel Integrated Logistics Services, Inc., Anchor Insurance Brokerage Corporation, Davana Heights Development Corporation and subsidiaries, Silverdets Holdings Corporation and subsidiary, Deity Holdings Corporation, Fonterra Verde Holdings Inc., One Verdana Holdings Inc. and Worldsummit Holdings Corporation

PETRON CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

Financial Ratios	Formula	December 31, 2025	December 31, 2024
Liquidity			
a) Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.23	1.01
b) Quick Ratio	$\frac{\text{Current Assets less Inventories and Other Current Assets}}{\text{Current Liabilities}}$	0.64	0.45
Solvency			
c) Debt to Equity Ratio	$\frac{\text{Total Interest-bearing Liabilities}^a}{\text{Total Equity}}$	1.79	2.46
d) Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	3.73	4.50
e) Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$	2.04	1.62
Profitability			
f) Return on Average Equity	$\frac{\text{Net Income}}{\text{Average Total Equity}}$	13.88%	8.31%
g) Return on Average Assets	$\frac{\text{Net Income}}{\text{Average Total Assets}}$	3.39%	1.85%
Operating Efficiency			
h) Volume Growth	$\left(\frac{\text{Current Period Volume}}{\text{Prior Period Volume}} \right)_{-1}$	-1.42%	10.20%
i) Sales Growth	$\left(\frac{\text{Current Period Sales}}{\text{Prior Period Sales}} \right)_{-1}$	-6.71%	8.36%
j) Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Sales}}$	4.61%	3.37%

^a excludes lease liabilities and advances from a related party

PETRON CORPORATION

Proceeds from Issuance of Series E and Series F Fixed Rate Bonds December 31, 2025

i. Gross and Net Proceeds as disclosed in the final prospectus

In P Millions	
Gross Proceeds	P18,000.00
Less: Underwriting fees for the Preferred Shares being sold by the Company	63.00
Taxes to be paid by the Company	135.00
Philippine SEC filing and legal research fee	5.11
Listing application fee	0.20
Listing maintenance fee	0.45
Rating fee	4.05
Trustee fees	0.13
Registry and paying	0.50
Estimated legal and other professional fees	7.80
Estimated other expenses	0.55
Total Expenses	216.79
Net Proceeds	P17,783.21

The net proceeds of the Offer shall be used for (i) the redemption of the Company's Series A Bonds; (ii) the partial financing of the Power Plant Project; and (iii) payment of existing indebtedness.

ii. Actual Gross and Net Proceeds

In P Millions	
Actual Gross Proceeds	P18,000.00
Less: Underwriting Fees, Filing and Processing Fees, Documentary Stamp Tax, Legal and Professional Fees and Other Expenses	227.95
Actual Net Proceeds	P17,772.05

iii. Each Expenditure Item where the Proceeds was Used

In P Millions	
Actual Net Proceeds	P17,772.05
Less: Redemption of the Series A Bonds	13,000.00
Payment for Power Plant Project	3,111.45
Payment of long term loan amortization to:	
Bank of the Philippine Islands	697.49
BDO Unibank, Inc.	535.71
UnionBank	250.00
Total Payments	17,594.65
Balance	P177.40

iv. Balance of the Proceeds as of the End of the Reporting Period

As of December 31, 2025, balance of proceeds amounted to P177.40 million.

PETRON CORPORATION

Proceeds from Issuance of Series G, H and I Fixed Rate Bonds December 31, 2025

i. Gross and Net Proceeds as disclosed in the final prospectus

In P Millions	
Gross Proceeds	P32,000.00
Less: Underwriting fees for the Offer Bonds being sold by the Company	128.00
Taxes to be paid by the Company	247.19
Philippine SEC filing and legal research fee	8.47
Listing application fee	0.30
Listing maintenance fee	0.54
Rating fee	5.63
Trustee fees	0.21
Registry and paying agency fees	0.65
Estimated legal and other professional fees	8.00
Estimated other expenses	1.00
Total Expenses	399.99
Net Proceeds	P31,600.01

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

ii. Actual Gross and Net Proceeds

In P Millions	
Actual Gross Proceeds	P32,000.00
Less: Underwriting Fees, Filing and Processing Fees, Documentary Stamp Tax, Legal and Professional Fees and Other Expenses	409.43
Actual Net Proceeds	P31,590.57

iii. Each Expenditure Item where the Proceeds was Used

In P Millions	
Actual Net Proceeds	P31,590.57
Less: Repayment of existing debts	20,800.00
Payment of short-term loans	5,500.00
General corporate purposes	5,290.57
Total Payments	31,590.57
Balance	P0.00

iv. Balance of the Proceeds as of the End of the Reporting Period

As of December 31, 2025, the actual net proceeds have been fully utilized.

PETRON CORPORATION AND SUBSIDIARIES

**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
DECEMBER 31, 2025 AND 2024**

	2025	2024
Total Audit Fees¹	P10,017,705	P9,720,863
Non-audit services fees:		
Other assurance services	7,880,000	4,270,500
Tax services	-	492,999
All other services	-	-
Total Non-audit Fees²	7,880,000	4,763,499
Total Audit and Non-audit Fees	P17,897,705	P14,484,362

Notes:

¹ *Agreed fees (excluding out of pocket expenses and VAT) with the external auditor and its network firm for the audit of Petron Corporation and Subsidiaries' financial statements.*

² *Charged or billed fees (excluding out of pocket expenses and VAT) by the external auditor and its network firm for the non-audit services to Petron Corporation and its subsidiaries. These include other assurance services such as special purpose audit or review of financials statements.*

R.G. Manabat & Co.



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Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

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

We have audited, in accordance with Philippine Standards on Auditing, the separate financial statements of Petron Corporation (the “Company”) as at and for the years ended December 31, 2025 and 2024, and have issued our report thereon dated March 31, 2026.

Our audits were made for the purpose of forming an opinion on the separate financial statements taken as a whole. The supplementary information included in the *Reconciliation of Retained Earnings Available for Dividend Declaration* is the responsibility of the Company’s management.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024

and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029

financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manabat & Co.



This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the separate financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the separate financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the separate financial statements taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink that reads 'Rohanie C. Galicia'.

ROHANIE C. GALICIA

Partner

CPA License No. 0118706

SEC Accreditation No. 118706-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements

Tax Identification No. 249-773-914

BIR Accreditation No. 08-001987-044-2024

Issued July 17, 2024; valid until July 17, 2027

PTR No. MKT 10764394

Issued January 5, 2026 at Makati City

March 31, 2026

Makati City, Metro Manila

**SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025**
(Amounts in Thousand Pesos)

PETRON CORPORATION

SMC Head Office Complex 40 San Miguel Avenue, Mandaluyong City

Unappropriated Retained Earnings, beginning of the period		P10,396,102
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(P2,893,659)	
Distributions paid	(2,663,834)	(5,557,493)
Unappropriated Retained Earnings, as adjusted		4,838,609
Add/Less: Net Income for the current year		12,468,417
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	(24,600)	
Sub-total		(24,600)
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting period but realized in the current reporting period (net of tax)		
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	27,638	
Sub-total		27,638
Adjusted Net Income		12,471,455
Add/Less: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution		
Acquisition of common treasury shares	(1,129,973)	
Net movement of deferred tax asset and deferred tax liabilities related to same transaction:		
Set up of right of use asset and lease liability	(37,245)	
Set up of asset and asset retirement obligation	(4,595)	
Net movement of deferred tax assets not considered in the reconciling items under the previous categories	1,291,760	
Sub-total		119,947
Total Retained Earnings, end of the reporting period available for dividend declaration		P17,430,011

ANNEX E

Subject to stockholders' approval
at the next Annual Stockholders' Meeting

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF PETRON CORPORATION (May 2, 2025)

Time and Place

The Annual Stockholders' Meeting of **PETRON CORPORATION** (the "Company" or "Petron") was held on May 2, 2025 via livestreaming at <https://www.petron.com/2025asm>.

The Chairman of the meeting, Mr. Ramon S. Ang, presided over the meeting at the San Miguel Head Office Complex, 40 San Miguel Avenue, Mandaluyong City.

The meeting commenced at about 2:00 p.m.

Quorum and Attendance Reports

The Corporate Secretary of the Company, Atty. Jhoanna Jasmine M. Javier-Elacio, reported that the notice of the meeting was duly distributed to the stockholders as of the March 18, 2025 record date in compliance with the by-laws of the Company and the requirements of the Securities and Exchange Commission.

Based on the stock transfer agent's certification on the attendance of the meeting – covering attendance in person, by attendance advice emailed to the Company and by proxy - there was about 73.33% of the total outstanding capital stock of the Company represented. Thus, a quorum was announced.

The attendance report is attached to these minutes as Annex A.

**Subject to stockholders' approval
at the next Annual Stockholders' Meeting**

The final list of attendees provided by the Company's stock transfer agent showed that the Chairman held proxies for 73.62% of the outstanding voting common shares of the Company and was voting in accordance with the instructions in the proxies.

Present in the Executive Dining Room at the SMC Head Office Complex at 40 San Miguel Avenue, Mandaluyong City (the "SMC Executive Dining Room") and via Zoom were all the directors of the Company, namely:

1. **Mr. Ramon S. Ang (Chairman of the Meeting)**
2. **Mr. Lubin B. Nepomuceno**
3. **Mr. Jose P. de Jesus**
4. **Mr. Ron W. Haddock**
5. **Mr. Mirzan Mahathir**
6. **Ms. Aurora T. Calderon**
7. **Ret. Justice Francis H. Jardeleza**
8. **Atty. Virgilio S. Jacinto**
9. **Atty. Nelly Favis-Villafuerte**
10. **Mr. John Paul L. Ang**
11. **Ret. Chief Justice Artemio V. Panganiban (Independent Director)**
12. **Mr. Margarito B. Teves (Independent Director)**
13. **Ret. Gen. Ricardo C. Marquez (Independent Director)**

Also present in the SMC Executive Dining Room and via livestreaming were the following executive officers, department heads, and the Assistant Corporate Secretary:

1. **Mr. Ramon S. Ang, also as the President**
2. **Mr. Lubin B. Nepomuceno, also as the General Manager**
3. **Mr. Emmanuel E. Eraña, Senior Vice President ("SVP") and Chief Finance Officer and nominee director**
4. **Mr. Freddie P. Yumang – SVP and Chief Risk Officer**
5. **Ms. Maria Rowena O. Cortez, Vice President ("VP") – Supply**
6. **Mr. Albert S. Sarte, Deputy Chief Finance Officer and Treasurer**
7. **Mr. Jaime O. Lu, VP and Executive Assistant to the President on Petron Malaysia Operations and Retail Engineering and Network Development**
8. **Ms. Maria Rosario D. Vergel de Dios, VP - Human Resources Management**
9. **Ms. Magnolia Cecilia D. Uy, VP - Retail Sales**
10. **Ms. Myrna C. Geronimo, VP - Controllers and Controller**

Subject to stockholders' approval
at the next Annual Stockholders' Meeting

11. Mr. Allister J. Go, VP - Refinery Division
12. Mr. Reynaldo V. Velasco, Jr. – VP – Refinery Plant Operations (Production A and B)
13. Mr. Virgilio V. Centeno, VP - Industrial Sales
14. Mr. Jonathan F. Del Rosario, VP – Operations and Corporate Technical Services Group
15. Mr. Mark Tristan D. Caparas, VP - Petron Malaysia
16. Ms. Jacqueline L. Ang, VP – Procurement and nominee director
17. Atty. Jhoanna Jasmine M. Javier-Elacio, VP - General Counsel & Corporate Secretary/ Compliance Officer
18. Ms. Mia Delos Reyes, Assistant Vice President (“AVP”) – Corporate Affairs
19. Ms. Liane Mel C. Apilado, AVP – Internal Audit
20. Atty. Maria Crisselda T. Torcuator, Assistant Corporate Secretary

Likewise present were the Investor Relation Manager of the Company and the partner from R.G. Manabat & Co./KPMG:

1. Mr. Erich Y. Pe Lim, Investor Relations Manager
2. Ms. Rohanie C. Galicia, Partner, R.G. Manabat & Co./KPMG

Mr. Ferdinand K. Constantino, Chief Finance Officer of San Miguel Corporation also joined the meeting at the SMC Executive Dining Room.

Atty. Elacio proceeded to explain that, after the Management's Report, questions and comments emailed in advance to the Company's dedicated email address for the meeting at 2025asmpetron@petron.com would be given priority.

The results of the voting of each agenda item are set out in these minutes at the end of the discussion of each agenda item. The consolidated report on the vote canvassing results of all agenda items is likewise attached to these minutes as Annex B.

Subject to stockholders' approval
at the next Annual Stockholders' Meeting

Call to Order

There being a quorum, the Chairman of the meeting, Mr. Ramon S. Ang, called the annual meeting of the stockholders to order and presided over the same. Atty. Elacio recorded the minutes of the proceedings.

**Reading of the Agenda
and Explanation of Voting Procedure**

For ease of reference of the stockholders, the rest of the agenda of the meeting was presented on the screen as follows:

- (1) Review and Approval of the Minutes of the Previous Annual Stockholders' Meeting
- (2) Management Report and Submission to the Stockholders of the 2024 Financial Statements
- (3) Ratification of All Acts of the Board of Directors and Management Since the 2024 Annual Stockholders' Meeting
- (4) Appointment of an External Auditor and Ratification of External Auditor Fees
- (5) Election of the Board of Directors for the Ensuing Term
- (6) Ratification of Directors' Fees for 2025
- (7) Other Matters
- (8) Adjournment

Atty. Elacio reminded the stockholders that the rationale and brief explanation of each agenda item were provided in the Notice and Agenda and the Definitive Information Statement for the meeting.

She explained the voting procedure shall be in accordance with the procedure set forth in the Definitive Information Statement that has been made distributed for the meeting and available in the Company's website and in the Edge of the Philippine Stock Exchange.

**Subject to stockholders' approval
at the next Annual Stockholders' Meeting**

A summary of the voting procedure was flashed on the screen as follows:

Voting Procedure:

- One common share is entitled to one vote;
- Simple majority vote of the common shareholders for the following:
 - (1) the approval of the minutes of the 2024 annual stockholders' meeting;
 - (2) the approval of the management report;
 - (3) the ratification of all acts of the Board of Directors and Management since the 2024 annual stockholders' meeting;
 - (3) the appointment of the external auditor of the Company for 2025 and the ratification of external auditor's fees; and
 - (4) the ratification of directors' fees for 2025.
- The fifteen (15) nominees who get the highest votes to be deemed elected as directors; cumulative voting is allowed, where a stockholder may:
 - (1) distribute his/her votes per share to all the nominees, or
 - (2) cumulate all his/her shares and give one candidate all his/her votes, or
 - (3) he/she may distribute his/her votes among his chosen nominees.

Subject to stockholders' approval
at the next Annual Stockholders' Meeting

**Review and Approval of Minutes of
the Previous Annual Stockholders' Meeting**

The Chairman announced that the first item in the rest of the agenda was the approval of the minutes of the May 21, 2024 annual stockholders' meeting, a copy of which had been posted in the company website on May 27, 2024, within five (5) business days after the meeting.

On motion duly made and seconded, and there being no objection, the minutes of the annual stockholders' meeting held on May 21, 2024 were approved.

Based on the vote canvassing results provided by the SMC Stock Transfer Corporation, the stock transfer agent of the Company, (the "Voting Canvassing Results") this agenda item had the following voting results:

For	6,902,411,801 - 73.332%
Against	0 - 0.000%
Abstain	0 - 0.000%

Annual Report and Other Reports of Management:

Open Forum

The Senior Vice President and Chief Finance Officer of the Company, Mr. Emmanuel E. Eraña, delivered the Management Report covering operations for 2024, with highlights as follows:

1. The year 2024 was marked by slow global economic growth, inflationary pressures, policy uncertainty and lingering geopolitical tensions.

- Dubai crude's full-year average hit \$80 per barrel. While this was only 3% lower than 2023's \$82 per barrel, significant volatility was seen in 2024 as prices peaked at \$89 in April before dropping to \$73 by year-end.
 - Prices of finished products were likewise weighed down by weak demand, compressing regional refining cracks.
2. Despite these setbacks, Petron showed continuous growth, proving its resilience and continued leadership in the market.
- In 2024, the Company's consolidated sales grew by 10% to 139.85 million barrels from the previous year's 126.91 million barrels. Petron's 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.
 - The Company reported consolidated revenues of P867.97 billion, an 8% increase from P801.03 billion in 2023, fueled by sustained growth both locally and internationally.
 - Despite challenges in the market, Petron remained profitable, posting a net income of P8.47 billion, down 16% from the previous year.
3. Petron continued to lead the Philippine market, driven by robust growth across key segments.
- The Company ensured success in retail by keeping prices competitive, expanding its network, focusing on customer retention and acquisition, and executing targeted marketing campaigns,

Subject to stockholders' approval
at the next Annual Stockholders' Meeting

alongside other key business developments such as improvements in its Treats stores and products.

- Petron likewise continued to dominate the commercial sector through new and renewed partnerships with major companies and industries, emphasizing its reliability and top-notch service. The Company's LPG and lubes businesses recorded another year of growth as the Company further expanded its footprint and launched new products.
- While excellent customer service has always been fundamental to Petron, the *Tapat Sa 'Yo* campaign solidified this promise. It was a reminder to Petron's customers of what makes Petron stand out.

4. Petron kept pace with the growth in demand through its robust and reliable supply chain.

- To meet its requirements for the year, the Company strategically expanded and upgraded its storage and distribution facilities, ensuring optimal product inventory levels and the highest delivery fulfillment performance.
- Throughout 2024, Petron sustained a stable refinery utilization rate, making full use of the refinery's upgraded facilities and further optimizing its different process units.

5. Petron Malaysia faced a mix of milestones and challenges in 2024.

- At the start of the year, there were calls for a boycott of foreign brands related to the war in Gaza.
- In June, the government implemented a new subsidy system for diesel, causing a shift in sales volume from retail to commercial,

and requiring a new system to be implemented at the service station level.

- Despite some difficulties, the Company was still able to pursue growth and expansion, adding 27 new service stations and maintaining its sales volume at 47.4 million barrels – a testament to Petron's steady progress, efficiency, and sustainability in the country.

6. As Petron continued to grow its business, it incorporated innovative solutions into its operations through its environmental, social, and governance programs. These help Petron and its communities walk towards a more sustainable future. Mr. Eraña explained some of the programs that Petron has implemented towards sustainable business operations and the promotion of the well-being of its communities.

- Petron welcomed new scholars, including its second batch of college scholars from Mindanao.
- The Company continued to expand its *Puno ng Buhay* program, its lead project for its nationwide reforestation efforts.
- The Company had new initiatives to strengthen its corporate social responsibility efforts. It rolled out electric vehicle ("EV") charging stations along the North Luzon Expressway, a future-ready move serving a whole new community of EV owners.
- Petron's plastic waste reduction program was launched in support of the Extended Producer Responsibility Law. This program focuses on the recycling of the Company's lube containers, contributing to the reduction of its plastic footprint.

7. Petron would remain committed to its mission of sustainability and nation-building amid an unpredictable and evolving business environment. As the industry leader, Petron acknowledged that it has a responsibility to uplift its partners and communities alongside the growth of its business. The Company calls its dedication "*Tapat Sa 'Yo*" - a promise of loyalty and fellowship to everyone who has made Petron a part of their journeys.

Mr. Eraña ended his report by thanking all stakeholders for their continued trust and support.

Open Forum

The Chairman opened the floor for questions from stockholders. As explained at the beginning of the meeting by the Corporate Secretary, questions emailed in advance and messages sent through the livestream chatbox were read and addressed.

The questions and comments sent and the matters discussed are set out below.

1. Mr. Renato de Leon (via email) and Mr. Charles Foronda (through the livestream chatbox) asked when the Company would resume conducting the annual stockholders' meeting in a face-to-face format.

In reply, the Chairman explained that a face-to-face meeting would be reviewed, with due considerations on health and safety concerns.

2. Ms. Lilibeth Buenconsuejo (through the livestream chatbox) inquired why the net income of Petron went down in 2024.

The Chairman explained that the business of Petron was highly reliant on imported crude oil coming from the Middle East and the prices of crude oil were swinging up and down. He continued to explain that, despite the circumstances, Petron earned in 2024 through the work and effort of the members of the Petron Management leading the day-to-day operations of Petron.

3. Ms. Sharon J. (through the livestream chatbox) asked about new Petron promos.

The Chairman confirmed that the Company has a number of promos and invited the Company's stockholders and the public to visit the Company website to be informed of these various promos.

4. Ms. Ethel Mella (through the livestream chatbox) inquired about the fluctuation of the prices of gasoline and diesel.

In reply, the Chairman explained that the prices of gasoline and diesel fluctuate due to the unstable prices of imported crude oil. He added that the higher tariffs announced by the United States were also a contributing factor to the volatility of prices.

5. Ms. Angie S. (through the livestream chatbox) asked about proliferation of scams using the Petron brand.

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at the next Annual Stockholders' Meeting

The Chairman informed the stockholders that there were indeed numerous scams lately that even used the names of politicians and businessmen, including his name, to solicit investments. He reminded the stockholders to be careful about these scams.

6. Ms. Irene de Leon (through the livestream chatbox) congratulated Petron for its performance in 2024 and relayed her hope for the continued success of the Company. She also commended Petron's management and employees.

Various greetings and well wishes were also sent through the livestream chatbox.

The stockholders were advised that questions related to the ownership of shares and/or receipt of dividend payments were forwarded to SMC Stock Transfer Corporation for proper handling. In addition, it was announced that any question that may have been emailed during the meeting would be addressed through an email reply.

There being no further questions, the open forum was closed and, on motion duly made and seconded, the management report, the audited financial statements of the Company for 2024, together with other written reports distributed to the stockholders or made available on the Company website, were accepted and filed as part of the minutes of the meeting.

The following resolution was accordingly passed by the stockholders:

Resolution No. 1, Series of 2025

RESOLVED, that the 2024 Annual Report of Management, the Management Report, including the 2024 financial statements, as well as the other reports of Management distributed to the stockholders of

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Petron Corporation, disclosed to the regulators,
and/or made available on the company website, be,
and hereby are, ACCEPTED and FILED as part of the
minutes of the present meeting.

Based on the Vote Canvassing Results, this agenda item had the following
voting results:

For	6,899,703,801 - 73.303%
Against	0 - 0.000%
Abstain	2,708,000 - 0.029%

Email Received During the Meeting

Ms. Eugenia Gomez requested the review of possible service stations in
Pangasinan. In its email reply, the Company advised Ms. Gomez that her request
was already referred to the relevant division of the Company for consideration.

**Ratification of all Acts of the Board
of Directors and Management**

The Chairman then noted that the next item in the agenda was the
ratification of all acts of the Board of Directors, the Executive Committee, and the
Management since the last Annual Stockholders' Meeting held in 2024.

Atty. Elacio explained that the material items approved by the Board of
Directors and/or the Executive Committee since the 2024 Annual Stockholders'
Meeting include those in the list attached as Annex A to the Definitive
Information Statement earlier made available by the Company, including in the
Company website and via Edge of the Philippine Stock Exchange.

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Upon motion made and seconded, the following resolution was accordingly passed:

Resolution No. 2, Series of 2025

RESOLVED, that all acts, resolutions and proceedings of the Board of Directors and corporate officers of Petron Corporation (the "Company") since the Annual Meeting of the Stockholders of the Company on May 21, 2024, as set forth in the minutes of the meetings of the Board of Directors and the Executive Committee be **APPROVED, CONFIRMED and RATIFIED**.

Based on the Vote Canvassing Results, this agenda item had the following voting results:

For	6,899,703,801 - 73.303%
Against	0 - 0.000%
Abstain	2,708,000 - 0.029%

**Appointment of External Auditor
and Ratification of External Auditor Fees**

The Chairman proceeded to announce that the next item in the agenda was the appointment of the accounting firm R.G. Manabat & Co., CPAs/KPMG as the external auditor of the Company for 2025 and the ratification of the external auditor fees in the amount of P7.67 million for the audit and finalization/word processing of the financial statements of the Company and its subsidiaries for 2025.

Upon confirmation of the above by Mr. Margarito B. Teves, the Lead Independent Director and the Chairperson of the Board Audit Committee, and on motion made and duly seconded, the stockholders approved the following resolution:

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at the next Annual Stockholders' Meeting

Resolution No. 3, Series of 2025

RESOLVED, that the appointment of the accounting firm R.G. Manabat & Co., CPAs/KPMG as the external auditor of Petron Corporation (the "Company") for 2025 be, and hereby is, APPROVED.

RESOLVED, FURTHER that the fees of R.G. Manabat & Co., CPAs/KPMG for the audit and finalization/word processing of the financial statements of the Company and its subsidiaries for 2025 in the amount of P7,669,684 as approved by the Board of Directors on March 4, 2025 be, and hereby are, RATIFIED.

Based on the Vote Canvassing Results, this agenda item had the following voting results:

For	6,902,411,801 - 73.332%
Against	0 - 0.000%
Abstain	0 - 0.000%

Election of Directors

Before announcing that the next item on the agenda was the election of directors, the Chairman requested a moment of silence to remember Atty. Estelito P. Mendoza and Mr. Horacio C. Ramos, directors of the Company who recently passed away, and to thank them for their invaluable contributions to the Company.

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After the brief pause, the Corporate Secretary proceeded to announce the nomination of the following as directors of the Company:

1. Mr. Ramon S. Ang
2. Mr. Lubin B. Nepomuceno
3. Mr. Jose P. de Jesus
4. Mr. Ron W. Haddock
5. Ms. Aurora T. Calderon
6. Ret. Justice Francis H. Jardeleza
7. Mr. Mirzan Mahathir
8. Atty. Virgilio S. Jacinto
9. Atty. Nelly Favis-Villafuerte
10. Mr. John Paul L. Ang
11. Mr. Emmanuel E. Eraña
12. Ms. Jacqueline L. Ang
13. Ret. Chief Justice Artemio V. Panganiban (Independent)
14. Mr. Margarito B. Teves (Independent)
15. Mr. Ricardo C. Marquez (Independent)

Atty. Elacio explained that, as discussed in the Definitive Information Statement distributed for the meeting, Independent Directors Ret. Chief Justice Artemio V. Panganiban and Margarito B. Teves have been serving the Company as independent directors for more than nine (9) years, beyond the term limits of independent directors. In accordance with the Manual on Corporate Governance of the Company and upon endorsement of the Board Corporate Governance Committee of the Company, the Board of Directors found that the independence of Directors Panganiban and Teves had not been diminished or impaired by their long service as members of the Board of Directors and it had full confidence that Directors Panganiban and Teves would continue acting as independent directors with the same zeal, diligence and vigor as when they were first elected. Therefore, the Board of Directors had approved and endorsed for the vote of the stockholders of the Company the election of the 15 nominees, including Directors Panganiban and Teves as independent directors pursuant to Corporate Governance Manual of the Company.

**Subject to stockholders' approval
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As explained in the Definitive Information Statement and by the Corporate Secretary at the start of the meeting, cumulative voting was allowed in the election of directors.

Upon confirmation of the foregoing by Mr. Ricardo C. Marquez, an Independent Director and a member of the Board Corporate Governance Committee, the following motions were made and duly seconded: (i) motion to dispense with balloting; (ii) motion to declare all nominees unanimously elected as directors of the Company for the ensuing year, including Independent Directors Panganiban and Teves, until their successors are elected and qualified; and (iii) motion for the votes of the stockholders present and represented by proxies be distributed and recorded accordingly.

Pursuant to such motions, votes were cast for all shares duly represented at the meeting in favor of the 15 nominees, except as otherwise expressly instructed in a written proxy given the Chairman.

With the required votes being obtained by the nominees, the Chairman declared the following persons as duly elected directors of the Company, with the voting results based on the Vote Canvassing Results:

No.	Nominee	IN FAVOR	AGAINST	ABSTAIN	TOTAL
1	RAMON S. ANG	6,902,411,801	0	0	6,902,411,801
2	LUBIN B. NEPOMUCENO	6,858,913,901	0	43,497,900	6,902,411,801
3	JOSE P. DE JESUS	6,858,913,901	0	43,497,900	6,902,411,801
4	RON W. HADDOCK	6,858,913,901	0	43,497,900	6,902,411,801
5	ALIBORA T. CALDERON	6,858,913,901	0	43,497,900	6,902,411,801
6	FRANCIS H. JARDELEZA	6,858,913,901	0	43,497,900	6,902,411,801
7	MIRZAN MAHATHIR	6,858,913,901	0	43,497,900	6,902,411,801
8	VIRGILIO S. JACINTO	6,858,913,901	0	43,497,900	6,902,411,801
9	NELLY PERVIS-VILLAFUERTE	6,858,913,901	0	43,497,900	6,902,411,801
10	JOHN PAUL L. ANG	6,858,913,901	0	43,497,900	6,902,411,801
11	EMMANUEL E. ERAÑA	6,858,913,901	0	43,497,900	6,902,411,801
12	JACQUELINE L. ANG	6,858,913,901	0	43,497,900	6,902,411,801
13	ARTEMIO V. PANGANIBAN	6,858,913,901	0	43,497,900	6,902,411,801
14	MARGARITO B. TEVES	6,902,411,801	0	0	6,902,411,801
15	RICARDO C. MARQUEZ	6,902,411,801	0	0	6,902,411,801
TOTAL		103,014,202,215	0	521,974,800	103,536,177,015

Subject to stockholders' approval
at the next Annual Stockholders' Meeting

Pursuant to the foregoing, the following resolution was approved:

Resolution No. 4, Series of 2025

RESOLVED, that the following persons are hereby declared as the duly elected directors of the Corporation, to serve for a term of one year or until their successors shall have been duly elected and qualified in accordance with the by-laws of the Company:

Mr. Ramon S. Ang
Mr. Lubin B. Nepomuceno
Mr. Jose P. de Jesus
Mr. Ron W. Haddock
Mr. Mirzan Mahathir
Ms. Aurora T. Calderon
Ret. Justice Francis H. Jardeleza
Atty. Virgilio S. Jacinto
Atty. Nelly Favis-Villafuerte
Mr. John Paul L. Ang
Mr. Emmanuel E. Eraña
Ms. Jacqueline L. Ang
Ret. Chief Justice Artemio V. Panganiban (Independent)
Mr. Margarito B. Teves (Independent)
Mr. Ricardo C. Marquez (Independent)

Ratification of Directors' Fees

The Chairman then announced that the next item in the agenda was the ratification of the directors' fees for 2025.

Atty. Elacio advised that, after evaluation, and based on the recommendation of Management and in accordance with the Corporate Governance Manual of the Company, on March 4, 2025, the Board Corporate Governance Committee recommended the payment of the directors' fees for 2025 in the amount of P16.95 million and the Board of Directors approved such fees.

Subject to stockholders' approval
at the next Annual Stockholders' Meeting

Upon confirmation of the above by Director Teves, an Independent Director and a member of the Board Corporate Governance Committee, and on motion made and duly seconded, the stockholders approved the following resolution:

Resolution No. 5, Series of 2025

RESOLVED, that the fees of the directors for 2024 in the amount of P16.95 million (inclusive of the *per diem* for scheduled board and committee meetings) as approved by the Board of Directors on March 4, 2025 be, and hereby are, RATIFIED.

Based on the Vote Canvassing Results, this agenda item had the following voting results:

For	6,902,411,801	- 73.332%
Against	0	- 0.000%
Abstain	0	- 0.000%

Adjournment

There being no further matters raised, and on motion made and seconded, the Chairman adjourned the meeting at about 2:30 p.m. and thanked the stockholders for their attendance and support.

Respectfully submitted:


JOANNA JASMINE M. JAVIER-ELACIO,
Corporate Secretary

ANNEX A

PETRON CORPORATION
Annual Stockholders' Meeting - May 2, 2025
Record Date - March 18, 2025
Proxy/Ballot and Attendance Report

	No. Of Common Shares	No. Of Preferred Shares	TOTAL SHARES	% VS O/S Common	% VS O/S Common +Preferred
Voting by Proxy (with submitted proxy form)					
San Miguel Corporation	1,702,870,560	0	1,702,870,560	18.16%	18.09%
Sea Refinery Corporation	4,696,885,564	0	4,696,885,564	50.10%	49.90%
Petron Corporation Employees Retirement Plan	459,156,097	0	459,156,097	4.90%	4.88%
SUB-TOTAL SMC GRP (With Proxy)	6,858,912,221	0	6,858,912,221	73.16%	72.87%
Standard Chartered Bank	2,083,700	0	2,083,700	0.02%	0.02%
Deutsche Bank AG Manila Branch	3,162,700	0	3,162,700	0.03%	0.03%
HSBC	2,001,600	0	2,001,600	0.02%	0.02%
Citibank, N.A.	36,249,900	0	36,249,900	0.39%	0.39%
SUB-TOTAL BANKS (With Proxy)	43,497,900	0	43,497,900	0.46%	0.46%
Others (Jessie F. Ramirez)	1,680	0	1,680	0.00%	0.00%
TOTAL SHARES VOTING BY PROXY	6,902,411,801	0	6,902,411,801	73.62%	73.33%
Attending (without submitted proxy or ballot form)					
Ray Dulay Roderos	3,000	0	3,000	0.00%	0.00%
Susan Dela Cruz Roderos	3,000	0	3,000	0.00%	0.00%
Eugenia Socomo Gomez	7,800	0	7,800	0.00%	0.00%
Lilibeth Te Buenconsejo	6,000	0	6,000	0.00%	0.00%
Ethel Ramona Buenconsejo Melia	1,876	0	1,876	0.00%	0.00%
Ma Irene B. De Leon	819	0	819	0.00%	0.00%
Renato Barwan De Leon	939	0	939	0.00%	0.00%
Helomi C. Sy (lodged through COL Financial)	15,900	0	15,900	0.00%	0.00%
Sharon Jane C. Joya Or Philip S. Joya (lodged through COL Financial)	15,300	0	15,300	0.00%	0.00%
Ramon S. Ang	1,000	0	1,000	0.00%	0.00%
Lubin B. Nepomuceno	5,000	0	5,000	0.00%	0.00%
Jose P. de Jesus	500	0	500	0.00%	0.00%
Ron W. Haddock	1	0	1	0.00%	0.00%
Mirzan Mahathir	1,000	0	1,000	0.00%	0.00%
Aurora T. Calderon	1,000	0	1,000	0.00%	0.00%
Francis H. Jardieleza	1,000	0	1,000	0.00%	0.00%
Virgilio S. Jacinto	1,000	0	1,000	0.00%	0.00%
Nelly Favis Villafuerte	1,000	0	1,000	0.00%	0.00%
John Paul L. Ang	1,000	0	1,000	0.00%	0.00%
Emmanuel E. Eraña	200	0	200	0.00%	0.00%
Jacqueline L. Ang	250	0	250	0.00%	0.00%
Artemio V. Panganiban	1,000	0	1,000	0.00%	0.00%
Margarito B. Teves	500	0	500	0.00%	0.00%
Ricardo C. Marquez	1,000	0	1,000	0.00%	0.00%
Total shares attending (without proxy or ballot form)	70,085	0	70,085	0.00%	0.00%
TOTAL SHARES IN ATTENDANCE	6,902,481,886	0	6,902,481,886	73.626%	73.333%
Not attending					
Q-Tech Alliance Holdings, Inc.	2,648,500	0	2,648,500	0.03%	0.03%
Others (including PDTC/PCD Nominee)	2,469,974,111	37,427,000	2,507,401,111	26.35%	26.64%
TOTAL SHARES Not in attendance	2,472,622,611	37,427,000	2,510,049,611	26.37%	26.67%
Total Outstanding Shares	9,375,104,497	37,427,000	9,412,531,497	100.00%	100.00%
	9,375,104,497	37,427,000	9,412,531,497	100.00%	100.00%