SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended
   Dec 31, 2025
2. SEC Identification Number
   31171
3. BIR Tax Identification No.
   000-168-801
4. Exact name of issuer as specified in its charter
   PETRON CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   San Miguel Head Office Complex, 40 San Miguel Avenue, Mandaluyong City
   Postal Code
   1550
8. Issuer's telephone number, including area code
   (63 2) 8884-9200
9. Former name or former address, and former fiscal year, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
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

11. 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

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

☑ Yes ☐ No

(b) has been subject to such filing requirements for the past ninety (90) days

☑ Yes ☐ No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

As of March 31, 2026 (total of 2,499,042,887 common shares at P2.91 per share: P7,272,214,801.17

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

☐ Yes ☑ No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

N/A

(b) Any information statement filed pursuant to SRC Rule 20

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

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

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2025
Currency	Peso (in Millions)

Balance Sheet

	Year Ending	**Previous Year Ending**
	Dec 31, 2025	Dec 31, 2024

Current Assets	238,666	255,873
Total Assets	451,962	468,802
Current Liabilities	193,572	252,259
Total Liabilities	330,939	364,592
Retained Earnings/(Deficit)	42,908	33,715
Stockholders' Equity	121,023	104,210
Stockholders' Equity - Parent	110,071	95,117
Book Value Per Share	3.82	2.53

Income Statement

	Year Ending	**Previous Year Ending**
	Dec 31, 2025	Dec 31, 2024
Gross Revenue	811,734	869,733
Gross Expense	774,411	840,510
Non-Operating Income	1,349	4,732
Non-Operating Expense	19,267	20,961
Income/(Loss) Before Tax	19,405	12,994
Income Tax Expense	3,778	4,523
Net Income/(Loss) After Tax	15,627	8,471
Net Income/(Loss) Attributable to Parent Equity Holder	14,752	8,469
Earnings/(Loss) Per Share (Basic)	1.12	0.3
Earnings/(Loss) Per Share (Diluted)	-	-

Financial Ratios

	Formula	**Fiscal Year Ended**	**Previous Fiscal Year**
		Dec 31, 2025	Dec 31, 2024
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	1.23	1.01
; ; Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.64	0.45
; ; Solvency Ratio	**Total Assets / Total Liabilities**	1.37	1.29
Financial Leverage Ratios			
; ; Debt Ratio	**Total Debt/Total Assets**	0.48	0.55
; ; Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	1.79	2.46
; ; Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	2.04	1.62
; ; Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	3.73	4.5
Profitability Ratios			
; ; Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.07	0.05
; ; Net Profit Margin	**Net Profit / Sales**	0.02	0.01

; ; Return on Assets	**Net Income / Total Assets**	0.03	0.02
; ; Return on Equity	**Net Income / Total Stockholders' Equity**	0.14	0.08
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	2.21	8.1

Other Relevant Information
Please find attached Annual Report (SEC Form 17-A) of the Company for 2025, together with (i) the Company's 2025 audited separate and consolidated financial statements, and (ii) the Company's 2025 Sustainability Report. For purposes of computing the "debt ratio" and "debt-to-equity ratio" as set out in this PSE EDGE template for SEC Form 17-A, "debt" covers interest-bearing debt and excludes lease liabilities and advances from related party.

Filed on behalf by:

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

COVERSHEET

					3	1	1	7	1

S. E. C. Registration Number

PETRON CORPORATION

(Company's Full Name)

SMC HEAD OFFICE COMPLEX 40 SAN MIGUEL AVE. MANDALUYONG CITY

(Business Adress: No. Street City / Town / Province)

ATTY. JHOANNA JASMINE M. JAVIER-ELACIO	**8884-9200**
Contact Person	Company Telephone Number

1 2	3 1	**ANNUAL REPORT 2025 (SEC FORM 17-A)**	0 5	0 7
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting (for 2026)	

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

Secondary License Type, if Applicable

	N/A
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Debt Outstanding: P216,377 Million (as of December 31, 2025 - CONSO)

143,349 (as of December 31, 2025)		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

Fiscal Numer	LCU
Document I. D.	Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND
THE REVISED CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2025
   Date of Report (Date of earliest event reported)

2. SEC Identification Number 31171 3. BIR Tax Identification No. 000-168-801

4. PETRON CORPORATION ("Petron" or the "Company")
   Exact name of issuer as specified in its charter

5. Philippines 6. (SEC Use Only)
   Province, country or other jurisdiction of incorporation Industry Classification Code:

7. SMC Head Office Complex, #40 San Miguel Avenue, Mandaluyong City 1550
   Address of principal office Postal Code

8. (0632) 8.886-3888; 8.884-9200
   Issuer's telephone number, including area code

9. None
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Number of Shares of Stock Outstanding and
Amount of Debt Outstanding
(as of December 31, 2025)

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 Debt Outstanding (consolidated)	**Php216,377 million (as of December 31, 2025)**
Series F Bonds due 2027	**₱ 9,000,000,000**
Series G Bonds due 2030	**₱ 15,910,000,000**
Series H Bonds due 2032	**₱ 4,604,000,000**
Series I Bonds due 2035	**₱ 11,486,000,000**

11. Are any or all of these securities listed on any Philippine stock exchange?

Yes [X] No [ ]

If yes, state the name of such stock exchange and the classes 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

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines (the "Corporation Code") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes [X] No [ ]

The SEC Form 17-Q for the first quarter of 2026 will be filed by the Company by May 15, 2026.

(b) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

13. The aggregate market value of the voting stock held by non-affiliates of the Company *(i.e.*, other than San Miguel Corporation, SEA Refinery Corporation, and the directors and executive officers of Petron Corporation from Vice President and up) as of December 31, 2025 totaling 2,498,847,509 common shares was Php6,197,141,822.32 based on the price of Php2.48 per share as of December 29, 2025, the last trading day of 2025. Petron had a public ownership of 28.04% as of December 31, 2025. The aggregate market value of the voting stock held by non-affiliates of the Company *(i.e.*, other than San Miguel Corporation, SEA Refinery Corporation and the directors and executive officers of Petron Corporation from Vice President and up) as of March 31, 2026 totaling 2,499,042,887 common shares was Php7,272,214,801.17 based on the price of Php2.91 per share as of March 31, 2026, the last trading day of March 2026. Petron had a public ownership of 28.04% as of March 31, 2026. Attached as Annexes A and B are the public ownership reports of the Company as of December 31, 2025 and March 31, 2026, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

N o n e

PART I – BUSINESS AND GENERAL INFORMATION

(A) Description of Business

(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.

As of March 31, 2026, the two (2) principal common shareholders of the Company holding at least 5% of its common stock are SRC (with 52.71%) and SMC (with 19.11%) (in addition to PCD Nominee Corp., with 21.30%). SRC 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, Mandaluyong City.

(ii) Subsidiaries

The direct subsidiaries of the Company as of December 31, 2025 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. In 2003, NVRC acquired 100% of Las Lucas Construction and Development Corporation. In 2012, NVRC acquired 100% of Parkville Estates and Development Corporation ("PEDC") and 60% of Mariveles Landco Corporation. In 2013, NVRC further acquired 100% of South Luzon Prime Holdings Incorporated, MRGVeloso Holdings, Inc. ("MRG") and Abreco Realty Corp. ("ARC"). In 2018, the SEC approved the merger of LLCDC and MRG effective June 1, 2018, with LLCDC as the surviving entity. Further, on August 5, 2025, the SEC approved the merger of LLCDC, ARC and PEDC effective September 1, 2025, with LLCDC as the surviving entity.

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

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

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

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

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

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

- **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.

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 on 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 benefited 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 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.* ("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 reinstated the Petron Automotive Care Education, or ACE program as another avenue to make PFI's mission of alleviating poverty through education possible. By end of 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 Petron

(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.

(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 December 31, 2025 are described below.

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

mark), Grease Away; Performance Run (logo), Hi-Torq TX, Petron Tapat Sa'yo, 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 December 31, 2025, 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 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.

- EO 110: Declaring a State of National Energy Emergency and Authorizing the Unified Package for Livelihoods, Industry, Food and Transport. On March 24, 2026, EO 110 was signed declaring a State of National Energy Emergency in light of the conflict in the Middle East. EO 110 was issued to adopt a whole-of-government response to ensure energy supply and provide complementary measures to

support consumers and affected sectors affected by the increase in fuel prices. Efforts undertaken by the government include directing the PNOC to procure fuel, energy conservation and prioritization measures, fuel subsidies for the transport sector, and increased monitoring by the DOE and Department of Trade and Industry on possible excessive price increases on basic commodities. The government may request for oil companies' participation in programs or activities they may implement to address possible energy supply and price concerns (e.g., PUV discounting program).

- Suspension or Reduction of Excise Tax on Petroleum Products. Republic Act No. 12316 was signed on March 25, 2026 which authorizes the President to suspend or reduce excise taxes on petroleum when the price of Dubai crude oil based on Means of Platts Singapore reaches or exceeds US$80/barrel for one month.

- Department Circular No. 2026-03-008. This circular, signed on March 17, 2026, provides the security guidelines for data and reports submitted by oil companies to the DOE in terms of unbundling the cost components of fuel prices and price adjustments. Under the circular, the DOE will keep the data and reports it receives in strict confidence, but it may use the information to produce its own derivative data, which will not be considered as confidential.

- Department Circular No. 2026-03-0010. This DOE circular provides guidelines on the "Interim Authority to Introduce Euro II/2 Petroleum Products in the Transport and Industry Sector." It allows the use of fuel products with Euro 2 specifications for select transportation such as vehicle models from 2015 and earlier, traditional jeepneys, and industrial applications such as powerplants and generators, and the shipping industry. If a downstream oil industry participant intends to sell Euro 2 fuels, a notification to the DOE is required, along with complete segregation of Euro 2 and Euro 4 fuels in their storage (terminals) and retail outlets. As of date, the Company continues to serve products with Euro 4 specifications.

(xii) Estimate of the amount spent during each of the last three 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) Major Risks Involved

The Company's resilience is manifested in its capacity to anticipate, assess, and mitigate risks effectively. The dynamic nature of the oil industry necessitates agility in both risk management and leveraging on emerging opportunities. The Company is guided by its Enterprise-Wide Risk Management ("ERM") framework, with programs designed to enable the organization to achieve its corporate objectives while managing risks that may adversely impact the attainment of such objectives. Risk management is integrated into the daily operations and performance of the entire organization. Identified risks are analyzed and evaluated and major risks are regularly reported and raised to top management level for continuous monitoring and decision-making. The risk management process is also integrated into the yearly business planning of all major divisions and departments. The ERM framework, which is based on ISO 31000, likewise searches for strategic risks that may present opportunities and create or add value to the Company.

The Company has a designated Chief Risk Officer who supervises the entire enterprise risk management process of the Company and spearheads the development, implementation, and continuous improvement of the Company's enterprise risk management processes and documentation. He heads the Enterprise-wide Risk Management Group, tasked to lead the enterprise risk management program of the Company. All the Company Division heads are designated owners of the risks emanating from their respective groups and each group is represented in the Risk Management Committee, a working group that regularly monitors the risk management program and ensures alignment of objectives and implementation of processes across the organization and daily operations.

Major Risks

In evaluating risks across each division and the Company as a whole, the organization's risk appetite and tolerances are considered. Risks with a high probability of occurrence and substantial financial consequences are prioritized, and measures are implemented to eliminate or mitigate them, ensuring that they do not impede the realization of the Company's business objectives. In 2025, the following risks were given such priority attention.

1. **Operational Risks.** These may be caused by unplanned events such as serious process or machine failure, accidents, weather-related events, or human error at the Company's refinery, terminals, depots and other facilities. These disruptions may result in injury or loss of life, damage to Company property, or damage to other properties in the immediate area where the facility is situated or in financial losses from product run-outs, loss of sales or loss of margins from required spot purchases.

   To mitigate these risks, the Company ensures that the Petron Bataan Refinery and the terminals adopt best practices in operations and adhere to a program of planned, preventive and predictive

maintenance. The Petron Bataan Refinery, the country's only oil refining facility, continues to be Integrated Management System ("IMS")-certified which demonstrates the Company's continuous adherence to global standards on safety, health, quality and environmental management. The Company's IMS certification covers ISO 9001, 14001 and 45001).

28 of the Company's terminals have been certified under the ISO 9001 (QMS), ISO 14001 (EMS), and ISO 45001 (Occupational Health and Safety Management System) standards. 14 Petron pier facilities are also compliant with the International Ship and Port Facility Security or ISPS Code which is certified by the Office for Transportation Security under the Department of Transportation's Office of the Transport Security.

The Company likewise maintains insurance which covers property, marine cargo and third-party liability, as well as personal injury, accidental death and dismemberment, sabotage and terrorism, and machinery breakdown. One of the main insurance policies of the Company, the Industrial All Risk policy, covers the Petron Bataan Refinery for material damages, including machinery breakdown cover.

2. **Crude and Product Price Volatility Risks.** The Company is exposed to uncontrollable price fluctuations in input crude and output finished products. Price movements and volatility are brought about by changes in global supply and demand for crude oil and finished products, international economic conditions, global conflicts and geopolitical issues, and other factors over which the Company has no control. Currently, events such as the war in Iran, Gaza, conflicts at the Red Sea, the Russia-Ukraine war, and US tariff imposition and trade war have resulted in huge oil price swings. Such volatility may result in cash flow variability and increase in financing expenses.

   The Company mitigates this risk by entering into commodity hedging for its crude and product exposure. The Company has a Commodity Risk Management Committee that actively evaluates hedging policies and strategies to protect the Company from risks of inventory losses and margin contractions. The Company also regularly assesses refinery utilization considering the latest price outlook and demand forecasts and prudently manages its capital and operating expenses and receivables, particularly during times of high volatility.

3. **Financial Risks.** The Company is capital intensive and spends substantially for the processing and purchase of crude oil and other fuel products, and investments in upgrading and maintaining the Company's facilities, which requires Petron to incur debt to finance these expenses. With loan levels both in peso and foreign currencies, the Company faces financial risks from increase in interest rates and fluctuations in foreign exchange. An increase in interest rate would mean an increase in interest payments to the lenders, while swings in foreign exchange would impact our foreign-denominated debt and interest payments in peso terms.

   To manage these financial risks, the Company maintains an optimum mix of fixed and floating rate loans, and peso and foreign-denominated loans. The Company also engages in hedging activities using forwards and other derivative instruments and generating dollar-denominated sales to reduce foreign exchange exposure. Finally, the Company negotiates for tighter spreads of loan facilities for long-term loans.

   Moreover, the Company uses an enterprise resource planning software that monitors financial transactions. This planning tool allows real-time awareness and response to contain losses posed by foreign exchange exposure.

   Cyber Security Risks. As the Company becomes more reliant on technology to support operations and enable efficiency and innovation, Petron becomes susceptible to information technology ("IT") security threats that may impact business continuity, data integrity, and

regulatory compliance. These threats may come from inside and outside of the organization, can be intentional, as with cybercriminals, or unintentional, as with employees, contractors or vendors who accidentally click malicious links or download malware. And as these IT security and cybersecurity threats continue to escalate in ferocity and complexity, the Management Information Systems Department of the Company has implemented IT security strategies that combine a range of security systems, framework/programs and technologies to protect Petron's entire IT infrastructure, including hardware systems, software applications and endpoints, to prevent or mitigate the impact of known and unknown threats.

Since these threats are fast-evolving, the Company has been continuously working on strengthening its foundation and improving the response plan to maintain a confident security posture. The Company also implemented proactive measures to further improve our threat detection, response and prevention capabilities. As cyberattacks, such as phishing attacks exploit human vulnerabilities, the Company is also focused on user training and empowerment to educate employees to recognize security threats and practice secure workplace habits.

2026 United States-Iran War and the Effects on Global Oil Prices and Supply

In the first quarter of 2026, the United States and Israel jointly attacked Iran, pushing the prices of Dubai crude to more than US$ 100 per barrel in March, coming from an average of just US$ 62 in January. This market reaction was driven by concerns over global oil supply following the closure of the Strait of Hormuz, a strategic transit route through which 20% of global oil passes. With the persisting conflict in the Middle East, the oil market continues to be highly volatile with huge fluctuations in prices of both crude and finished products.

The Company sources most of its crude oil requirements from the Middle East under term supply arrangements, and the closure of the Strait of Hormuz has affected the movement of crude oil from the region. In response, the Company 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.

In the face of these market uncertainties, the Company remains focused on ensuring supply chain reliability in the sourcing of crude and products, optimizing inventory levels, and exercising prudent cost management to mitigate the adverse effects of the Middle East conflict and implement appropriate measures to ensure the continuity of supply, operations, and cash flows amid the oil market volatility and disruptions in 2026.

(B) 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, 2025, 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; 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; 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 Php35 million in 2025.

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. Robińos.

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.

(C) 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 report:

1. Guimaras Oil Spill

a. 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.

b. 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.

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"Part II – Securities of the Registrant" follows on next page]

PART II – SECURITIES OF THE REGISTRANT

A) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

(1) Market Information and Voting Rights of Shares

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 Company had 143,120 common stockholders. As of December 31, 2025, the total number of common stockholders of the Company was 143,233.

Common Shares

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

	Highest Close		**Lowest Close**	
Period	**Price (in Peso)**	**Date**	**Price (in Peso)**	**Date**
2026				
1st Quarter	3.50	March 4-5 and 13	2.49	January 2 and 5
2025				
1st Quarter	2.50	January 13-14	2.28	February 24
2nd Quarter	2.66	May 26	2.34	April 16, 23 and 29, and May 5
3rd Quarter	2.56	July 23	2.34	September 29
4th Quarter	2.53	December 19	2.29	November 18
2024				
1st Quarter	3.50	January 2-4	3.14	March 20
2nd Quarter	3.16	April 15	2.72	June 27-28
3rd Quarter	2.75	July 5 and 8	2.75	July 5 and 8
4th Quarter	2.88	October 8	2.88	October 8

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:

	Highest Close		Lowest Close	
Period	**Price (in Peso)**	**Date**	**Price (in Peso)**	**Date**
2026				
1st Quarter	1,040.00	January 21 and March 11	965.00	March 13
2025				
1st Quarter	1,050.00	January 14	995.00	March 27-28
2nd Quarter	1,025.00	April 3	975.00	June 25
3rd Quarter	1,019.00	September 2	990.00	June 24 and 26, and July 4, 7-9
4th Quarter	1,040.00	November 26	999.00	October 20
2024				
1st Quarter	1,010.00	February 13 and 15	960.00	March 13 and 18
2nd Quarter	1,000.00	April 22 and 30; May 23-24, and June 28	970.00	April 3
3rd Quarter	1,015.00	August 30	965.00	July 25 and August 5
4th Quarter	1,030.00	December 27	965.00	November 15

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 27, 2024, the last trading day of 2024, was Php1,005.00. And the price of the Series 4A Preferred Shares on December 29, 2023, the last trading day of 2023, was Php1,000.00.

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

	Highest Close		Lowest Close	
Period	**Price (in Peso)**	**Date**	**Price (in Peso)**	**Date**
2026				
1st Quarter	1,018.00	March 12	980.00	March 25
2025				
1st Quarter	1,050.00	January 14	995.00	March 27-28
2nd Quarter	1,025.00	April 3	975.00	June 25
3rd Quarter	1,019.00	September 2	990.00	June 24 and 26, and July 4, 7-9
4th Quarter	1,040.00	November 26	999.00	October 20
2024				
1st Quarter	1,010.00	February 2	971.00	January 19

2nd Quarter	994.50	April 2	950.00	April 3
3rd Quarter	996.50	September 17	970.00	July 3
4th Quarter	1,010.00	December 23	950.00	December 11 and 19

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				
1st Quarter	1,030.00	January 7	987.00	February 25
2025				
1st Quarter	1,030.00	January 17	965.00	March 31
2nd Quarter	1,004.00	June 26	965.00	April 14 and 23
3rd Quarter	1,015.00	September 30	950.00	September 15
4th Quarter	1,050.00	December 9	950.00	November 18
2024				
1st Quarter	1,010.00	February 6; March 11 and 27	965.00	January 12
2nd Quarter	1,010.00	May 24	950.00	May 27
3rd Quarter	995.00	July 1-2, 5, 9, 18 and 22; August 5, 16, 27-28; September 2, 4, 9, 13	958.00	August 19
4th Quarter	1,032.00	December 6	965.00	November 11

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:

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

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:

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

2024				
3rd Quarter	1,080.00	September 23	1,060.00	September 27
4th Quarter	1,280.00	December 5	996.00	November 11-12

Series 4E Preferred Shares

The price of the Series 4E Preferred Shares as of March 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:

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

(2) 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	SHAHRAD 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 MARITESS SIGUA MACABUHAY	400	400	0.006063 %
18	JOSE MANUEL R. SAN JUAN	100	100	0.001516 %
19	MICHELLE MARIE Y. SAN JUAN	100	100	0.001516 %
20	HENRY P. YUSINGCO IV	100	100	0.001516 %
		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 %
		5,000,000	5,000,000	100.000000 %

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 %
		2,995,000	2,995,000	100.000000 %

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 %
		5,994,500	5,994,500	99.825146 %

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 %
		8,499,900	8,499,900	99.998824 %

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 %

(3) 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; Redemptions; Buy-back

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.

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.

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, 2025
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, 2025
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.

(4) Recent Sales of Unregistered or Exempt 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") in the total amount of US$230 million. 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.

(B) 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.

(C) 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, availment of said shares was offered to employees from February 15 to 19, 2010.

(D) Public Ownership

Based on the report provided by SMC Stock Transfer Services Corporation, the stock transfer agent of the Company, 28.04% of the outstanding common shares of the Company was owned by the public as of December 31, 2025 in compliance with the minimum public ownership set by the PSE and the SEC. Attached as Annexes A and B are the public ownership reports of the Company as of December 31, 2025 and March 31, 2026, respectively.

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"Part III - Management's Discussion and Analysis of Financial Position
and Financial Performance" follows on next page]

PART III - 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

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

Forward

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital securities went down by ₱ 2.97 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.

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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 were no significant elements of income or loss from continuing operations.

Seasonal aspects that have material effect on the financial statement

There were 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 were 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 below 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

Crude oil accounts for over 40% of the Company's total cost of goods sold. Accordingly, the Company's financial results are highly sensitive to movements in international crude oil and refined product prices. These prices are exposed to significant volatility driven by factors largely beyond the Company's control, including global supply and demand dynamics, geopolitical developments (including the Russia–Ukraine conflict and the current conflict involving the United States/Israel, and Iran), global economic conditions, weather patterns, and changes in government policies and regulations.

The recent war involving the United States, Israel, and Iran has led to heightened volatility in global oil markets following the effective closure of the Strait of Hormuz, a critical transit route for about 20% of global oil supply, and direct attacks on oil and energy infrastructure, including on refineries and oil fields. The resulting disruption to oil supply has put upward pressure on crude oil and refined product prices, resulting in historically high price levels. Sustained high price levels can materially affect the Company's cost structure and working capital requirements. While high prices increase unit revenues, the Company is aware that a prolonged high-price situation may also serve to dampen demand.

The Company closely monitors these developments and continuously assesses their potential impact on its financial position, operating performance, liquidity, and cash flows. The Company actively manages its exposure through supply source diversification, disciplined inventory planning, and established risk management practices aimed at mitigating the adverse effects of price volatility and geopolitical uncertainty. In addition, the Company continues to expand its current funding sources as part of its prudent liquidity management activities.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

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"Part IV - Management and Certain Security Holders" follows on next page]

PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS

(A) Directors, Executive Officers and Board Committees of the Registrant

(1) Directors and Executive Officers

Listed below are the directors and the incumbent officers of the Company from Vice President and up as of December 31, 2025 with their respective ages, citizenships, and current and past positions held and business experience for at least the past five (5) years.

Directors

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
Jose P. de Jesus	91	Filipino	Director	2014
John Paul L. Ang	46	Filipino	Director	2021
Emmanuel E. Eraña	65	Filipino	Director	2025
Jacqueline L. Ang	39	Filipino	Director	2025
Artemio V. Panganiban	89	Filipino	Independent Director	2010
Margarito B. Teves	82	Filipino	Independent Director	2014
Ricardo C. Marquez	65	Filipino	Independent Director	2022

Directors as of December 31, 2025

Set out below are the directors of the Company and their respective profiles as of December 31, 2025.

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 has also been a member of the Company's Executive Committee. In relation to the oil and gas industry, Mr. Ang has held 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 has also held 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 has also served as 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 has also held 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 has also been a member of the Company's Executive Committee. He has held 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 has also served as a director of PMRMB, a company publicly listed in Malaysia.

Jose P. de Jesus, Filipino, born 1934, has served as a Director of the Company since May 20, 2014. He has also served as Independent Director and the Chairman of Converge ICT Solutions, Inc. He was the Chairman of Clark Development Corporation (March 2017 – November 2020), the President and Chief Executive Officer of Nationwide Development Corporation (September 2011 - June 2015), the Secretary of the Department of Transportation and Communications (July 2010 - June 2011), the President and Chief Operating Officer of MERALCO (February 2009 - June 2010), the President and Chief Executive Officer of Manila North Tollways Corporation (January 2000 - December 2008), Executive Vice President of the Philippine Long Distance Telephone Company (1993 - December 1999), Chairman of the Manila Waterworks & Sewerage System (1992 - 1993), the Secretary of the Department of Public Works and Highways (January 1991 - February 1993), and the President of the Development Academy of the Philippines (December 1987 – January 1991). He was awarded the Philippine Legion of Honor, Rank of Commander in June 1992 by then President Corazon C. Aquino. He was *Lux in Domino* Awardee (Most

Outstanding Alumnus) of the Ateneo de Manila University in July 2012. He is also a Director of SMC Skyway Corporation, SMC TPLEX Corporation, SMC SLEX, Inc., Comstech Integration Alliance, Inc., AirAsia, Inc., Philippines AirAsia, Inc., as well as an Independent Director of Alviera Country Club. He has served as a Trustee of the Kapampangan Development Foundation and Holy Angel University, a Member of the Board of Advisors of Bantayog ng mga Bayani Foundation, an Eisenhower Exchange Fellow (1977 – present), and a member of the Management Association of the Philippines. Mr. de Jesus earned his Bachelor of Arts degree in Economics and holds a Master of Arts in Social Psychology from the Ateneo de Manila University. He also finished Graduate Studies in Human Development from the University of Chicago under university scholarship and Fulbright grant.

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

Ron W. Haddock, American, born 1940, has served as a Director of the Company since December 2, 2008. He has held 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 has not held 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 has served as the Chairman and Chief Executive Officer of Crescent Capital Sdn. Bhd and Managing Director of Betamek Berhad. He has held 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 has not held 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 has also been a member of the Executive Committee, the Audit Committee, the Risk Oversight Committee and the Related Party Transaction Committee. She has held the following positions, among others: Senior Vice President and Senior Executive Assistant to the Chairman and Chief Executive Officer of SMC; President of Petrogen; Director of SMC, PMRMB, POGM, POGI, PSTPL, SEA Refinery, NVRC, LLCDC, SMYPC, Thai San Miguel Liquor Co., Ltd., SMC Global Power Holdings Corp., Rapid Thoroughfares Inc., Trans Aire Development Holdings Corp., and various subsidiaries of SMC; Non-Executive Director of San Miguel Brewery Hong Kong Limited; and Director and Treasurer of Petron-affiliate Top Frontier. She has served as a Director of MERALCO (January 2009 - May 2009), Senior Vice President of Guoco Holdings (1994 - 1998), Chief Financial Officer and Assistant to the President of PICOP Resources (1990-1998) and Assistant to the President and Strategic Planning at the Elizalde Group (1981 - 1989). She is a certified public accountant and is a member of the Capital Market Development Committee of the Financial Executives Institute of the Philippines and the Philippine Institute of Certified Public Accountants. She is also a director of the Market Governance Board of the Philippine Dealing System Holdings. Ms. Calderon graduated *magna cum laude* from the University of the East in 1973 with a degree in Business Administration major in Accounting and earned her master's degree in Business Administration from the Ateneo de Manila University in 1980.

Of the companies in which Ms. Calderon currently has held 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 has also served as a Director of GSMI and SMFB. He has likewise served as 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 has held directorships other than Petron, Petron-affiliates GSMI and SMFB are also listed with the PSE.

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

Atty. Jacinto has not held 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 has not held a directorship in any listed company other than Petron.

John Paul L. Ang, Filipino, born 1980, has served as a Director of the Company since March 9, 2021. He is also a member of the Audit Committee of the Company. He has served as the President and Chief Operating Officer of SMC and has been a director since January 21, 2021. He has been the 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 has served as 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 has also been 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 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 has held 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 has held the following positions, among others: Chairman, President and Chief Executive Officer of LLCDC; Chairman and President of South Luzon Prime Holdings Inc. ("SLPHI"); 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 has not held a directorship in any publicly listed company other than Petron.

Jacqueline L. Ang, Filipino, born 1986, has served as the Vice President for Procurement of the Company since January 1, 2024. She has also been a Director of PMRMB (August 2023 to present) and a member of its Sustainability Committee. She has also been a Director 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 SMC

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 has held directorships, PMRMB is a publicly listed company in Malaysia.

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

He has also served as an independent advisor of Metro Pacific Investments Corporation and an Independent Director of non-listed companies such as Asian Hospital, Inc., Metro Pacific Tollways Corporation, State Investment House, Inc. and State Properties Corporation.

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

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

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

Ricardo C. Marquez, Filipino, born 1960, has served as independent director of the Company since May 17, 2022. He has been the Chairman of the Risk Oversight Committee of the Company, and has been a member of the Audit, Corporate Governance and Related Party Transaction Committees of the Company. He has held 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 has held directorships other than Petron, SMFB and Top Frontier are also listed with the PSE.

Board Attendance and Trainings/Corporate Governance Seminars in 2025

The schedule of the meetings for any given year is presented to the directors the year before.

The Board of Directors was therefore advised of the schedule of the board meetings for 2026 at the board meeting held on November 4, 2025. Similarly for 2025, the schedules of the meetings for this year was approved by the Board of Directors on November 5, 2024. Should any matter requiring immediate approval by the Board of Directors arise in between meetings, such matters are reviewed, considered and approved at meetings of the Executive Committee, subject to the Company's by-laws. Special meetings of the Board of Directors may also be called when necessary in accordance with the Company's by-laws.

In keeping abreast of the latest best practices in corporate governance and complying with applicable legal requirements, including SEC Memorandum Circular No. 13 (Series of 2013), all the directors of the Company (including all its executive officers and the Internal Auditor) attended a corporate governance seminar in 2025 conducted by providers duly accredited by the SEC and conducted in accordance with SEC Memorandum Circular No. 20, Series of 2013.

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

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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*

Officers

The following are the officers from Vice President and up of the Company as of December 31, 2025 and 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	2018

			Petron Malaysia Operations and External Projects	
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 December 31, 2025 who are not 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 has also been 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 has also been the Treasurer of most of the Company's subsidiaries, and has been 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 has also been a director of PFISB and POMSB. Mr. Lu was also a director of PLI until September 2025. 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 – 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 has held the following positions, among others: Controller of PFC, PMC, NVRC, LLCDC, MLC, PPI, Mema and PLI; Director, Controller and Treasurer of SLHPI; 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 has been a Director of MLC, PPI, PAHL and RIHL. He has also been 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 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 has been the Chief Finance Officer of PMRMB, PFISB and POMSB. He has served as a Director of SLPHI. 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, has served as the Vice President for Operations and Corporate Technical Services Group of the Company appointed on March 6, 2023 effective April 1, 2023. He has also been a director of PLI since March 2022. He was the President of PLI from March 2022 until September 2025. 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.

Officer Trainings in 2025

All the executive officers of the Company completed a corporate governance seminar for 2025 conducted in accordance with SEC Memorandum Circular No. 20, Series of 2013.

(ii) Board Committees; Board and Committee Charters

Pursuant to the new Corporate Governance Manual of the Company approved by the Board on May 8, 2017 (the "Corporate Governance Manual"), the Company has Executive, Audit, Corporate Governance,

Risk Oversight, and Related Party Transaction Committees constituted in accordance with Corporate Governance Manual and the Company's By-Laws.

Their respective members were appointed at the organizational meeting held on May 2, 2025.

The Board charter and the charter of each of the board committees were adopted on May 16, 2017.

- **Executive Committee.** The Executive Committee is composed of not less than three (3) members, which shall include the Chairman of the Board of Directors and the President, with two (2) alternate members. The Executive Committee, when the Board of Directors of Directors is not in session, may exercise the powers of the latter in the management of the business and affairs of the Company, except with respect to (a) the approval of any action for which stockholders' approval is also required, (b) the filling of vacancies in the Board of Directors, (c) the amendment or repeal of the by-laws of the adoption of new by-laws; (d) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable, (e) a distribution of dividends to the stockholders, and (f) such other matters as may be specifically excluded or limited by the Board of Directors.

  The members of the Executive Committee in 2025 were Mr. Ramon S. Ang, Ms. Aurora T. Calderon, and Mr. Lubin B. Nepomuceno. Mr. John Paul L. Ang and Atty. Virgilio S. Jacinto are the two (2) alternate members of the Executive Committee.

  The Executive Committee held four (4) meetings in 2025, with attendance as shown below. The resolutions approved by the Executive Committee were passed with the unanimous vote of the committee members in attendance (whether regular members or alternate members) and later presented to and ratified by the Board of Directors at the board meeting held after each approved resolution.

Members	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)	-	-	-	-

- **Corporate Governance Committee.** The Corporate Governance Committee, created on May 8, 2017, is composed of at least three (3) independent directors as members. The Chairperson of the committee is an independent director.

  The Corporate Governance Committee is tasked to assist the Board of Directors in the performance of its corporate governance, nomination and remuneration responsibilities and ensure compliance with and proper observance of corporate governance principles and practices.

  In 2025, the Corporate Governance Committee was chaired by independent director former Chief Justice Artemio V. Panganiban, with independent directors Mr. Margarito B. Teves and Mr. Ricardo C. Marquez, and Atty. Francis H. Jardeleza and Atty. Virgilio S. Jacinto as members. Atty. Estelito P. Mendoza was also a member of the Corporate Governance Committee until March 26, 2025.

  In 2025, the Corporate Governance Committee held two (2) meetings, with the following members in attendance:

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

- **Audit Committee.** The Audit Committee is composed of at least three (3) appropriately qualified non-executive directors, majority of whom are independent directors. The Chairperson is an independent director and is not the Chairperson of the Board of Directors or of any other board committee. The members of the Audit Committee are required to have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

  The Audit Committee is responsible for overseeing the senior Management in establishing and maintaining an adequate, effective and efficient internal control framework. The Audit Committee ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

  Among its functions set out in the Corporate Governance Manual and the Audit Committee Charter, the Audit Committee primarily recommends to the Board each year the appointment of the external auditor to examine the accounts of the Company for that year and performs oversight functions over the Company's internal and external auditors to ensure that they act independently from each other or from interference of outside parties and that they are given unrestricted access to all records, properties and personnel necessary in the discharge of their respective audit functions.

  In 2025, the Audit Committee was chaired by independent director Mr. Margarito B. Teves, and its members were independent directors former Chief Justice Artemio V. Panganiban and Mr. Ricardo C. Marquez, Ms. Aurora T. Calderon (who is also an accountant) and Mr. John Paul L. Ang. Atty. Estelito P. Mendoza was also a member of the Corporate Governance Committee until March 26, 2025. Mr. Ferdinand K. Constantino acted as advisor to the committee.

  In 2025, the Audit Committee held four (4) meetings, with attendance as indicated below.

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

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

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

  In 2025, the Risk Oversight Committee was chaired by independent director Mr. Ricardo C. Marquez, with independent director Mr. Margarito B. Teves and Ms. Aurora T. Calderon as members. No meeting was held by the Risk Oversight Committee in 2025.

- **Related Party Transaction Committee.** The Related Party Transaction Committee, created on May 8, 2017, is composed of at least three (3) non-executive directors, two (2) of whom are independent directors. The Chairperson is an independent director.

  The Related Party Transaction Committee is tasked with reviewing all material related party transactions of the Company.

  In 2025, the Related Party Transaction Committee is chaired by independent director former Chief Justice Artemio V. Panganiban, with independent director Mr. Margarito B. Teves and Ms. Aurora T. Calderon as members.

  In 2025, the Related Party Transaction Committee held one (1) meeting, with attendance indicated below:

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

(2) Significant Employees

There was no significant employee or personnel who was not an executive officer but was expected to make a significant contribution to the business.

(3) Family Relationships

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.

(4) 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 Annual Report.

(B) Executive Compensation

Standard Arrangements. Petron's executive officers are also regular employees of the Company and are similarly remunerated with a compensation package comprising of 12 months base pay. They also receive whatever gratuity pay the Board of Directors extends to the managerial, supervisory and technical employees of the Company.

The members of the Board of Directors who are not executive officers are elected for a term of one year. They receive remuneration for 12 months in director's fees and gas allowance, in addition to compensation on a per meeting participation.

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

Warrants or Options. There are no warrants or options held by directors or officers.

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

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

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

The Company provides each non-executive director with reasonable *per diem* of Php75,000 and Php50,000 for each board and board committee meeting attended, respectively, in addition to monthly fees and monthly fuel allowances. In 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**

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.

(C) Security Ownership of Certain 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 December 31, 2025 is as follows:

- SEA Refinery Corporation - 52.71%
- PCD Nominee Corp. (Filipino) - 21.28%
- San Miguel Corporation - 19.11%

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

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

SEA Refinery Corporation is wholly-owned by SMC. SMC thus holds an aggregate 71.82% ownership of the common shares of the Company as of March 31, 2026.

The Company had no beneficial owner under the PCD Nominee Corp. that held no more than 5% of the common shares of the Company.

The security ownership of directors and officers holding the position of Vice President and up as of March 31, 2026 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 H. Jardeleza	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Virgilio S. Jacinto	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Nelly Favis-Villafuerte	Filipino	1,000	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	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.

*Ret. Gen. Rey Leonardo B. Guerrero was elected on February 12, 2026 vice Mr. Jose P. de Jesus who resigned as director effective January 31, 2026.

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

Series 4A Preferred			1,000	I	0.00%
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Jonathan F. Del Rosario	Filipino	-	-	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	Lemuel C. Cuezon	Filipino	42,939	D	0.00%
Series 3B Preferred			-	-	N.A.
Series 4A Preferred			-	-	N.A.
Series 4B Preferred			-	-	N.A.
Series 4C Preferred			-	-	N.A.
Series 4D Preferred			-	-	N.A.
Series 4E Preferred			-	-	N.A.
Common	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** **1,233,881** **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.

(2) Voting Trust Holders of 5% or more

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

(3) 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.

(D) Certain Relationships and Related Transactions

The major related stockholders of the Company as of March 31, 2026 holding at least 5% of the common stock were as follows:

- SEA Refinery Corporation - 52.71%
- San Miguel Corporation - 19.11%

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

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

Related party transactions are discussed under Part I(A)(2)(viii) (*Transactions with and/or dependence on related parties*).

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"Part IV – Corporate Governance and Sustainability" follows on next page]

PART IV – CORPORATE GOVERNANCE AND SUSTAINABILITY

(A) Corporate Governance

Corporate Governance Manual

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

Various Corporate Policies; Adoptions and Revisions in 2023

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

Revised Whistle-blowing and Non-Retaliation Policy

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

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

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

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

Anti-Sexual Harassment Policy

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

Policy on Conflict of Interest

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

Diversity, Equity, and Inclusion Policy

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

Policy on Child and Forced Labor

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

Board Diversity Policy

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

Revised Code of Conduct and Ethical Business Policy

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

Policy on Dealings in Securities

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

Board Assessment;
Summary of 2025 Assessment

Board Assessment Form and Coverage

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 (i) 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; (ii) 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; (iii) 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 (iv) 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.

Results of the 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 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 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.

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.

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.

(B) Sustainability Report

Please find attached as Annex D the Sustainability Report of the Company for 2025.

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"Part V – Exhibits and Schedules" follows on next page]

PART V – EXHIBITS AND SCHEDULES

Exhibits and Reports on SEC Form 17-C

Below is a list of the annexes to this SEC Form 17-A and the reports on SEC Form 17-C and the press releases submitted to the SEC in 2025 until the date of this report.

Annexes

1. Annex A - Public Ownership Report as of December 31, 2025
2. Annex B - Public Ownership Report as of March 31, 2026
3. Annex C - 2025 Audited Financial Statements, with the Index to Financial Statements and the Supplementary Schedules and the Statement of Management's Responsibility (Separate and Consolidated)
4. Annex D - 2025 Sustainability Report

Reports on SEC Form 17-C

The following reports on SEC Form 17-C were submitted for year 2025 until the date of this Annual Report:

Date of Report	Item Description
January 10, 2025	Advice of the receipt by the Company from its external counsel Poblador Bautista & Reyes today a copy of the Supreme Court resolution issued on November 25, 2024, which denied with finality the motion for reconsideration and the motion to refer to the court *en banc* filed by PNOC in relation to the complaint filed by the Company in October 2017 against PNOC for the reconveyance of the various landholdings it conveyed to PNOC in 1993
January 23, 2025	Advice of the receipt by the Company from its external counsel Poblador Bautista & Reyes today a copy of PNOC's motion for leave to file a second motion for reconsideration of denial of its petition for review on certiorari and a motion for reconsideration of the denial of the referral of the case to the Supreme Court *en banc*, both under the Supreme Court resolution dated November 25, 2024
January 27, 2025	Reply to the request of the Philippine Dealing and Exchange Corp. for clarification on the news article in the Manila Bulletin entitled "Petron seeks ERC approval to connect refinery power plant to NGCP"
February 19, 2025	Reply to the request of the Philippine Stock Exchange for clarification relating to the news article entitled "Gov't pursues claim on Petron refinery lot" posted in manilastandard.net on February 18, 2025
March 4, 2025	Matters approved at the board meeting held: 1. 2024 Audited Financial Statements 2. Cash dividend for the common shareholders 3. Approval of directors' fees for 2025 4. Appointment of the external auditor i. Endorsement of the re-appointment of R. G. Manabat & Co./KPMG as external auditor of the Company for 2025 at the annual stockholders' meeting scheduled on May 2, 2025 and approval of its fees for the audit and finalization/word processing of the 2025 financial statements of the Company and its subsidiaries

	ii. Appointment of R.G. Manabat & Co./KPMG for non-audit services and limited assurance engagements 5. Amendments to the Internal Audit Charter 6. Public offer and issuance of up to P25 billion peso retail bonds with an oversubscription option of up to P7 billion 7. Common share buyback program 8. Use of foreign-sourced dividends of the Company for 2025 for working capital requirements 9. Annual Stockholders' Meeting Date of meeting : May 2, 2025, Thursday, 2:00 pm Venue : To be livestreamed via a streaming site Record Date : March 18, 2025 Closing of Books : March 18-25, 2025 Media release on performance also submitted.
March 18, 2025	Pursuant to the common share buyback program approved by the Board of Directors on March 4, 2025, the Company today purchased 459,156,097 common shares of the Company at P2.4367 per share or a total of P1,118,825,661.56. After today's transaction, the Company has 8,915,948,400 outstanding common shares and 459,156,097 treasury common shares.
March 26, 2025	Announcement of the passing of Director Atty. Estelito P. Mendoza on March 26, 2025.
April 17, 2025	Announcement of the passing of Director Mr. Horacio C. Ramos on April 17, 2025.
April 26, 2025	Submission of the Company to the Securities and Exchange Commission ("SEC") of the amended registration statement for the offer and sale in the Philippines of P25 billion peso-denominated fixed rate bonds, with an oversubscription option of up to P7 billion, to be taken from the bond shelf registration rendered effective by the SEC under SEC MSRD Order No. 63, series of 2021, and valid until September 2025.
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:

Executive Committee

Ramon S. Ang	- Chairman
Lubin B. Nepomuceno	- Member
Aurora T. Calderon	- Member
Virgilio S. Jacinto	- Alternate Member
John Paul L. Ang	- Alternate Member

Audit Committee

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

Risk Oversight Committee

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

Corporate Governance Committee

Artemio V. Panganiban	- Chairman (Independent Director)
Margarito B. Teves	- Member (Independent Director)
Ricardo C. Marquez	- Member (Independent Director)
Francis H. Jardeleza	- Member
Virgilio S. Jacinto	- Member

Related Party Transaction Committee

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

Lead Independent Director

Margarito B. Teves

2. Election of the following as officers of the Company for 2025-2026:

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
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
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 Media release on performance also submitted.	
May 30, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series E and Series F fixed rate bonds	
June 19, 2025	Advice that the Management of the Company approved today the interest rates of the Series G, Series H and Series I bonds. The final terms and conditions of the offer shall be set out in the Final Offer Supplement to be finalized in due course and would be made available in the Company website. The interest rates of the Series G, Series H and Series I bonds were as follows: Series G bonds: 6.5945% p.a. Series H bonds: 6.9761% p.a. Series I bonds: 7.3896% p.a.	
June 20, 2025	Advice that the Final Offer Supplement of the Company has already been posted in the Company website. The Final Offer Supplement may be accessed through this link: https://www.petron.com/wp-content/uploads/2025/06/Annex-A-Petron-Final-Offer-Supplement-19-June-2025-clean-signed-and-with-annexes_for-website.pdf	
June 20, 2025	Advice that the Final Offer Supplement submitted earlier today was revised to reflect the updated language on the withdrawal of the offer and sale of the Offer Bonds, consistent with the Underwriting Agreement. The Final Offer Supplement may be accessed through this updated link:	

	https://www.petron.com/wp-content/uploads/2025/06/Annex-A-Petron-Final-Offer-Supplement-19-June-2025-cleanv2-signed-and-with-annexes_for-website.pdf
June 20, 2025	Advice of the receipt by the Company from the Securities and Exchange Commission of the Certificate of Permit to Offer Securities for Sale for the second tranche of the bond shelf registration rendered effective by the Securities and Exchange Commission (SEC) under SEC MSRD Order No. 63, Series of 2021 and valid until September 2025, consisting of P25 billion peso retail bonds with an oversubscription option of up to P7 billion (the "Permit to Sell"). The Permit to Sell may be accessed through this link: https://www.petron.com/wp-content/uploads/2025/06/PETRON-CORPORATION_PERMIT-TO-SELL.pdf
July 1, 2025	Submission of the notice of completion of the offer as filed today by the Company with the Markets and Securities Regulation Department of the Securities and Exchange Commission.
July 8, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
July 9, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
July 9, 2025	Advice that the Company today purchased 696,000 common shares of the Company at P2.38 per share or a total of P1,656,480.00. After today's transaction, the Company has 8,915,252,400 outstanding common shares and 459,852,097 treasury common shares.
July 10, 2025	Advice that the Company today purchased 249,000 common shares of the Company at P2.40 per share or a total of P597,600.00. After today's transaction, the Company has 8,915,003,400 outstanding common shares and 459,852,097 treasury common shares.
July 11, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
July 16, 2025	Advice that the Company today purchased 996,000 common shares of the Company for a total purchase price of P2,484,700.00, with the breakdown as follows: 505,000 common shares at P2.50 per share or a total of P1,262,500.00; 463,000 common shares at P2.49 per share or a total of P1,152,870.00; 22,000 common shares at P2.48 per share or a total of P54,560.00; 1,000 common shares at P2.47 per share or a total of P2,470.00; and 5,000 common shares at P2.46 per share or a total of P12,300.00. After today's transaction, the Company has 8,914,007,400 outstanding common shares and 461,097,097 treasury common shares.
July 18, 2025	Advice that the Company today purchased 599,000 common shares of the Company for a total purchase price of P1,494,980.00, with the breakdown as follows: 531,000 common shares at P2.50 per share or a total of P1,327,500.00; 15,000 common shares at P2.49 per share or a total of P37,350.00; 14,000 common shares at P2.47 per share or a total of P34,580.00; and 39,000 common shares at P2.45 per share or a total of P95,550.00.

	After today's transaction, the Company has 8,913,408,400 outstanding common shares and 461,696,097 treasury common shares.
July 21, 2025	Advice that the Company today purchased 83,000 common shares of the Company for a total purchase price of P208,190.00, with the breakdown as follows: 48,000 common shares at P2.50 per share or a total of P120,000.00; 1,000 common shares at P2.51 per share or a total of P2,510.00; and 34,000 common shares at P2.52 per share or a total of P85,680.00. After today's transaction, the Company has 8,913,325,400 outstanding common shares and 461,779,097 treasury common shares.
July 31, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
August 1, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
August 5, 2025	Matters approved at the board meeting held: 1. First Semester 2025 Financial Statements 2. Cash dividends for preferred shareholders Media release on performance also submitted.
August 7, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
August 19, 2025	Advice that the Company today purchased 244,000 common shares of the Company for a total purchase price of P596,900.00, with the breakdown as follows: 2,000 common shares at P2.40 per share or a total of P4,800.00; 80,000 common shares at P2.44 per share or a total of P195,200.00; and 162,000 common shares at P2.45 per share or a total of P396,900.00. After today's transaction, the Company has 8,913,081,400 outstanding common shares and 462,023,097 treasury common shares.
August 27, 2025	Advice that the Company today purchased 1,220,000 common shares of the Company for a total purchase price of P3,055,700.00, with the breakdown as follows: 507,000 common shares at P2.53 per share or a total of P1,282,710.00; 86,000 common shares at P2.52 per share or a total of P216,720.00; 76,000 common shares at P2.51 per share or a total of P190,760.00; 292,000 common shares at P2.50 per share or a total of P730,000.00; 110,000 common shares at P2.48 per share or a total of P272,800.00; 33,000 common shares at P2.47 per share or a total of P81,510.00; 16,000 common shares at P2.45 per share or a total of P39,200.00; and 100,000 common shares at P2.42 per share or a total of P242,000.00. After today's transaction, the Company has 8,911,861,400 outstanding common shares and 463,243,097 treasury common shares.
August 28, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds

August 29, 2025	Advice that the Company today purchased 415,000 common shares of the Company for a total purchase price of P1,052,330.00, with the breakdown as follows: 2,000 common shares at P2.49 per share or a total of P4,980.00; 27,000 common shares at P2.50 per share or a total of P67,500.00; 26,000 common shares at P2.51 per share or a total of P65,260.00; 30,000 common shares at P2.52 per share or a total of P75,600.00; 44,000 common shares at P2.53 per share or a total of P111,320.00; 163,000 common shares at P2.54 per share or a total of P414,020.00; and 123,000 common shares at P2.55 per share or a total of P313,650.00. After today's transaction, the Company has 8,911,446,400 outstanding common shares and 463,658,097 treasury common shares.
September 4, 2025	Advice that the Executive Committee of the Board of Directors of the Company authorized the Company to invite holders to: 1) tender for exchange some or all of the US$550,000,000.00 senior perpetual capital securities issued on April 19, 2021 and listed with the Singapore Exchange Securities Trading Limited ("Existing Securities") for new US Dollar-denominated senior perpetual capital securities to be issued by the Company; 2) tender for purchase for cash the Existing Securities, subject to a maximum acceptance amount; and 3) undertake the offer and issuance of senior perpetual capital securities, under such terms and conditions as Management may determine. The exchange and tender offer period shall commence today, and shall end on September 12, 2025, unless extended, withdrawn or otherwise earlier terminated.
September 4, 2025	Submission to the Securities and Exchange Commission of the Company's announcement with the Singapore Exchange Securities Trading Limited dated September 4, 2025 on the exchange and tender offers as described in the earlier disclosure.
September 8, 2025	Submission to the Securities and Exchange Commission a copy of the Company's announcement with the Singapore Exchange Securities Trading Limited dated September 8, 2025 on the minimum initial rate of distribution of the new senior perpetual capital securities to be issued in connection with the exchange and tender offer of its existing US$550,000,000.00 senior perpetual capital securities.
September 8, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
September 11, 2025	Receipt by the Company from its external counsel, Poblador Bautista & Reyes, of the resolution of the Supreme Court dated July 2, 2025 denying the second motion for reconsideration filed by the Philippine National Oil Company in relation to the Company's case in view of the entry of judgement made by the court on November 25, 2024.

<table>
<tr><td>September 12, 2025</td><td>Filing of Certificates of Attendance of the following directors and key officers at the Corporate Governance Seminar held via remote communication through MS Teams:

Date: September 8, 2025, Monday
Time: 2:00 pm to 5:00 pm
Provider: SGV & Co.
Topics: (1) Sustainability
(2) Anti-Bribery and Anti-Corruption
(3) AI Risk and Governance

<table><tr><th>Name</th><th>Position</th></tr><tr><td>1. Lubin B. Nepomuceno</td><td>Director / General Manager</td></tr><tr><td>2. Jose P. De Jesus</td><td>Director</td></tr><tr><td>3. Ron W. Haddock</td><td>Director</td></tr><tr><td>4. Francis H. Jardeleza</td><td>Director</td></tr><tr><td>5. Virgilio S. Jacinto</td><td>Director</td></tr><tr><td>6. Nelly Favis-Villafuerte</td><td>Director</td></tr><tr><td>7. Emmanuel E. Eraña</td><td>Director / Senior Vice President and Chief Finance Officer</td></tr><tr><td>8. Jacqueline L. Ang</td><td>Director / Vice President, Procurement</td></tr><tr><td>9. Margarito B. Teves</td><td>Lead Independent Director</td></tr><tr><td>10. Artemio V. Panganiban</td><td>Independent Director</td></tr><tr><td>11. Ricardo C. Marquez</td><td>Independent Director</td></tr><tr><td>12. Freddie P. Yumang</td><td>Senior Vice President and Chief Risk Officer</td></tr><tr><td>13. Albertito S. Sarte</td><td>Deputy Chief Finance Officer and Treasurer</td></tr><tr><td>14. Jaime O. Lu</td><td>Vice President and Executive Assistant on Petron Malaysia Operations and Retail Engineering and Network Development</td></tr><tr><td>15. Maria Rosario D. Vergel De Dios</td><td>Vice President, Human Resources Management</td></tr><tr><td>16. Magnolia Cecilia D. Uy</td><td>Vice President, Retail Sales</td></tr><tr><td>17. Myrna C. Geronimo</td><td>Vice President, Controllers</td></tr><tr><td>18. Allister J. Go</td><td>Vice President, Refinery Division</td></tr><tr><td>19. Reynaldo V. Velasco, Jr.</td><td>Vice President, Refinery Plant Operations (Production A and B)</td></tr><tr><td>20. Virgilio V. Centeno</td><td>Vice President, Industrial Sales</td></tr><tr><td>21. Jonathan F. Del Rosario</td><td>Vice President, Operations and Corporate Technical Services Group</td></tr><tr><td>22. Lemuel C. Cuezon</td><td>Vice President, Marketing</td></tr><tr><td>23. Jhoanna Jasmine M. Javier-Elacio</td><td>Vice President - General Counsel and Corporate Secretary /Compliance Officer</td></tr><tr><td>24. Liane Mel C. Apilado</td><td>Assistant Vice President, Internal Audit</td></tr><tr><td>25. Maria Crisselda T. Torcuator</td><td>Legal Counsel and Assistant Corporate Secretary</td></tr></table></td></tr>
<tr><td>September 15, 2025</td><td>Submission to the Securities and Exchange Commission a copy of the Company’s announcement with the Singapore Exchange Securities Trading Limited dated September 15, 2025 on the preliminary results of the exchange and tender offers.</td></tr>
</table>

September 15, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
September 16, 2025	Submission to the Securities and Exchange Commission a copy of the Company's announcement with the Singapore Exchange Securities Trading Limited dated September 16, 2025 on the final results of the exchange and tender offers.
September 16, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
September 23, 2025	Submission to the Securities and Exchange Commission a copy of the Company's announcement with the Singapore Exchange Securities Trading Limited dated September 23, 2025 on the post-confirmation of closing/settlement to be uploaded.
September 29, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
October 3, 2025	Filing of Certificates of Attendance of Mr. John Paul L. Ang, Director, and Mr. Mark Tristan D. Caparas, Vice President and Chief Finance Officer, Petron Malaysia, in a Corporate Governance Seminar held on September 26, 2025
October 13, 2025	Advice that the Company completed today (the first business day after the maturity date that fell on a Sunday) the redemption of all its Series E fixed rate bonds with an aggregate principal amount of P9 billion. These bonds were issued in 2021 and matured on October 12, 2025, which was a Sunday.
October 13, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
October 20, 2025	Advice that the Company completed today (the first business day after the maturity date that fell on a Sunday) the redemption of all its Series D fixed rate bonds with an aggregate principal amount of P6.8 billion. These bonds were issued in 2018 and matured on October 19, 2025, which was a Sunday.
October 20, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
October 29, 2025	Filing of Certificates of Attendance of Mr. Mirzan Mahathir, Director, and Ms. Maria Rowena O. Cortez, Vice President – Supply, in a Corporate Governance Seminar held on October 24, 2025
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.
November 19, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
November 28, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
December 4, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series E and Series F fixed rate bonds
December 11, 2025	Filing of Certificates of Attendance of Mr. Ramon S. Ang, President and Chief Executive Officer, and Ms. Aurora T. Calderon, Director, in a Corporate Governance Seminar held on December 5, 2025

December 15, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
December 16, 2025	Disbursement of the Company from the balance of the net proceeds of its offering of the Series G, Series H and Series I fixed rate bonds
January 7, 2026	Advice of the receipt of the Company from the Energy Regulatory Commission ("ERC") today an order dated December 26, 2025 imposing on the Company a penalty in the amount of P650,000.00 for the non-submission of SMS/text reports on the unplanned outage and the resumption of operations of its Refinery Solid Fuel-Fired Boiler Plant resulting from the 6.1 magnitude earthquake in Bataan on April 22, 2019. ERC rules require a generating facility to report to the ERC through SMS/text within three (3) hours of any unplanned outage and resumption of operations of a power-generating facility. The inability of the Company to comply with the requirements of the ERC was due to the situation caused by the earthquake that required the Company to focus on implementing safety measures and protocols at the Petron Bataan Refinery. The Company would pay the above-described penalties.
January 26, 2026	Advice of the receipt of the resignation letter of Mr. Jose P. De Jesus from the Board of Directors of the Company effective at the end of business hours of January 31, 2026.
February 12, 2026	Matters approved at the board meeting held: 1. Cash dividends for preferred shareholders 2. Election of Ret. Gen. Rey Leonardo B. Guerrero as Director vice Mr. Jose P. de Jesus following his resignation from the Board of Directors effective January 31, 2026
March 3, 2026	Matters approved at the board meeting held: 1. 2025 Audited Financial Statements 2. Cash dividend for the common shareholders 3. Approval of directors' fees for 2026 4. Appointment of the external auditor i. Endorsement of the re-appointment of R. G. Manabat & Co./KPMG as external auditor of the Company for 2026 at the annual stockholders' meeting scheduled on May 7, 2026 ii. Appointment of R.G. Manabat & Co./KPMG for non-audit services and limited assurance engagements 5. Use of foreign-sourced dividends of the Company for 2026 for working capital requirements 6. Amendment of the Company's By-Laws to include, among others, remote communication as an alternative means for attending and voting at board and stockholders' meetings, minimum number of independent directors at three (3), the requirement that the aggregate compensation of directors not to exceed 10% of net income before income tax, and the delegation to the Board of Directors of the power to amend the By-Laws; 7. Amendment of the Company's Manual on Corporate Governance to include, among others, the creation of a Board Sustainability Committee and the right of stockholders owning 10% of the total outstanding voting capital stock to call for a meeting for a legitimate purpose;

	8. Redemption of the remaining USD162.61 million 2021 Senior Perpetual Capital Securities on April 19, 2026; 9. Election of the following officers: i. Mr. Glemel A. Baliling – Assistant Vice President, Operations Services ii. Mr. Ramon O. Belo, Jr. – Assistant Vice President, Luzon Provincial Operations iii. Mr. Vittorio R. Cruz – Assistant Vice President, Management Information Systems iv. Mr. Juanito L. Mateo – Assistant Vice President, Petron Bataan Refinery Utilities and Refinery Solid Fuel-Fired Boiler v. Mr. Jose Miguel O. Torres – Assistant Vice President, Supply Trading and Risk Management 10. Annual Stockholders' Meeting Date of meeting : May 7, 2026, Thursday, 2:00 pm Venue : To be livestreamed via a streaming site Record Date : March 18, 2026 Closing of Books : March 18-26, 2026 Media release on performance also submitted.
March 3, 2026	Approval of the redemption of the remaining outstanding US$550,000,000 Senior Perpetual Capital Securities issued by the Company in 2021 (the "2021 SPCS") and listed on the Singapore Exchange Securities Trading Limited. The remaining outstanding 2021 SPCS subject of the redemption are in the aggregate amount of US$162,611,000. The redemption date is April 19, 2026, the step-up date under the terms and conditions of the 2021 SPCS.
March 18, 2026	Advice on the Company's Notice of Redemption issued today to the securityholders of the remaining outstanding Senior Perpetual Capital Securities issued in 2021 with an aggregate amount of USD162.61 million.
March 27, 2026	Advice on the Company's purchase of crude oil.
March 30, 2026	Reply to the request of the Philippine Stock Exchange for clarification relating to the news article entitled "Ramon Ang ready to sell Petron to gov't amid oil price shocks" posted in GMA News Online on March 27, 2026

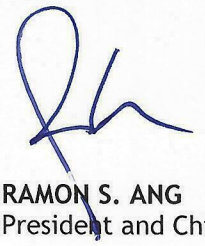
Press Releases

The following press releases were made for year 2025 until the date of this Annual Report:

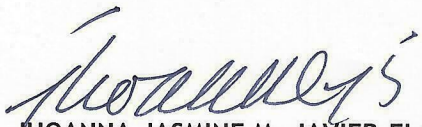
March 4, 2025	"Petron delivers P867.97B revenue in 2024, sustains market leadership"
May 6, 2025	"Petron kicks off 2025 with P4.03 billion net income in the first quarter"
July 7, 2025	"Petron lists P32 billion fixed rate bonds on PDEx"
August 5, 2025	"Petron overcomes market pressures, reports P5.3 billion fist half net income"
November 4, 2025	"Petron achieves 37% net income growth to P9.7 billion in first nine months"
March 3, 2026	"Petron ends 2025 with record-high net income of P15.6 billion"

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, on April 15 , 2026.



RAMON S. ANG
President and Chief Executive Officer



JHOANNA JASMINE M. JAVIER-ELACIO
Vice President - General Counsel
and Corporate Secretary

LUBIN B. NEPOMUCENO
General Manager

EMMANUEL E. ERAÑA
Senior Vice President and Chief Finance Officer

MYRNA C. GERONIMO
Vice President and Controller

APR 15 2026

SUBSCRIBED AND SWORN to before me this __ of April 2026 at Mandaluyong City, affiants exhibiting to me their Competent Evidence of Identity as follows:

Name	Passport Number	Date of Issue (mm-dd-yy)	Place of Issue
Ramon S. Ang			
Lubin B. Nepomuceno			
Emmanuel E. Eraña			
Myrna C. Geronimo			
Jhoanna Jasmine M. Javier-Elacio			

Doc. No. 420;
Page No. 85;
Book No. III;
Series of 2026.

"DOCUMENTARY STAMP PAID"
1632967 APR 15 2026
Serial Number Date of Payment

DARYL ANNE B. 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

ANNEX A

Public Ownership Report as of December 31, 2025

PCOR
PUBLIC OWNERSHIP REPORT

Report Date: December 31, 2025

Computation of Public Ownership

Number of Issued Common Shares	9,375,104,497
Less: Number of Treasury Common Shares, if any	463,658,097
Number of Outstanding Common Shares	8,911,446,400

Less:

A. Directors

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Ramon S. Ang	1,000	0	1,000	0.0000%
Lubin B. Nepomuceno	5,000	0	5,000	0.0001%
Jose P. de Jesus	500	225,000	225,500	0.0025%
Ron W. Haddock	1	0	1	0.0000%
Mirzan Mahathir	1,000	0	1,000	0.0000%
Aurora T. Calderon	1,000	0	1,000	0.0000%
Francis H. Jardeleza	1,000	0	1,000	0.0000%
Virgilio S. Jacinto	1,000	0	1,000	0.0000%
Nelly Favis-Villafuerte	1,000	0	1,000	0.0000%
John Paul L. Ang	1,000	0	1,000	0.0000%
Emmanuel E. Erana	200	0	200	0.0000%
Jacqueline L. Ang	250	0	250	0.0000%
Artemio V. Panganiban	1,000	0	1,000	0.0000%
Margarito B. Teves	500	0	500	0.0000%
Ricardo C. Marquez	1,000	0	1,000	0.0000%
			240,451	0.0027%

B. Officers

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Ramon S. Ang (same as above)			0	0.0000%
Lubin B. Nepomuceno (same as above)			0	0.0000%
Emmanuel E. Erana (same as above)			0	0.0000%
Jacqueline L. Ang (same as above)			0	0.0000%
Freddie P. Yumang	0	352,600	352,600	0.0040%

Maria Rowena O. Cortez	8,580	0	8,580	0.0001%
Albertito S. Sarte	0	765,500	765,500	0.0086%
Jaime O. Lu	0	14,200	14,200	0.0002%
Maria Rosario D. Vergel de Dios	0	0	0	0.0000%
Magnolia Cecilia D. Uy	0	0	0	0.0000%
Myrna C. Geronimo	0	0	0	0.0000%
Allister J. Go	11,030	0	11,030	0.0001%
Reynaldo V. Velasco, Jr.	5,200	17,100	22,300	0.0003%
Virgilio V. Centeno	13,200	1,532	14,732	0.0002%
Mark Tristan D. Caparas	0	2,000	2,000	0.0000%
Jonathan F. del Rosario	0	0	0	0.0000%
Lemuel C. Cuezon	42,939	0	42,939	0.0005%
Jhoanna Jasmine M. Javier-Elacio	0	0	0	0.0000%
			1,233,881	0.0138%

C. Principal / Substantial Stockholders

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
SEA Refinery Corporation	4,696,885,564	0	4,696,885,564	52.7062%
San Miguel Corporation	1,702,870,560	0	1,702,870,560	19.1088%
			6,399,756,124	71.8150%

D. Affiliates

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

E. Government

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

F. Banks

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

G. Employees

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

H. Lock-Up Shares

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Various	11,368,435	0	11,368,435	0.1276%

I. Others

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

Number of Listed Common Shares *	9,375,104,497
Total Number of Non-Public Shares	6,412,598,891
Total Number of Shares Owned by the Public	2,498,847,509
Public Ownership Percentage	28.04%

* As indicated in the PSE website

ANNEX B

Public Ownership Report
as of March 31, 2026



PCOR
PUBLIC OWNERSHIP REPORT

Report Date: March 31, 2026

Computation of Public Ownership

Number of Issued Common Shares	9,375,104,497
Less: Number of Treasury Common Shares, if any	463,658,097
Number of Outstanding Common Shares	8,911,446,400

Less:

A. Directors

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Ramon S. Ang	1,000	0	1,000	0.0000%
Lubin B. Nepomuceno	5,000	0	5,000	0.0001%
Ron W. Haddock	1	0	1	0.0000%
Mirzan Mahathir	1,000	0	1,000	0.0000%
Aurora T. Calderon	1,000	0	1,000	0.0000%
Francis H. Jardeleza	1,000	0	1,000	0.0000%
Virgilio S. Jacinto	1,000	0	1,000	0.0000%
Nelly Favis-Villafuerte	1,000	0	1,000	0.0000%
John Paul L. Ang	1,000	0	1,000	0.0000%
Emmanuel E. Erana	200	0	200	0.0000%
Jacqueline L. Ang	250	0	250	0.0000%
Artemio V. Panganiban	1,000	0	1,000	0.0000%
Margarito B. Teves	500	0	500	0.0000%
Ricardo C. Marquez	1,000	0	1,000	0.0000%
Rey Leonardo B. Guerrero	500	0	500	0.0000%
			15,451	0.0002%

B. Officers

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Ramon S. Ang (same as above)			0	0.0000%
Lubin B. Nepomuceno (same as above)			0	0.0000%
Emmanuel E. Erana (same as above)			0	0.0000%
Jacqueline L. Ang (same as above)			0	0.0000%
Freddie P. Yumang	0	352,600	352,600	0.0040%

Maria Rowena O. Cortez	8,580	0	8,580	0.0001%
Albertito S. Sarte	0	765,500	765,500	0.0086%
Jaime O. Lu	0	14,200	14,200	0.0002%
Maria Rosario D. Vergel de Dios	0	0	0	0.0000%
Magnolia Cecilia D. Uy	0	0	0	0.0000%
Myrna C. Geronimo	0	0	0	0.0000%
Allister J. Go	11,030	0	11,030	0.0001%
Reynaldo V. Velasco, Jr.	5,200	17,100	22,300	0.0003%
Virgilio V. Centeno	13,200	1,532	14,732	0.0002%
Mark Tristan D. Caparas	0	2,000	2,000	0.0000%
Jonathan F. del Rosario	0	0	0	0.0000%
Lemuel C. Cuezon	42,939	0	42,939	0.0005%
Jhoanna Jasmine M. Javier-Elacio	0	0	0	0.0000%
			1,233,881	0.0138%

C. Principal / Substantial Stockholders

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
SEA Refinery Corporation	4,696,885,564	0	4,696,885,564	52.7062%
San Miguel Corporation	1,702,870,560	0	1,702,870,560	19.1088%
			6,399,756,124	71.8150%

D. Affiliates

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

E. Government

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

F. Banks

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

G. Employees

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

H. Lock-Up Shares

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Various	11,398,057	0	11,398,057	0.1279%

I. Others

Name	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
None	0	0	0	0

Number of Listed Common Shares *	9,375,104,497
Total Number of Non-Public Shares	6,412,403,513
Total Number of Shares Owned by the Public	2,499,042,887
Public Ownership Percentage	28.04%

* As indicated in the PSE website

ANNEX C

2025 Audited Financial Statements, with Statement of Management's Responsibility

(Separate Financial Statements and Consolidated 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 04:44:46 PM

Company Information

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

Document Information

Document ID: OST103312026811149289
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2025
Submission Type: Parent
Remarks: None

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

C O V E R S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						3	1	1	7	1

COMPANY NAME

P	E	T	R	O	N		C	O	R	P	O	R	A	T	I	O	N											

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		Certificates of Permit to Offer Securities for Sale dated 1994, 1995, 1996, 2010, 2014, 2016, 2018, 2019, 2021, 2023, 2024 and 2025

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
143,349 as of December 31, 2025	May 7, 2026	December 31

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

From: eafs@bir.gov.ph
To: Datario, Leandro J.
Cc: Datario, Leandro J.
Subject: Your BIR AFS eSubmission uploads were received
Date: Tuesday, March 31, 2026 3:37:46 PM

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Hi PETRON CORPORATION,

Valid files

- EAFS000168801TCRTY122025-01.pdf
- EAFS000168801OTHTY122025.pdf
- EAFS000168801TCRTY122025-02.pdf
- EAFS000168801ITRTY122025.pdf
- EAFS000168801AFSTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-66DDHEL709G879J6LNV3NW1SV0QXVZW3YV**
Submission Date/Time: **Mar 31, 2026 03:37 PM**
Company TIN: **000-168-801**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
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PETRON

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Petron Corporation** (the "Company") is responsible for the preparation and fair presentation of the separate financial statements including the schedules attached therein, for the years ended **December 31, 2025 and 2024**, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors (the "Board") is responsible for overseeing the Company'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 Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

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

EMMANUEL E. ERAÑA
Senior Vice President and Chief Finance Officer

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

Doc. No. 294;
Page No. 60;
Book No. III;
Series of 2026

"DOCUMENTARY STAMP PAID"
16307429 MAR 03 2026
Serial Number Date of Payment

DARYL ANNE E. YANG
Notary Public for Mandaluyong City
0 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
CLE Compliance No. VIII-0015850/11-11-2024

PETRON CORPORATION

SEPARATE FINANCIAL STATEMENTS
December 31, 2025 and 2024

With Independent Auditors' Report

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

REPORT OF INDEPENDENT AUDITORS

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

Opinion

We have audited the separate financial statements of Petron Corporation (the ”Company”), which comprise the separate statements of financial position as at December 31, 2025 and 2024, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2025 and 2024, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended, 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 Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
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., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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

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

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate 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 Company to cease to continue as a going concern.

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

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.

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

R.G. MANABAT & CO.



ROHANIE C. GALICIA
Partner
CPA License No. 0118706
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., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

PETRON CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousand Pesos)

	Note	**2025**	2024
ASSETS			
Current Assets			
Cash and cash equivalents	*5, 33, 34*	**P19,666,630**	P20,728,756
Financial assets at fair value	*6, 13, 33, 34*	**385,742**	601,696
Trade and other receivables - net	*4, 7, 27, 33, 34*	**58,656,520**	56,408,436
Inventories	*4, 8*	**55,570,564**	71,073,696
Other current assets	*13, 27*	**45,154,961**	49,607,510
Total Current Assets		**179,434,417**	198,420,094
Noncurrent Assets			
Property, plant and equipment - net	*4, 10, 12, 36, 38*	**134,307,760**	140,360,138
Right-of-use assets - net	*4, 11, 38*	**1,712,099**	1,891,286
Investments and advances - net	*4, 9, 33, 34*	**39,448,783**	39,543,989
Investment property - net	*4, 10, 12, 38*	**10,262,636**	10,027,762
Other noncurrent assets - net	*4, 6, 13, 33, 34*	**977,624**	1,038,552
Total Noncurrent Assets		**186,708,902**	192,861,727
		P366,143,319	P391,281,821
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term loans	*14, 32, 33, 34*	**P91,900,000**	P122,900,000
Liabilities for crude oil and petroleum products	*15, 27, 30, 33, 34*	**20,437,552**	31,148,718
Trade and other payables	*16, 27, 32, 33, 34, 38*	**26,841,741**	25,068,211
Lease liabilities - current portion	*4, 30, 32, 33, 38*	**1,306,138**	1,124,606
Derivative liabilities	*33, 34*	**1,376,034**	1,317,010
Current portion of long-term debt - net	*17, 32, 33, 34*	**13,200,533**	29,418,082
Total Current Liabilities		**155,061,998**	210,976,627
Noncurrent Liabilities			
Long-term debt - net of current portion	*17, 32, 33, 34*	**111,276,532**	88,025,308
Retirement benefits liability	*29*	**1,879,718**	2,069,591
Deferred tax liabilities - net	*26*	**2,444,919**	2,137,588
Lease liabilities - net of current portion	*4, 30, 32, 33, 38*	**11,030,053**	10,930,932
Asset retirement obligation	*4, 18, 38*	**1,090,441**	1,055,453
Other noncurrent liabilities	*19, 27, 33, 34*	**636,975**	652,985
Total Noncurrent Liabilities		**128,358,638**	104,871,857
Total Liabilities		**283,420,636**	315,848,484

Forward

	Note	**2025**	2024
Equity	*20*		
Capital stock		**P9,501,934**	P9,501,934
Additional paid-in capital		**57,698,181**	57,698,181
Capital securities		**40,320,840**	34,555,360
Retained earnings		**20,830,514**	13,919,590
Equity reserves		**(23,495,813)**	(19,238,728)
Treasury stock		**(22,132,973)**	(21,003,000)
Total Equity		**82,722,683**	75,433,337
		P366,143,319	P391,281,821

See Notes to the Separate Financial Statements.

PETRON CORPORATION

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousand Pesos, Except Per Share Amounts)

		Years Ended December 31	
	Note	**2025**	2024
SALES	*27, 36*	**P466,145,880**	P461,170,382
COST OF GOODS SOLD	*21*	**426,339,723**	425,282,960
GROSS PROFIT		**39,806,157**	35,887,422
SELLING AND ADMINISTRATIVE EXPENSES	*22*	**(13,714,780)**	(12,489,770)
OTHER OPERATING INCOME	*28*	**668,929**	554,347
INTEREST EXPENSE AND OTHER FINANCING CHARGES	*25*	**(18,248,788)**	(20,306,133)
INTEREST INCOME	*25*	**834,356**	964,576
OTHER INCOME - Net	*25*	**4,452,676**	6,955,992
		(26,007,607)	(24,320,988)
INCOME BEFORE INCOME TAX		**13,798,550**	11,566,434
INCOME TAX EXPENSE	*26, 35*	**(1,330,133)**	(3,853,650)
NET INCOME		**12,468,417**	7,712,784
OTHER COMPREHENSIVE LOSS			
Item that will not be reclassified to profit or loss			
Equity reserve for retirement plan	*29*	**(311,928)**	(1,184,927)
Income tax benefit	*26*	**77,982**	296,232
		(233,946)	(888,695)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR - Net of tax		**P12,234,471**	P6,824,089
BASIC/DILUTED EARNINGS PER SHARE	*31*	**P0.87**	P0.22

See Notes to the Separate Financial Statements.

PETRON CORPORATION
SEPARATE STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousand Pesos)

		Years Ended December 31							
						Equity Reserves			
	Note	Capital Stock	Additional Paid-in Capital	Capital Securities	Retained Earnings	Reserve for Retirement Plan	Other Reserves	Treasury Stock	Total
As of December 31, 2024		**P9,501,934**	**P57,698,181**	**P34,555,360**	**P13,919,590**	**(P7,343,612)**	**(P11,895,116)**	**(P21,003,000)**	**P75,433,337**
Net income for the year		**-**	**-**	**-**	**12,468,417**	**-**	**-**	**-**	**12,468,417**
Equity reserve for retirement plan - net of tax		**-**	**-**	**-**	**-**	**(233,946)**	**-**	**-**	**(233,946)**
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**12,468,417**	**(233,946)**	**-**	**-**	**12,234,471**
Cash dividends	*20*	**-**	**-**	**-**	**(2,893,659)**	**-**	**-**	**-**	**(2,893,659)**
Distributions paid	*20*	**-**	**-**	**-**	**(2,663,834)**	**-**	**-**	**-**	**(2,663,834)**
Acquisition of common treasury shares	*20*	**-**	**-**	**-**	**-**	**-**	**-**	**(1,129,973)**	**(1,129,973)**
Issuance of capital securities	*20*	**-**	**-**	**26,793,756**	**-**	**-**	**-**	**-**	**26,793,756**
Repurchase of capital securities	*20*	**-**	**-**	**(21,028,276)**	**-**	**-**	**(4,023,139)**	**-**	**(25,051,415)**
Transactions with owners		**-**	**-**	**5,765,480**	**(5,557,493)**	**-**	**(4,023,139)**	**(1,129,973)**	**(4,945,125)**
As of December 31, 2025		**P9,501,934**	**P57,698,181**	**P40,320,840**	**P20,830,514**	**(P7,577,558)**	**(P15,918,255)**	**(P22,132,973)**	**P82,722,683**

Forward

Years Ended December 31

	Note	Capital Stock	Additional Paid-in Capital	Capital Securities	Retained Earnings	Equity Reserves: Reserve for Retirement Plan	Equity Reserves: Other Reserves	Treasury Stock	Total
As of December 31, 2023		P9,485,104	P40,985,233	P37,529,459	P12,808,193	(P6,454,917)	(P11,509,415)	(P7,600,000)	P75,243,657
Net income for the year		-	-	-	7,712,784	-	-	-	7,712,784
Equity reserve for retirement plan - net of tax		-	-	-	-	(888,695)	-	-	(888,695)
Total comprehensive income (loss) for the year		-	-	-	7,712,784	(888,695)	-	-	6,824,089
Cash dividends	*20*	-	-	-	(3,650,031)	-	-	-	(3,650,031)
Distributions paid	*20*	-	-	-	(2,951,356)	-	-	-	(2,951,356)
Issuance of preferred shares	*20*	16,830	16,712,948	-	-	-	-	-	16,729,778
Redemption of preferred shares	*20*	-	-	-	-	-	-	(13,403,000)	(13,403,000)
Repurchase capital securities	*20*	-	-	(2,974,099)	-	-	(385,701)	-	(3,359,800)
Transactions with owners		16,830	16,712,948	(2,974,099)	(6,601,387)	-	(385,701)	(13,403,000)	(6,634,409)
As of December 31, 2024		P9,501,934	P57,698,181	P34,555,360	P13,919,590	(P7,343,612)	(P11,895,116)	(P21,003,000)	P75,433,337

See Notes to the Separate Financial Statements.

PETRON CORPORATION

SEPARATE STATEMENTS OF CASH FLOWS

(Amounts in Thousand Pesos)

		Years Ended December 31	
	Note	**2025**	2024 As Reclassified (Note 32)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P13,798,550**	P11,566,434
Adjustments for:			
Interest expense and other financing charges	*25*	**18,248,788**	20,306,133
Depreciation and amortization	*24*	**11,923,602**	10,850,942
Marked-to-market and hedging losses - net	*25*	**990,292**	712,164
Unrealized foreign exchange losses - net		**855,836**	2,035,895
Retirement benefits costs	*29*	**231,333**	194,407
Impairment loss (reversal of impairment) of receivables and inventories - net		**63,947**	(80,946)
Interest income	*25*	**(834,356)**	(964,576)
Dividend income	*9*	**(5,386,710)**	(3,511,250)
Gain on termination of lease	*25, 38*	**-**	(3,689,318)
Other gains - net	*9, 10, 25*	**(205,437)**	(108,145)
Operating income before working capital changes		**39,685,845**	37,311,740
Changes in noncash assets, certain current liabilities and others	*32*	**8,031,191**	(10,958,031)
Cash generated from operations		**47,717,036**	26,353,709
Interest paid		**(16,093,956)**	(18,082,754)
Contribution to retirement fund	*29*	**(850,000)**	(1,023,392)
Income taxes paid		**(27,306)**	(32,060)
Interest received		**788,818**	806,534
Net cash flows provided by operating activities		**31,534,592**	8,022,037
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received	*9*	**5,386,710**	3,511,250
Proceeds from collection of long-term advances		**115,636**	87,312
Proceeds from sale of property and equipment		**19,931**	4,665
Additions to property, plant and equipment	*10*	**(4,076,951)**	(7,026,547)
Additional investment in a subsidiary	*9*	**(500,000)**	(828,000)
Acquisition of investment property	*12*	**(181,473)**	(145,448)
Increase in other noncurrent assets		**(108,882)**	(103,096)
Net cash flows generated (used in) investing activities		**654,971**	(4,499,864)

Forward

	Years Ended December 31		
	Note	**2025**	2024 As Reclassified (Note 32)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of loans, bonds and advances	*32*	**P378,034,634**	P297,405,101
Payments of:			
Loans, bonds and advances	*32*	**(403,854,778)**	(291,259,289)
Lease liabilities	*28, 32*	**(2,173,743)**	(2,531,436)
Cash dividends	*20, 32*	**(3,528,149)**	(3,566,336)
Distributions to holders of capital securities	*20, 32*	**(2,663,834)**	(2,951,356)
Issuance of capital securities	*20*	**26,793,756**	-
Issuance/reissuance of preferred shares	*20*	**-**	16,729,778
Redemption of preferred shares	*20*	**-**	(13,403,000)
Repurchase of common treasury shares	*20*	**(1,129,973)**	-
Repurchase of capital securities	*20*	**(25,051,415)**	(3,359,800)
Net cash flows used in financing activities		**(33,573,502)**	(2,936,338)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**321,813**	709,051
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,062,126)**	1,294,886
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**20,728,756**	19,433,870
CASH AND CASH EQUIVALENTS AT END OF YEAR	*5*	**P19,666,630**	P20,728,756

See Notes to the Separate Financial Statements.

1. Reporting Entity

Petron Corporation (the "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 Company's corporate term to December 22, 2066. Under its Articles of Incorporation (AOI), the 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 Company shall have a perpetual existence because the 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.

The Company 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 around 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. The Company 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.

The Company also has a facility in Mariveles, Bataan where the refinery's propylene production is converted into higher-value polypropylene resin.

The Company is a public company under Section 17.2 of the 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 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. (TF). 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 were 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 separate 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 Company also prepares and issues consolidated financial statements for the same period as the separate financial statements presented in compliance with PFRS Accounting Standards. These may be obtained at the Company's registered office address (Note 1).

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

Basis of Measurement

The separate financial statements of the Company have been prepared on the historical cost basis of accounting except for the following items 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 separate financial statements are presented in Philippine peso, which is the Company's functional currency. All financial information presented in Philippine peso is rounded off to the nearest thousand (P000), except when otherwise indicated.

3. Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the separate 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 Company 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 separate 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 separate 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 separate financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the separate financial statements.

The Company 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 PFRS 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 Company:

  - 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 comprehensive 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 A*ccounting 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 Company continues to assess the impact of the above new and amendments to standards effective subsequent to 2025 on the separate financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the separate financial statements when these amendments are adopted.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the separate 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 period to defer the settlement of the liability for at least 12 months after the reporting period.

The Company 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 Company recognizes a financial asset or a financial liability in the separate 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 Company 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 Company 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 separate statements of comprehensive income when the financial asset is derecognized, modified or impaired.

The Company's cash and cash equivalents, trade and other receivables, noncurrent receivables and deposits, restricted cash and advances to subsidiaries 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 Company 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 Company carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the separate statements of comprehensive income as incurred. Changes in fair value and realized gains or losses are recognized in the separate statements of comprehensive income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in OCI. Any interest earned from investment in debt instrument designated as at FVPL is recognized in the separate statements of comprehensive income. Any dividend income from investment in equity instrument is recognized in the separate statements of comprehensive 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 Company's derivative assets not designated as cash flow hedge and investments in equity instruments at FVPL are classified under this category.

Financial Liabilities

The Company 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 Company carries financial liabilities at FVPL using their fair values and reports fair value changes in the separate statements of comprehensive income. Any interest expense incurred is recognized as part of "Interest expense and other financing charges" account in the separate statements of comprehensive income.

The Company'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 separate statements of comprehensive income. Gains and losses are recognized in the separate statements of comprehensive 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 separate statements of comprehensive income.

The Company's liabilities arising from its trade 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 Company 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 Company 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 Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company 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 Company 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 Company is required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. 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 separate statements of comprehensive income.

Impairment of Financial Assets

The Company 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 Company in accordance with the contract and the cash flows that the Company 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 Company 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 Company 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 Company's historical experience and informed credit assessment and including forward-looking information.

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

At each reporting date, the Company assesses whether financial assets carried 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 Company on terms that the Company 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 Company 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 Company 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 Company 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 Company'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 separate statements of comprehensive 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 Company; 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 Company 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 fair value of derivatives that are not designated as hedging instruments are recognized in the separate statements of comprehensive income.

Freestanding Derivatives. The Company 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 Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Company 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 OCI and presented in the “Other reserves” account in the separate statements of changes in equity. The effective portion of changes in the fair value of the derivative that is recognized in OCI 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 separate statements of comprehensive income.

The Company 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 OCI. The cost of hedging is removed from OCI and recognized in the separate statements of comprehensive income, either over the period of the hedge if the hedge is time related, or when the hedged transaction affects separate statements of comprehensive 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 separate statements of comprehensive income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect separate statements of comprehensive 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 separate statements of comprehensive income as a reclassification adjustment in the same period or periods as the hedged cash flows affect separate statements of comprehensive 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 separate statements of comprehensive income.

The Company has no outstanding derivatives accounted for as cash flow hedge designated under hedge accounting as of December 31, 2025 and 2024 (Note 34).

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 Company 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.

Investments in Shares of Stock of Subsidiaries and an Associate

The Company's investments in shares of stock of subsidiaries and an associate are accounted for under the cost method as provided for under PAS 27, *Consolidated and Separate Financial Statements*. A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. An associate is an entity in which the Company has significant influence. Significant influence is the power to participate in the financial and operating policies of the investee, but not control over those policies.

The investments are carried in the Company's separate statements of financial position at cost less any impairment in value. The Company recognizes dividends from subsidiaries and an associate in the separate statements of comprehensive income when its right to receive the dividend is established.

The Company's subsidiaries include the following:

Name of Subsidiary	Percentage of Ownership 2025	Percentage of Ownership 2024	Country of Incorporation
Overseas Ventures Insurance Corporation Ltd. (Ovincor)	**100.00**	100.00	Bermuda
Petron Freeport Corporation (PFC)	**100.00**	100.00	Philippines
Petron Singapore Trading Pte. Ltd. (PSTPL)	**100.00**	100.00	Singapore
Petron Marketing Corporation (PMC)	**100.00**	100.00	Philippines
New Ventures Realty Corporation (NVRC) and Subsidiaries	**85.55**	85.55	Philippines
Petron Global Limited (PGL)	**100.00**	100.00	British Virgin Islands
Petron Finance (Labuan) Limited (PFL)	**-**	100.00	Malaysia
Petron Oil & 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 & 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 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 Company.

The Company's 25.06% interest in Petrogen Insurance Corporation (Petrogen), accounted for as an investment in an associate as part of "Investments and advances - net" account in the separate statements of financial position, is accounted for under the cost method of accounting. The investment in an associate is carried in the separate statements of financial position at cost less any impairment in value.

Property, Plant and Equipment

Property, plant and equipment, except 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 that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less any impairment 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 an 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 Company and the cost of the items can be measured reliably.

Capital projects in progress (CPIP) represents structures under construction and is stated at cost. 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, 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 - 30
Refinery and plant equipment	4 - 35
Service stations and other equipment	3 - 10
LPG cylinders	15
Computers, office and motor equipment	2 - 10
Land leasehold improvements	10 - 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 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 either when 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 separate statements of comprehensive income in the period of retirement and disposal.

Leases

At inception of a contract, the Company 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 Company assesses whether, throughout the period of use:

- the Company has the right to obtain substantially all the economic benefits from use of the identified asset; and

- the Company has the right to direct the use of the identified asset.

Company as a Lessee
The Company 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 Company's incremental borrowing rate. Generally, the Company 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 Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company 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 separate statements of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Company 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 Company 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 Company 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 Company has elected not to separate non-lease components and account for the lease and non-lease components as a single component.

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

To classify each lease, the Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company 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 Company applies the recognition exemption, it classifies the sublease as an operating lease.

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

The Company identified the use of loaned equipment related to the sale of goods to be accounted under PFRS 16. The Company 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 the Company. The Company allocates portion of the revenue to the use of loaned equipment and presented as part of “Sales” in the separate statements of comprehensive 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 Company 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, 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 - 20
Land 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 and disposal of investment property are recognized in the separate statements of comprehensive income in the period of retirement and 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 Company as an owner-occupied property becomes an investment property, the Company 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 an intangible asset acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets are measured 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 separate statements of comprehensive 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 the amortization method used for an intangible asset with a finite useful life are reviewed at least 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 separate statements of comprehensive income consistent with the function of the intangible asset.

Amortization is computed using the straight-line method over 5 to 16 years.

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 separate statements of comprehensive income when the asset is derecognized.

As of December 31, 2025 and 2024, the Company has existing and pending trademark registration for its products for a term of 10 and renewable every 10 years. It also 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 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, and 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 separate 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 separate statements of comprehensive 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, investments in shares of stock of subsidiaries and an associate are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 separate statements of comprehensive 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 separate statements of comprehensive income. After such a reversal, the depreciation and amortization charge is 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 Company 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 Company 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 separate statements of financial position, are adjusted for estimated non-returns. The adjustments are recognized directly in the separate statements of comprehensive income.

Fair Value Measurements

The Company 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 Company.

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 interest.

The Company 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 separate 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 separate financial statements on a recurring basis, the Company 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 Company 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 Company 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 Company 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 Company 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 Company's option, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the 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 separate statements of comprehensive 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 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 separate 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 Company. Also, the Company has the sole and absolute discretion to defer payment of any or all of the distribution (Note 20).

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.

Equity Reserve
The equity reserve includes the effect of transactions with equity adjustments.

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 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 Company 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 Company 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 Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The Company assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed 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 Company 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 Company. 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 Company identified several performance obligations related to the sale of goods and accounted for them separately:

- *Provision of Technical Support.* The Company provides technical information, assistance and advice relating to the use, 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 Company allocates portion of the revenue to the technical support based on expected cost plus a margin approach.

- *Consumer Loyalty Program.* The Company 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 Company'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 Company 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.

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 Company'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 Company 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 Company 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. The Company 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 separate statements of comprehensive 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 separate statements of comprehensive 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 separate statements of comprehensive 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 separate statements of comprehensive income.

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

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

Savings Plan. The Company 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 Company, in turn, contributes an amount equivalent to 50% of the employee-member's contribution. However, the Company'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 Company 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 Company 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 Company'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 Company 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 Company's functional currency 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.

Nonmonetary assets and nonmonetary liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate when the fair value was determined. Nonmonetary 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 separate statements of comprehensive 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.

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 separate statements of comprehensive income. The Company 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 nor 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 Company 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 separate statements of comprehensive income except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

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 separate 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, 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 Company'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 36 to the separate financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies the Company used for segment reporting under PFRS 8 are the same as those used in its separate financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods. All inter-segment transfers are carried out at arm's length prices.

Segment revenues, expenses and performance include sales and purchases between business segments.

Events After the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

4. Use of Judgments, Estimates and Assumptions

The preparation of the Company's separate 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 separate 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 Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the separate financial statements:

Identification of Distinct Performance Obligation. The Company 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 Company 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 - Company as Lessee. The Company 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 Company has several lease contracts that include extension options. At lease commencement date, the Company 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 Company 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 Company is acting as a Principal or Agent in a Revenue Transaction. The determination whether the Company 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 Company obtains control of the specified goods and services before it is transferred to the customer.

For the sale of petroleum products to dealers, the Company transfers the control of the goods upon delivery, hence, the Company 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 Company's consumer loyalty program, the Company 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 Company 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 Company can be redeemed for goods and services provided by the Company or by partner merchants at the customer's discretion.

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

Classification of Financial Instruments. The Company 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 separate statements of financial position.

The Company 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 34.

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 Company 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.

Contingencies. The Company is currently involved in various pending claims and lawsuits which could be decided in favor of or against the Company. The Company'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 Company 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 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 separate financial statements are based upon the Company's evaluation of relevant facts and circumstances as at the date of the separate financial statements. Actual results could differ from such estimates.

Assessment for ECL on Trade and Other Receivables. The Company, 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 Company also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Company 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 Company adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Company 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 material accounting estimate.

The Company 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 Company from its trade receivables.

Receivables written-off amounted to P33,527 in 2025 and nil in 2024, respectively. The allowance for impairment losses on trade and other receivables amounted to P807,936 and P826,215 as of December 31, 2025 and 2024, respectively. The carrying amount of trade and other receivables amounted to P58,656,520 and P56,408,436 as of December 31, 2025 and 2024, respectively (Note 7).

Assessment for ECL on Other Financial Assets at Amortized Cost. The Company 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 Company 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 Company 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 Company 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 Company 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*	**P16,648,455**	P18,520,158
Advances to subsidiaries	*9*	**935,749**	977,789
		P17,584,204	P19,497,947

Net Realizable Values of Inventories. In determining the NRV of inventories, management takes into account the most reliable evidence available at the times the estimates are made. Future realization of the carrying amount of inventories of P55,570,564 and P71,073,696 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 Company's inventories within the next financial year.

The Company recognized loss on inventory write-down amounting to P4,397 and P81,209 in 2025 and 2024, respectively (Note 8).

Allowance for Inventory Obsolescence. The allowance for inventory obsolescence consists of collective and specific valuation allowance. A collective valuation allowance is established at 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 and 2024, the Company increased (reduced) the allowance for inventory obsolescence amounting to P125,511 and (P76,311), respectively (Note 8).

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

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

The Company 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 Company 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 34.

Estimated Useful Lives of Property, Plant and Equipment, Right-of-Use Asset, Investment Property and Intangible Assets with Finite Useful Lives. The Company 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 and 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 and 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 and 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 the 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 carrying amount to property, plant and equipment amounted to P134,307,760 and P140,360,138 as of December 31, 2025 and 2024, respectively. Accumulated depreciation of property, plant and equipment amounted to P118,066,348 and P108,079,454 as of December 31, 2025 and 2024, respectively (Note 10).

Right-of-use of assets, net of accumulated depreciation, amounted to P1,712,099 and P1,891,286 as of December 31, 2025 and 2024, respectively. Accumulated depreciation of right-of-use asset amounted to P1,488,840 and P1,238,541 as of December 31, 2025 and 2024, respectively (Note 11).

The carrying amount of investment property amounted to P10,262,636 and P10,027,762 as of December 31, 2025 and 2024, respectively. Accumulated depreciation of investment property amounted to P13,145,272 and P12,282,314 as of December 31, 2025 and 2024, respectively (Note 12).

Intangible assets with finite useful lives, net of accumulated amortization, amounted to P12,999 and P16,276 as of December 31, 2025 and 2024, respectively (Note 13). Accumulated amortization of intangible assets with finite useful lives amounted to P235,909 and P232,632 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 P20,579,136 and P19,530,248 as of December 31, 2025 and 2024, respectively (Note 12).

Realizability of Deferred Tax Assets. The Company 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 Company'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 P9,498,942 and P9,472,066 as of December 31, 2025 and 2024, respectively (Note 26).

Impairment of Nonfinancial Assets. PFRS Accounting Standards require that an impairment review be performed on property, plant and equipment, investments in shares of stock of subsidiaries and an associate, 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 investments in shares of stock of subsidiaries and a joint venture amounted to P6,483,443 and P10,293,829 as of December 31, 2025 and 2024, respectively (Notes 9 and 10).

The combined carrying amounts of property, plant and equipment, investments in shares of stock of subsidiaries and an associate, investment in a joint venture, investment property, right-of-use assets and intangible assets with finite useful lives amounted to P184,808,528 and P190,861,662 as of December 31, 2025 and 2024, respectively (Notes 9, 10, 11, 12 and 13).

Estimating Incremental Borrowing Rate. The Company 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 Company would have to 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 Company 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 Company 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 Company's lease liabilities amounted to P12,336,191 and P12,055,538 as of December 31, 2025 and 2024, respectively (Notes 32 and 33).

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 29 to the separate financial statements and include discount rate and salary increase rate.

The Company 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 Company 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 Company are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Company's retirement benefits liability.

The present value of defined benefit retirement obligation amounted to P4,255,897 and P4,226,484 as of December 31, 2025 and 2024, respectively (Note 29).

Asset Retirement Obligation (ARO). The Company 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 Company determined the amount of ARO, based on the dismantling costs as estimated by the operating unit responsible for the asset, discounted at the Company's current credit-adjusted risk-free rate ranging from 6.29% to 7.66% depending on the life of the capitalized costs. The Company also conducts periodic review of the estimates of dismantling costs to consider actual expenses incurred during the actual retirement of assets and uses this as input in determining future liability. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

The ARO amounted to P1,090,441 and P1,055,453 as of December 31, 2025 and 2024, respectively (Note 18).

5. Cash and Cash Equivalents

This account consists of:

	Note	**2025**	2024
Cash on hand		**P3,018,175**	P2,208,598
Cash in banks		**3,182,526**	3,262,028
Short-term placements		**13,465,929**	15,258,130
	33, 34	**P19,666,630**	P20,728,756

Cash in banks earn annual interest at the respective bank deposit rates. Short-term placements include highly liquid investments which can be withdrawn at anytime depending on the immediate cash requirements of the Company and earn annual interest at the respective short-term placement rates ranging from 1.50% to 5.25% in 2025 and 2.50% to 5.63% in 2024 (Note 25).

6. Financial Assets at Fair Value

This account consists of:

	Note	**2025**	2024
Derivative assets not designated as cash flow hedge		**P385,742**	P601,696
Proprietary membership shares		**488,023**	458,373
	33, 34	**873,765**	1,060,069
Less: Noncurrent portion	*13*	**488,023**	458,373
		P385,742	P601,696

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 34).

The noncurrent portion pertaining to proprietary membership shares which are not expected to be realized in the next 12 months, is included in “Other noncurrent assets - net” account in the separate statements of financial position (Note 13).

Changes in fair value of assets at FVPL recognized in the separate statements of comprehensive income in 2025 and 2024 amounted to P29,650 and P69,750, respectively (Note 25).

7. Trade and Other Receivables

This account consists of:

	Note	**2025**	2024
Trade		**P41,738,186**	P41,960,790
Related parties - trade	*27*	**4,893,550**	5,891,268
Allowance for impairment loss on trade receivables		**(647,701)**	(674,732)
		45,984,035	47,177,326
Government		**10,101,990**	6,692,652
Related parties - non-trade	*27*	**1,648,427**	1,878,636
Others		**1,071,109**	800,111
Allowance for impairment loss on non-trade receivables		**(149,041)**	(140,289)
		12,672,485	9,231,110
	33, 34	**P58,656,520**	P56,408,436

Trade receivables are noninterest-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. 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 Company to Petron Corporation Employee Retirement Plan (PCERP), noninterest and interest-bearing receivables from its subsidiaries 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		**P826,215**	P835,643
Additions	*4, 22*	**21,267**	6,148
Write off		**(33,527)**	-
Reversal of impairment	*4, 22*	**(6,019)**	(15,576)
Balance at end of year		**807,936**	826,215
Less: noncurrent portion for long-term receivables		**11,194**	11,194
		P796,742	P815,021

The Company 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 Company'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	**1.24%**	**P8,602,053**	**P106,606**
Lubes	**0.10%**	**974,345**	**1,004**
LPG	**5.04%**	**1,276,997**	**64,424**
Industrial	**0.66%**	**25,077,479**	**166,254**
Others	**1.95%**	**23,522,388**	**458,454**
	1.34%	**P59,453,262**	**P796,742**

	Weighted Average Loss Rate	Gross Carrying Amount	ECL
December 31, 2024			
Retail	1.12%	P8,188,071	P91,798
Lubes	0.04%	1,994,912	737
LPG	4.09%	1,543,205	63,171
Industrial	0.94%	23,563,358	220,735
Others	2.00%	21,933,911	438,580
	1.42%	P57,223,457	P815,021

8. Inventories

This account consists of:

	2025	2024
Crude oil and others	**P24,864,564**	P37,180,580
Petroleum	**22,014,486**	25,326,692
Materials and supplies	**3,683,472**	4,995,402
Lubes, greases and aftermarket specialties	**5,008,042**	3,571,022
	P55,570,564	P71,073,696

The cost of these inventories amounted to P56,309,486 and P71,763,919 as of December 31, 2025 and 2024, respectively.

If the Company had used the moving-average method (instead of the first-in, first-out method, which is the Company's policy), the cost of petroleum, crude oil and other products would have increased by P97,859 and decreased by P107,503 as of December 31, 2025 and 2024, respectively.

Inventories charged to cost of goods sold amounted to P394,915,389 and P396,191,119 in 2025 and 2024, respectively (Note 21).

Research and development costs on these products constituted the expenses incurred for internal projects in 2025 and 2024 (Note 22).

The movements in allowance for write-down of inventories to NRV and inventory obsolescence at the beginning and end of 2025 and 2024 follow:

	Note	2025	2024
Balance at beginning of year		**P690,223**	P761,741
Additions/reductions:			
Obsolescence of non-fuel products, materials and supplies	*4*	**125,511**	(76,311)
Loss on inventory write-down	*4*	**4,397**	81,209
Reversals		**(81,209)**	(76,416)
Balance at end of year		**P738,922**	P690,223

The losses and reversals are included as part of "Cost of goods sold" account in the separate statements of comprehensive income. Reversal of write-down corresponds to inventories sold during the year (Note 21).

9. Investments and Advances

This account consists of:

	Note	2025	2024
Advances to subsidiaries	*27, 33, 34*	**P935,749**	P977,789
Investments and advances in shares of stock of subsidiaries - net	*(i)*	**37,509,669**	37,562,835
Investment in associate	*(ii)*	**1,003,365**	1,003,365
Investment in a joint venture - net	*(iii)*	**-**	-
		P39,448,783	P39,543,989

i. Investments and advances in shares of stock of subsidiaries pertain to the following:

	Note	2025	2024
POGM and Subsidiaries		**P26,764,842**	P26,764,842
PAHL and Subsidiaries		**4,988,402**	4,988,402
Mema and Subsidiaries	*(b)*	**4,549,124**	4,549,124
PGL		**3,700,610**	3,700,610
NVRC and Subsidiaries	*(c)*	**3,127,500**	3,127,500
Ovincor		**351,488**	351,488
PMC		**289,455**	289,455
PFC		**50,000**	50,000
PSTPL		**33,181**	33,181
PFL	*(a)*	**-**	2,062
Total cost		**43,854,602**	43,856,664
Less: Allowance for impairment loss	*4*	**6,344,933**	6,293,829
Investments in shares of stock - net		**P37,509,669**	P37,562,835

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		**P6,293,829**	P6,292,624
Addition	*(a), (d), 25*	**53,166**	1,205
Reversal	*(a)*	**(2,062)**	-
Balance at end of year		**P6,344,933**	P6,293,829

The following are the major developments relating to the Company's investment in shares of stock of subsidiaries:

a. PFL

The Company recognized impairment loss on the investment in PFL amounting to P1,205 in 2024.

On July 18, 2025, the Company derecognized the cost of its investments in PFL and the related allowance for impairment loss amounting to P2,062 following the completion of its dissolution and liquidation. The Company's investments in PFL has been fully impaired prior to the dissolution.

b. Mema and Subsidiaries

On July 19, 2023, the Company and Mema executed Subscription Agreement to subscribe to an additional 2,770,000,000 common shares of Mema for a subscription price of P2,770,000 or P1.00 per common share, of which P1,305,000 was paid in 2023, P828,000 was paid in 2024 and P500,000 was paid in 2025.

c. 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.

d. PAHL and Subsidiaries

The Company recognized impairment loss on the investment in PAHL and subsidiaries amounting to P53,166 in 2025 and nil in 2024.

The following are the dividends received by the Company in 2025 and 2024:

2025

	Date of Declaration	**Date of Receipt**	**Amount**
Subsidiaries			
POGM	**March 19, 2025**	**March 19, 2025**	**P66,719**
PSTPL	**May 16, 2025**	**June 16, 2025**	**833,805**
POGM	**July 7, 2025**	**July 18, 2025**	**271,149**
OVINCOR	**August 8, 2025**	**August 14, 2025**	**456,248**
PSTPL	**October 17, 2025**	**November 14, 2025**	**2,033,955**
NVRC	**October 15, 2025**	**November 21, 2025**	**189,920**
POGM	**December 3, 2025**	**December 3, 2025**	**1,422,131**
Associate			
Petrogen	**June 26, 2025**	**June 30, 2025**	**112,783**
Total			**P5,386,710**

2024

	Date of Declaration	Date of Receipt	Amount
Subsidiaries			
POGM	January 23, 2024	January 23, 2024	P253,490
POGM	April 8, 2024	April 8, 2024	399,774
POGM	July 15, 2024	July 15, 2024	563,677
POGM	October 28, 2024	October 28, 2024	670,573
PSTPL	June 14, 2024	June 20, 2024	879,450
PSTPL	November 15, 2024	December 12, 2024	588,180
NVRC	November 18, 2024	November 19, 2024	48,335
Associate			
Petrogen	September 24, 2024	October 2, 2024	107,771
Total			P3,511,250

The Company, through its BOD, has appropriated to reinvest the dividends received from POGM, PSTPL and Ovincor in its business operations to fund its working capital requirements. As of December 31, 2025 and 2024, dividends received from POGM, PSTPL and Ovincor in 2025 and 2024 have been fully disbursed in the year of receipt in accordance with the purpose set forth.

ii. As of December 31, 2025 and 2024, the 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 and has principal place of business in Mandaluyong City.

iii. The Company has a 33.33% joint venture interest in Pandacan Depot Services, Inc. (PDSI), which was engaged in the business of receiving, storing and handling the out-loading of petroleum products of the three major oil companies to serve the fuel requirement of their respective customers. PDSI was incorporated on September 29, 2004 and had a principal place of business in Manila, Philippines. On June 22, 2022, the Bureau of Internal Revenue (BIR) has approved the cancellation of PDSI's registration.

The amount of investment in PDSI amounting to P4,000,000 is fully impaired as of December 31, 2024 and was derecognized in 2025.

10. 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		P21,189,826	P198,014,155	P12,378,982	P4,163,032	P2,272,613	P4,347,056	P242,365,664
Additions	*38*	173,660	2,050,969	1,071,826	326,624	132,909	3,380,631	7,136,619
Disposals/ reclassifications		554,449	930,305	(113,371)	(49,697)	124,699	(1,603,788)	(157,403)
Reclassifications to/from investment property	*12*	(199,345)	-	-	-	(799,656)	93,713	(905,288)
December 31, 2024		21,718,590	200,995,429	13,337,437	4,439,959	1,730,565	6,217,612	248,439,592
Additions		247,193	987,984	1,074,580	266,155	12,069	1,352,393	3,940,374
Disposals/ reclassifications		812,834	2,579,555	222,684	(44,643)	38,440	(3,599,615)	9,255
Reclassifications to/from investment property	*12*	(42,928)	-	-	-	9,751	156,574	123,397
December 31, 2025		**22,735,689**	**204,562,968**	**14,634,701**	**4,661,471**	**1,790,825**	**4,126,964**	**252,512,618**
Accumulated Depreciation								
January 1, 2024		12,378,452	72,940,303	9,958,280	3,789,972	1,468,274	-	100,535,281
Depreciation		738,757	7,192,578	390,507	159,019	111,393	-	8,592,254
Disposals/ retirements		(23,329)	-	(116,297)	(54,504)	-	-	(194,130)
Reclassifications to/from investment property	*12*	(81,541)	-	-	-	(772,410)	-	(853,951)
December 31, 2024		13,012,339	80,132,881	10,232,490	3,894,487	807,257	-	108,079,454
Depreciation		744,105	8,360,178	493,653	212,950	110,645	-	9,921,531
Disposals/ retirements		(16,137)	9,778	(2,344)	(61,353)	(6,996)	-	(77,052)
Reclassifications to/from investment property	*12*	132,664	-	-	-	9,751	-	142,415
December 31, 2025		**13,872,971**	**88,502,837**	**10,723,799**	**4,046,084**	**920,657**	**-**	**118,066,348**
Accumulated Impairment								
January 1, 2025		-	-	-	-	-	-	-
Impairment	*4*	-	-	138,510	-	-	-	138,510
December 31, 2025		**-**	**-**	**138,510**	**-**	**-**	**-**	**138,510**
Carrying Amount								
December 31, 2024	*4*	P8,706,251	P120,862,548	P3,104,947	P545,472	P923,308	P6,217,612	P140,360,138
December 31, 2025	*4*	**P8,862,718**	**P116,060,131**	**P3,772,392**	**P615,387**	**P870,168**	**P4,126,964**	**P134,307,760**

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 12).

In 2025, impairment loss of P138,510 was recognized in relation to the carrying amount of LPG cylinders in circulation that are not expected to be recovered. The impairment loss is reported under "Other income – net" in the separate statements of comprehensive income.

The Company's total unpaid acquisitions of property, plant and equipment amounted to P85,192 and P221,769 as at December 31, 2025 and 2024, respectively.

Certain fully depreciated property, plant and equipment with aggregate costs of P19,403,687 and P17,723,224 as of December 31, 2025 and 2024, respectively, are still being used in the Company's operations.

The Company capitalized interest amounting to P102,621 and P83,877 in 2025 and 2024, respectively (Notes 14, 17, 25 and 28). 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 Company has outstanding commitments to acquire property, plant and equipment amounting to P2,213,416 and P3,326,383, respectively.

11. Right-of-Use Assets

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

	Note	Land	Buildings and Improvements and Related Facilities	Service Stations and Other Equipment	Total
Cost					
January 1, 2024		P6,110,842	P1,055,106	P24,331	P7,190,279
Cancellation/termination	*38*	(3,899,318)	-	-	(3,899,318)
Remeasurements/expiration		259,867	(421,001)	-	(161,134)
December 31, 2024		2,471,391	634,105	24,331	3,129,827
Additions		69,572	-	-	69,572
Remeasurements/expiration		10,046	-	(8,506)	1,540
December 31, 2025		**2,551,009**	**634,105**	**15,825**	**3,200,939**
Accumulated Depreciation					
January 1, 2024		1,681,870	615,926	13,960	2,311,756
Depreciation		373,472	194,913	2,792	571,177
Cancellation/termination	*38*	(1,210,992)	-	-	(1,210,992)
Remeasurements/expiration		(12,274)	(421,126)	-	(433,400)
December 31, 2024		832,076	389,713	16,752	1,238,541
Depreciation		220,391	66,191	2,477	289,059
Remeasurements/expiration		(30,254)	-	(8,506)	(38,760)
December 31, 2025		**1,022,213**	**455,904**	**10,723**	**1,488,840**
Carrying Amount					
December 31, 2024	*4*	P1,639,315	P244,392	P7,579	P1,891,286
December 31, 2025	*4*	**P1,528,796**	**P178,201**	**P5,102**	**P1,712,099**

The Company 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 30 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 Company. The Company recognized interest expense related to these leases amounting to P938,074 and P1,265,378 in 2025 and 2024, respectively (Note 28).

The Company also has certain leases of property and equipment with lease terms of 12 months or less and leases of equipment with low value. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases. The expenses relating to short-term leases and leases of low-value assets amounted to P866,293 and P8,025, respectively, in 2025 and P616,877 and P14,023, respectively, in 2024 (Note 28).

The Company had total payment for leases of P3,048,061 and P3,162,336 in 2025 and 2024, respectively (Note 28).

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

12. Investment Property

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

	Note	Land and Leasehold Improvements	Buildings and Improvements	CPIP	Right-of-Use	Total
Cost						
January 1, 2024		P803,439	P8,044,626	P204,105	P11,214,485	P20,266,655
Additions	*38*	32,948	24,064	121,384	1,366,560	1,544,956
Reclassifications from/to property, plant, and equipment	*10*	799,656	199,345	(93,713)	-	905,288
Disposals/reclassifications/ remeasurements/termination	*38*	-	-	-	(406,823)	(406,823)
December 31, 2024		1,636,043	8,268,035	231,776	12,174,222	22,310,076
Additions		-	37,196	144,277	1,441,317	1,622,790
Reclassifications from/to property, plant, and equipment	*10*	(9,751)	42,928	(156,574)	-	(123,397)
Disposals/reclassifications/ remeasurements/termination		-	-	-	(401,561)	(401,561)
December 31, 2025		**1,626,292**	**8,348,159**	**219,479**	**13,213,978**	**23,407,908**
Accumulated Depreciation						
January 1, 2024		786,838	5,268,518	-	4,296,647	10,352,003
Depreciation		4,960	312,018	-	1,120,518	1,437,496
Reclassifications from/to property, plant, and equipment	*10*	772,410	81,541	-	-	853,951
Disposals/reclassifications/remea surements/termination	*38*	-	-	-	(361,136)	(361,136)
December 31, 2024		1,564,208	5,662,077	-	5,056,029	12,282,314
Depreciation		597	304,786	-	1,191,366	1,496,749
Reclassifications from/to property, plant, and equipment	*10*	(9,751)	(132,664)	-	-	(142,415)
Disposals/reclassifications/remea surements/termination		-	(693)	-	(490,683)	(491,376)
December 31, 2025		**1,555,054**	**5,833,506**	**-**	**5,756,712**	**13,145,272**
Carrying Amount						
December 31, 2024	*4*	P71,835	P2,605,958	P231,776	P7,118,193	P10,027,762
December 31, 2025	*4*	**P71,238**	**P2,514,653**	**P219,479**	**P7,457,266**	**P10,262,636**

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 10).

No impairment loss was required to be recognized in 2025 and 2024 based on management's assessment of impairment indicators.

There are no other direct selling and administrative expenses other than depreciation and real property taxes arising from investment property that generated income in 2025 and 2024.

The fair value of investment property amounting to P20,579,136 and P19,530,248 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 P106,866 as of December 31, 2025 and 2024, were determined by Cuervo Appraisers, Inc., external independent property appraiser 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 Company's investment property on a regular basis. The fair value of investment property amounting to P6,450,704 and P6,119,908 as of December 31, 2025 and 2024, respectively, was determined using the depreciated replacement cost method. The net present value of lease liability recognized in investment property represents the remaining fair value amounting to P14,021,566 and P13,303,474 as of December 31, 2025 and 2024, respectively.

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

Sales Comparison Approach. The market value of the 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 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, buildings and 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 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.

13. Other Assets

This account consists of:

	Note	**2025**	2024
Current:			
Prepaid taxes		**P40,806,904**	P41,623,304
Input VAT		**3,135,945**	6,543,512
Prepaid expenses	*27*	**877,907**	1,089,741
Others - net		**334,205**	350,953
		P45,154,961	P49,607,510
Noncurrent:			
Proprietary membership shares	*6, 33, 34*	**P488,023**	P458,373
Catalyst - net		**412,770**	515,062
Input VAT		**28,462**	11,658
Intangibles - net	*4*	**12,999**	16,276
Others - net		**35,370**	37,183
		P977,624	P1,038,552

Prepaid taxes include unused creditable withholding taxes and excise taxes paid by the Company 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 Company.

Amortization of intangibles and other assets included as part of “Depreciation and amortization” under “Selling and administrative expenses” account in the separate statements of comprehensive income amounted to nil and P15,822 in 2025 and 2024 (Notes 22 and 24).

Amortization of catalysts, licenses and other noncurrent assets included as part of “Depreciation and amortization” under “Cost of goods sold” account in the separate statements of comprehensive income amounted to P216,263 and P234,193 in 2025 and 2024, respectively (Notes 21 and 24).

14. Short-term Loans

This account pertains to unsecured Philippine peso and US dollar-denominated loans obtained from local and foreign banks with maturities ranging from 5 to 119 days and annual interest ranging from 4.00% to 7.05% in 2025 and from 4 to 178 days and annual interest ranging from 5.30% to 8.00% in 2024 (Note 25). 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 P5,555,961 in 2025 and P7,741,308 in 2024 (Note 25). Interest expense capitalized as part of property, plant and equipment amounted to P34,296 and P34,557 in 2025 and 2024, respectively (Note 10).

15. 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 Company are disclosed in Note 30.

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

	Note	**2025**	2024
Related parties	*27*	**P15,655,679**	P26,683,742
Third parties		**4,781,873**	4,464,976
	33, 34	**P20,437,552**	P31,148,718

16. Trade and Other Payables

This account consists of:

	Note	**2025**	2024
Trade		**P6,933,982**	P3,960,071
Due to related parties	*27*	**10,320,323**	10,139,060
Cylinder deposits		**3,368,700**	2,947,531
Specific taxes and other taxes payable		**2,624,563**	4,205,792
Accrued interest	*27*	**1,285,078**	1,127,645
Contract liability on consumer loyalty program		**696,826**	614,279
Dividends payable	*32*	**399,100**	1,033,590
Retention payable		**164,435**	240,273
Accrued payroll		**134,477**	131,303
Accrued rent		**53,761**	53,270
Others	*38*	**860,496**	615,397
	33, 34	**P26,841,741**	P25,068,211

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 38) and accruals of selling and administrative expenses which are normally settled within a year.

The Company recognized revenue that was included in contract liability on consumer loyalty program amounting to P487,695 and P475,203 in 2025 and 2024, respectively (Note 36).

17. Long-term Debt

This account consists of:

	Note	**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)*	**P31,602,944**	P -
Fixed retail bond of 3.4408% due in 2025 and 4.3368% due in 2027	*(d)*	**8,961,843**	17,917,142
Term loan of 7.4941% due until 2029	*(l)*	**6,973,128**	6,958,671
Fixed rate retail bonds of 7.8183% due in 2024 and 8.0551% due in 2025	*(a)*	**-**	6,787,831
Floating rate term loan due until 2029	*(m)*	**4,978,221**	4,968,800
Floating rate term loan due in 2030	*(o)*	**4,472,994**	-
Term loan of 7.1663% due until 2027	*(e)*	**3,990,300**	4,482,745
Term loan of 7.4206% due until 2027	*(f)*	**1,870,901**	3,114,317
Term loan of 7.5496% due until 2027	*(g)*	**1,870,881**	3,114,285
Term loan of 6.4920% due in 2025	*(h)*	**-**	2,370,601
Term loan of 4.5900% due until 2025	*(c)*	**-**	624,678
Term loan of 6.8672% due in 2025	*(i)*	**-**	623,817
Unsecured Foreign Currency-Denominated (net of debt issue costs)			
Floating rate dollar loan - US$500 million due until 2029	*(n)*	**28,995,126**	28,347,048
Floating rate dollar loan - US$669 million due until 2027	*(j)*	**13,564,488**	27,118,135
Fixed rate dollar loan of 5.7400% - US$200 million due until 2030	*(q)*	**11,678,872**	-
Floating rate dollar loan - US$225 million due until 2028	*(k)*	**5,517,367**	10,226,880
Floating rate yen loan - JP¥15 billion due until 2025	*(b)*	**-**	788,440
	32, 33, 34	**124,477,065**	117,443,390
Less: current portion		**13,200,533**	29,418,082
		P111,276,532	P88,025,308

a. On October 19, 2018, the Company offered P20,000,000 fixed retail bonds divided into Series C (P13,200,000) bearing interest at 7.8183% per annum and Series D (P6,800,000) 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 Company to fund crude oil purchases and redeem a portion of the 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 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 Company has fully paid the facility as of December 31, 2025.

c. On April 27, 2020, the Company drew P5,000,000 from a P5,000,000 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 Company has fully paid the term loan facility.

d. On October 12, 2021, the Company issued P18,000,000 retail bonds divided into Series E (P9,000,000) and Series F (P9,000,000) 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 the power plant project and payment of existing indebtedness.

e. On May 19, 2022, the Company drew and availed a P5,000,000 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 the power plant project. The Company has paid principal amortizations of P500,000 each in 2025 and 2024.

f. On June 15, 2022, the Company drew and availed a P5,000,000 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 Company has paid the principal amortizations amounting to P1,250,000 each in 2025 and 2024.

g. On June 16, 2022, the Company drew and availed a P5,000,000 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 Company has paid the principal amortizations amounting to P1,250,000 each in 2025 and 2024.

h. On September 8, 2022, the Company drew and availed a P2,375,000 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 partially used to pay currently maturing indebtedness.

i. On September 30, 2022, the Company drew and availed a P625,000 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 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 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, the 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 Company's P7,000,000 Series B Bonds on October 27, 2023. The 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 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 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 Company made a full drawdown of P7,000,000 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 Company made a full drawdown of P5,000,000 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 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 Company made a full drawdown of P5,000,000 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 Company has paid principal amortization amounting to P500,000.

p. On July 7, 2025, the Company issued P32,000,000 fixed retail bonds divided into Series G (P15,910,000) bearing interest at 6.5945% per annum, Series H (P4,604,000) bearing interest at 6.9761% per annum, and Series I (P11,486,000) bearing interest at 7.3896% per annum. The Series G bonds are due on July 7, 200 (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 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 debt 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 Company 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 and consolidated gross debt to consolidated net worth ratios are tested on an incurrence and quarterly basis, respectively.

As of December 31, 2025 and 2024, the Company 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 P9,639,781 and P9,004,828 for the years ended 2025 and 2024, respectively (Note 25). Interest amounting to P55,507 and P38,437 was capitalized in 2025 and 2024, respectively (Note 10).

Movements in debt issue costs follow:

	Note	**2025**	2024
Balance at beginning of year		**P1,448,561**	P1,366,244
Additions		**543,856**	720,646
Amortization for the year	*25, 32*	**(665,782)**	(638,329)
Balance at end of year		**P1,326,635**	P1,448,561

Repayment Schedule
The annual maturities of long-term debts as of December 31, 2025 and 2024 are as follows (Note 33):

2025

Year	**Gross Amount**	**Debt Issue Costs**	**Net**
2026	**P13,552,190**	**P351,658**	**P13,200,532**
2027	**43,486,402**	**428,555**	**43,057,847**
2028	**18,314,345**	**114,704**	**18,199,641**
2029	**14,591,332**	**31,244**	**14,560,088**
2030 and beyond	**35,859,431**	**400,474**	**35,458,957**
	P125,803,700	**P1,326,635**	**P124,477,065**

2024

Year	Gross Amount	Debt Issue Costs	Net
2025	P29,809,616	P391,534	P29,418,082
2026	24,740,385	645,940	24,094,445
2027	40,455,504	305,051	40,150,453
2028	13,789,541	88,106	13,701,435
2029 and beyond	10,096,905	17,930	10,078,975
	P118,891,951	P1,448,561	P117,443,390

18. Asset Retirement Obligation

Movements in ARO are as follows:

	Note	**2025**	2024
Balance at beginning of year		**P1,055,453**	P3,374,165
Accretion for the year	*25*	**58,371**	197,949
Additions		**118,764**	49,040
Effect of change in estimates	*4*	**53,782**	77,512
Settlement		**(1,000)**	(1,356)
Effect of change in discount rate		**(194,929)**	(41,391)
Derecognition	*38*	**-**	(2,600,466)
Balance at end of year		**P1,090,441**	P1,055,453

19. Other Noncurrent Liabilities

This account consists of:

	Note	**2025**	2024
Cash bonds		**P427,389**	P426,482
Deferred lease	*27*	**177,871**	186,629
Others		**31,715**	39,874
	33, 34	**P636,975**	P652,985

Cash bonds represent deposits from customers as a form of collateral.

Others include liabilities to a contractor and supplier.

20. 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 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 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 P1,118,826.

The Company also acquired a total of 4,502,000 million of its own common shares aggregating to P11,147 from July 9, 2025 to August 29, 2025. All repurchased shares are recorded as treasury shares.

As of December 31, 2025 and 2024, the Company had 97,232 and 97,572 stockholders with at least one board lot at the PSE, respectively, 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 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 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 P9,764,404 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 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 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 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 P9,888,298 was recognized as additional paid-in capital.

The Series 2A Preferred Shares may be redeemed by the 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 Company's BOD.

All shares rank equally as regards to the 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 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 Company's AOI. On July 6, 2015, the SEC approved the amendment of the AOI of the Company to provide a re-issuability feature of its preferred shares.

On May 31, 2019, the SEC issued a permit for the 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 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 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 Company's BOD. Proceeds from reissuance of treasury stocks in excess of cost less related transaction costs amounting to P17,847,620 was recognized as additional paid-in capital.

On November 4, 2019, the 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 Company's BOD on March 12, 2019.

On November 3, 2021, the 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 Company's BOD on March 9, 2021.

On July 7, 2023, the 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 P14,000,000. 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 P3,484,919 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 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 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 P16,830,000. 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 P100,222, were recognized as additional paid-in capital amounting to P16,712,948. 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 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 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 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 Company's BOD on June 26, 2024.

As of December 31, 2025 and 2024, the 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 and 2024, the 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

Total cash dividends declared amounted to P2,893,659 and P3,650,031 in 2025 and 2024, respectively.

c. Equity reserves comprise of the following:

Reserve for retirement plan pertains to the cumulative remeasurements of the Company's defined benefit retirement plan.

Other reserves pertain to the effect of redemption of capital securities with details as follows:

	Redemption of Capital Securities	
	2025	2024
Balance at beginning of year	**(P11,895,116)**	(P11,509,415)
Movement	**(4,023,139)**	(385,701)
Balance at end of year	**(P15,918,255)**	(P11,895,116)

d. SPCS

On April 19, 2021, the Company issued US$550 million (P26,230,816) 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 the following dates: October 19, 2025 (P374,843), September 22, 2025 (P746,097), April 19, 2025 (P1,234,234), October 19, 2024 (P1,257,753) and April 19, 2024 (P1,245,623).

On September 22, 2025, the Company completed the issuance of US$475 million (P26,793,756) SPCS at an issue price of 100% consisting of US$333.19 million (P18,794,551) securities pursuant to exchange offer and US$ 141.81 million (P7,999,205) 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 the both exchange and tender offer and SPCS issuance, and for general corporate purposes.

Concurrently, the Company has completed the settlement of US$333.19 million (P15,890,628) securities tendered for exchange and US$54.20 million (P2,584,880) 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 the 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 22, 2028 or on any distribution payment date thereafter or upon the occurrence of certain other events.

The 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.

e. RPS

On June 22, 2020, the Company issued US$130 million (P6,443,880) 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. The Company has the sole and absolute discretion to defer payment of any or all of the distribution.

On September 25, 2024 and October 2, 2024, the Company partially repurchased US$40 million (P1,982,733) and US$20 million (P991,366) RPS. Consequently, the Company partially repurchased US$10 million (P495,683) and US$41.5 million (P2,057,085) on April 4, 2025 and August 14, 2025, respectively.

Payment of distributions pertaining to RPS were made on December 22, 2025 (P9,839), September 22, 2025 (P9,577), August 14, 2025 (P12,565), June 22, 2025 (P31,311), April 4, 2025 (P744), March 22, 2025 (P36,371), December 23, 2024 (P37,153), October 2, 2024 (P1,131), September 25, 2024 (P675), September 23, 2024 (P65,733), June 21, 2024 (P69,315), and March 22, 2024 (P66,205).

On August 10, 2020, the Company issued additional US$100 million (P4,854,762) 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.

Payments of distributions pertaining to RPS were made on November 10, 2025 (P53,409), August 10, 2025 (P51,684), May 10, 2025 (P50,490), February 10, 2025 (P52,670), November 11, 2024 (P53,058), August 12, 2024 (P51,953), May 10, 2024 (P51,946) and February 10, 2024 (P50,811).

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 Company's option on any distribution payment date after 90 days from issuance date.

21. Cost of Goods Sold

This account consists of:

	Note	**2025**	2024
Inventories	*8*	**P394,915,389**	P396,191,119
Distribution and transshipment costs		**10,682,435**	9,625,836
Depreciation and amortization	*24*	**9,050,281**	8,073,149
Materials and supplies		**5,219,597**	5,185,606
Personnel expenses	*23*	**1,420,986**	1,380,661
Purchased services and utilities		**1,125,490**	1,261,034
Others	*28, 30*	**3,925,545**	3,565,555
		P426,339,723	P425,282,960

Others include manufacturing and overhead costs such as maintenance and repairs, taxes and licenses, insurance and rent.

22. Selling and Administrative Expenses

This account consists of:

	Note	**2025**	2024
Purchased services and utilities		**P4,235,867**	P3,782,746
Personnel expenses	*23*	**2,911,423**	2,757,532
Depreciation and amortization	*24*	**2,873,321**	2,777,793
Maintenance and repairs		**1,354,241**	1,203,192
Rent	*4, 28, 30*	**807,582**	497,387
Taxes and licenses		**545,905**	281,223
Advertising		**535,321**	576,593
Materials and office supplies		**340,729**	530,340
Insurance		**55,490**	55,537
Impairment loss (reversal of impairment loss) on trade and other receivables - net	*4, 7*	**15,248**	(9,428)
Others		**39,653**	36,855
		P13,714,780	P12,489,770

Selling and administrative expenses include research and development costs amounting to P102,622 and P87,458 in 2025 and 2024, respectively (Note 8).

23. Personnel Expenses

This account consists of:

	Note	**2025**	2024
Salaries, wages and other employee costs	*27*	**P4,003,745**	P3,850,968
Retirement benefits costs - defined benefit plan	*27, 29*	**231,333**	194,407
Retirement benefits costs - defined contribution plan	*27*	**97,331**	92,818
		P4,332,409	P4,138,193

The above amounts are distributed as follows:

	Note	**2025**	2024
Cost of goods sold	*21*	**P1,420,986**	P1,380,661
Selling and administrative expenses	*22*	**2,911,423**	2,757,532
		P4,332,409	P4,138,193

24. Depreciation and Amortization

This account consists of:

	Note	**2025**	2024
Cost of goods sold:			
Property, plant and equipment	*10*	**P8,730,591**	P7,586,217
Right-of-use assets	*11*	**103,427**	252,739
Other assets	*13*	**216,263**	234,193
	21	**9,050,281**	8,073,149
Selling and administrative expenses:			
Property, plant and equipment	*10*	**1,190,940**	1,006,037
Right-of-use assets	*11*	**185,632**	318,438
Investment property	*12*	**1,496,749**	1,437,496
Intangible assets and others	*13*	**-**	15,822
	22	**2,873,321**	2,777,793
		P11,923,602	P10,850,942

25. Interest Expense and Other Financing Charges, Interest Income and Other Income - net

This account consists of:

	Note	**2025**	2024
Interest expense and other financing charges:			
Long-term debt	*17*	**P8,922,326**	P8,330,787
Short-term loans	*14*	**5,521,665**	7,706,751
Bank charges		**1,307,674**	1,300,640
Accretion on lease liabilities	*28*	**938,074**	1,265,378
Amortization of debt issue costs	*17, 32*	**661,948**	635,604
Advances from related parties	*27*	**400,104**	354,603
Defined benefit obligation	*29*	**259,929**	247,064
Accretion on ARO	*18*	**58,371**	197,949
Others		**178,697**	267,357
		P18,248,788	P20,306,133
Interest income:			
Short-term placements	*5*	**P552,485**	P629,934
Plan assets	*29*	**143,063**	156,608
Advances to related parties	*27*	**83,400**	119,100
Trade receivables	*7*	**45,185**	44,243
Cash in banks	*5*	**10,223**	10,144
Hedging	*34*	**-**	4,547
		P834,356	P964,576
Other income - net:			
Dividend income	*9*	**P5,386,710**	P3,511,250
Changes in fair value of financial assets at FVPL	*6*	**29,650**	69,750
Gain on lease termination	*38*	**-**	3,689,318
Hedging gains - net		**-**	3,150
Impairment loss on investments in shares of stock of a subsidiary	*9*	**(53,166)**	(1,205)
Marked-to-market gains (losses) - net	*34*	**(483,358)**	1,498,880
Foreign currency losses - net	*33*	**(1,062,303)**	(2,216,921)
Others - net	*27*	**635,143**	401,770
		P4,452,676	P6,955,992

Bank charges amounting to P7,386 and P5,475 was capitalized in 2025 and 2024, respectively (Note 10).

Also included in “Others - net” were the following: (i) gain (loss) on sale of property and equipment amounting to P13,883 in 2025 and (P42,374) in 2024, (ii) impairment loss on equipment amounting to P138,510 in 2025 and nil in 2024 (Note10), and (iii) write-on of LPG cylinder deposits of P211,349 in 2025 and nil for 2024. 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.

26. Income Taxes

The components of income tax expense are shown below:

	2025	2024
Current	**P944,820**	P897,209
Deferred	**385,313**	2,956,441
	P1,330,133	P3,853,650

The movements of deferred tax assets and liabilities are accounted for as follows:

2025	**January 1 2025**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**December 31 2025**
NOLCO	**P2,963,730**	**(P2,544,259)**	**P -**	**P419,471**
Various allowances, accruals and others	**1,975,941**	**284,005**	**-**	**2,259,946**
Net retirement benefits liability	**1,689,800**	**(214,551)**	**77,982**	**1,553,231**
Rental	**980,312**	**37,245**	**-**	**1,017,557**
MCIT	**1,377,831**	**917,515**	**-**	**2,295,346**
ARO	**218,503**	**4,595**	**-**	**223,098**
Inventory differential	**(26,876)**	**51,341**	**-**	**24,465**
Unrealized foreign exchange gains - net	**292,825**	**214,189**	**-**	**507,014**
Capitalized taxes and duties on inventories deducted in advance	**(1,019,769)**	**373,957**	**-**	**(645,812)**
Capitalized interest, losses, duties and taxes on property, plant and equipment deducted in advance and others	**(3,032,018)**	**7,434**	**-**	**(3,024,584)**
Excess of double-declining over UPM and straight-line method of depreciation and amortization	**(7,557,867)**	**483,216**	**-**	**(7,074,651)**
	(P2,137,588)	**(P385,313)**	**P77,982**	**(P2,444,919)**

2024	January 1 2024	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	December 31 2024
NOLCO	P6,213,805	(P3,250,075)	P -	P2,963,730
Various allowances, accruals and others	2,002,900	(26,959)	-	1,975,941
Net retirement benefits liability	1,599,824	(206,256)	296,232	1,689,800
Rental	1,384,029	(403,717)	-	980,312
MCIT	1,020,761	357,070	-	1,377,831
ARO	580,028	(361,525)	-	218,503
Inventory differential	190,858	(217,734)	-	(26,876)
Unrealized foreign exchange gains - net	(154,569)	447,394	-	292,825
Capitalized taxes and duties on inventories deducted in advance	(957,748)	(62,021)	-	(1,019,769)
Capitalized interest, losses, duties and taxes on property, plant and equipment deducted in advance and others	(3,303,688)	271,670	-	(3,032,018)
Excess of double-declining over UPM and straight-line method of depreciation and amortization	(8,053,579)	495,712	-	(7,557,867)
	P522,621	(P2,956,441)	P296,232	(P2,137,588)

In 2024, the Company derecognized deferred tax assets relating to a portion of its NOLCO in 2020 amounting to P1,301,648 with tax base of P5,206,591 and MCIT incurred in 2022 amounting to P310,661 due to the approaching expiry of these tax attributes.

In 2025, the Company subsequently reversed a portion of the previously derecognized deferred tax asset related to NOLCO amounting to P854,905, 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, the NOLCO and MCIT of the Company that can be claimed as deduction from future taxable income and deduction from corporate income tax due, respectively, are as follows:

Year Incurred/Paid	**Carryforward Benefits Up To**	**NOLCO**	**MCIT**
2021	December 31, 2026	**P1,677,882**	**P -**
2023	December 31, 2026	**-**	**512,683**
2024	December 31, 2027	**-**	**865,148**
2025	December 31, 2028	**-**	**917,515**
		P1,677,882	**P2,295,346**

As of December 31, 2024, the NOLCO and MCIT of the Company that can be claimed as deduction from future taxable income and deduction from corporate income tax due, respectively, are as follows:

Year Incurred/Paid	Carryforward Benefits Up To	NOLCO	MCIT
2020	December 31, 2025	P15,383,628	P -
2021	December 31, 2026	1,677,882	-
2022	December 31, 2025	-	310,661
2023	December 31, 2026	-	512,683
2024	December 31, 2027	-	865,148
		P17,061,510	P1,688,492

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 separate statements of comprehensive income is as follows:

	2025	2024
Statutory income tax rate	**25.00%**	25.00%
Increase (decrease) in income tax rate resulting from:		
Recognition of previously derecognized deferred tax asset on NOLCO	**(6.14%)**	-
Unrecognized deferred tax assets on NOLCO and MCIT	**-**	15.68%
Nondeductible interest expense	**0.05%**	0.08%
Nondeductible expense	**0.98%**	0.59%
Interest income subjected to lower final tax and others	**(0.05%)**	(0.10%)
Income subject to income tax holiday (ITH)	**(0.44%)**	(0.34%)
Nontaxable income	**(9.76%)**	(7.59%)
Effective income tax rate	**9.64%**	33.32%

27. Related Party Disclosures

The Company, certain subsidiaries, joint venture, associate 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 Company 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
Ultimate Parent	*b, p*	**2025**	**P120**	**P -**	**P27**	**P -**	On demand;	Unsecured;
		2024	123	-	27	-	non-interest bearing	no impairment
Retirement Plan	*7, 29, a*	**2025**	**9,804**	**1,118,826**	**-**	**-**	On demand;	Unsecured;
		2024	45,422	-	893,548	-	interest bearing	no impairment
	a	**2025**	**-**	**-**	**-**	**-**	On demand;	Unsecured;
		2024	-	-	87,999	-	non-interest bearing	no impairment
Intermediate Parent	*b, c, e, f, q, r*	**2025**	**24,508**	**295,546**	**30,675**	**473,483**	On demand;	Unsecured;
		2024	1,750	220,957	14,894	417,804	non-interest bearing	no impairment
Subsidiaries	*g, h, i, j, k, l, o, p, q, r, s*	**2025**	**18,758,177**	**264,132,208**	**3,683,726**	**18,883,772**	On demand; long-term	Unsecured;
		2024	26,028,183	308,635,173	4,063,147	30,414,842	interest and non-interest bearing	no impairment
Associate and Joint Venture	*j, q, r*	**2025**	**113,485**	**293,319**	**22,083**	**51,365**	On demand;	Unsecured;
		2024	108,453	64,635	17,550	18,183	non-interest bearing	no impairment
Under Common Control	*b, c, d, q, r, m*	**2025**	**9,420,519**	**7,156,297**	**3,750,619**	**2,787,311**	On demand;	Unsecured;
		2024	9,345,621	3,086,390	3,696,446	2,741,369	non-interest bearing	no impairment
	m	**2025**	**-**	**298,713**	**-**	**5,879,000**	On demand;	Unsecured;
		2024	-	487,572	-	5,784,500	interest bearing	no impairment
Associates and Joint Venture under Common Control	*n*	**2025**	**-**	**31,892**	**-**	**-**	Short-term;	Unsecured;
		2024	-	40,782	-	1,100,000	interest bearing	no impairment
	b, n, q	**2025**	**542,536**	**-**	**98,955**	**225,303**	On demand;	Unsecured;
		2024	331,354	-	55,874	1,294	non-interest bearing	no impairment
		2025	**P28,869,149**	**P273,326,801**	**P7,586,085**	**P28,300,234**		
		2024	P35,860,906	P312,535,509	P8,829,485	P40,477,992		

a. As of December 31, 2024, the Company has interest bearing advances to PCERP, included as part of “Trade and other receivables - net” account in the separate statements of financial position, for some investment opportunities (Notes 7 and 29). These advances have been fully settled in 2025.

b. Sales relate to the Company's supply agreements with the Intermediate Parent, various SMC subsidiaries, and an associate. Under these agreements, the Company supplies diesel fuel, gasoline and lube requirements of selected SMC plants and subsidiaries.

c. Purchases relate to purchase of goods and services such as construction, information technology, shipping and terminalling from SMC and various SMC subsidiaries.

d. The Company entered into a various lease agreements with San Miguel Properties, Inc. for office space and certain parcels of land where service stations are located.

e. The Company has existing lease agreements with SMC covering certain parcels of land where service stations are located.

f. The Company also pays SMC for its share in common expenses such as utilities and management fees.

g. The Company has existing logistics, freight forwarding and into-plane services agreement with PLI.

h. The Company has long-term lease agreements with NVRC and its subsidiaries covering certain parcels of land where the Company's service stations and terminals are located.

i. The Company also grants unsecured, noninterest and interest-bearing cash advances (interest rates ranging from 5% to 9%) to NVRC, which are payable monthly over an average period of 25 years. The advances are initially recognized at their present values at the time of grant and are subsequently accreted to their maturity values at their effective yields.

j. The Company obtains insurance coverage from Petrogen, which in turn obtains reinsurance coverage from Ovincor and other local reinsurers.

k. Petron has an existing 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 (Note 30).

l. The Company has an existing agreements with PSTPL involving renewal and negotiation of contracts of affreightments and commodity risk management through hedging transactions.

m. Amounts owed to entities under common control include interest-bearing advances from San Miguel Insurance Company Ltd.

n. Amounts owed to associate of entities under common control include interest-bearing short-term loans payable to Bank of Commerce.

o. Amounts owed to subsidiaries include interest-bearing advances from Ovincor.

p. Amounts owed by subsidiaries include long-term interest-bearing advances to SLPHI.

q. Amounts owed by related parties consist of trade and non-trade receivables, advances and prepaid expenses.

r. Amounts owed to related parties consist of trade payables, non-trade payables, subscription payable and other noncurrent liabilities.

s. The compensation and benefits of key management personnel of the Company, by benefit type, included in the "Personnel expenses" account follow (Note 23):

	2025	2024
Salaries and other short-term employee benefits	**P984,998**	P983,870
Retirement benefits costs - defined benefit plan	**114,840**	104,984
Retirement benefits costs - defined contribution plan	**23,636**	23,602
	P1,123,474	P1,112,456

28. Lease Commitments

Company as Lessee

The Company 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 11 and 30). These leases' life ranges from one to 30 years with renewal options included in the contracts. There are no restrictions placed upon the Company 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
Interest on lease liabilities	*11*	**P938,074**	P1,265,378
Income from sub-leasing		**(631,299)**	(520,996)
Expenses relating to short-term leases		**866,293**	616,877
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets		**8,025**	14,023
		P1,181,093	P1,375,282

Rent expense included in "Cost of goods sold - others" account amounted to P66,736 in 2025 and P133,513 in 2024 (Note 21). Interest amounting to P5,432 and P5,408 was capitalized as part of property, plant and equipment in 2025 and 2024, respectively (Note 10).

Amounts recognized in the separate statements of cashflows.

	Note	**2025**	2024
Interest expense under operating activities	*32*	**P943,506**	P1,270,786
Principal lease payments under financing activities	*32*	**1,230,237**	1,260,650
Cash outflows for short-term and low-value leases		**874,318**	630,900
	11	**P3,048,061**	P3,162,336

Company as Lessor - Operating Lease

The Company 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	**P78,189**	P121,389
One to two years	**-**	15,226
Two to three years	**144,419**	-
Three to four years	**-**	143,588
Four to five years	**133,435**	4,653
	P356,043	P284,856

29. Retirement Plan

The succeeding tables summarize the components of net retirement benefits costs (income) under defined benefit retirement plan recognized in the separate statements of comprehensive income and the funding status and amounts of retirement plan recognized in the separate statements of financial position. The Company has a funded, noncontributory, defined benefit retirement plan. Contributions and costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined using the projected unit credit method. The Company's latest actuarial valuation date is as of December 31, 2025. Valuations are obtained on a periodic basis.

The 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 Company. The BOT of the retirement plan, who exercise voting rights over the shares and approve material transactions, are also officers of the Company, while two of the BOT are also a BOD. The retirement plan's accounting and administrative functions are undertaken by SMC's Retirement Funds Office.

The following table shows a reconciliation of the net defined benefit retirement liability and its components:

	Present Value of Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit Retirement Liability	
	2025	2024	**2025**	2024	**2025**	2024
Balance at beginning of year	**(P4,226,484)**	(P3,754,772)	**P2,156,893**	P2,131,579	**(P2,069,591)**	(P1,623,193)
Recognized in Profit or Loss						
Current service cost	**(231,333)**	(194,407)	**-**	-	**(231,333)**	(194,407)
Interest expense	**(259,929)**	(247,064)	**-**	-	**(259,929)**	(247,064)
Interest income	**-**	-	**143,063**	156,608	**143,063**	156,608
	(491,262)	(441,471)	**143,063**	156,608	**(348,199)**	(284,863)
Recognized in Other Comprehensive Income						
Remeasurements:						
Actuarial gains (losses) arising from:						
Experience adjustments	**(7,279)**	(350,167)	**-**	-	**(7,279)**	(350,167)
Changes in financial assumptions	**64,495**	(114,643)	**-**	-	**64,495**	(114,643)
Changes in demographic assumptions	**(7,479)**	(91,846)	**-**	-	**(7,479)**	(91,846)
Return on plan asset excluding interest	**-**	-	**(361,665)**	(628,271)	**(361,665)**	(628,271)
	49,737	(556,656)	**(361,665)**	(628,271)	**(311,928)**	(1,184,927)
Others						
Contributions	**-**	-	**850,000**	1,023,392	**850,000**	1,023,392
Benefits paid	**412,112**	526,415	**(412,112)**	(526,415)	**-**	-
	412,112	526,415	**437,888**	496,977	**850,000**	1,023,392
Balance at end of year	**(P4,255,897)**	(P4,226,484)	**P2,376,179**	P2,156,893	**(P1,879,718)**	(P2,069,591)

The carrying amounts of the 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 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 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 17).

The Company's plan recognized loss of P57,004 and P743,694 in 2025 and 2024, respectively on the investment in marketable securities of Petron and SMC mainly as a result of marked-to-market remeasurements.

Dividend income from the investment in shares of stock of Petron and SMC amounted to P70,855 and P65,867 in 2025 and 2024, respectively.

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 BOT reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Company's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Company monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation. The Company expects to contribute P508,163 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 Company 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 Company'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
Discount rate	**6.38%**	6.15%
Future salary increases	**5.00%**	5.00%

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 6.6 years for both December 31, 2025 and 2024.

The reasonably possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefit liabilities/assets by the amounts below:

	Defined Benefit Liabilities	
2025	**1 Percent Increase**	**1 Percent Decrease**
Discount rate	**(P258,511)**	**P296,987**
Salary increase rate	**295,851**	**(264,039)**

	Defined Benefit Liabilities	
2024	1 Percent Increase	1 Percent Decrease
Discount rate	(P256,928)	P294,020
Salary increase rate	294,466	(261,893)

The Company has advances to PCERP amounting to nil and P981,547 as of December 31, 2025 and 2024, respectively included as part of "Trade and other receivables - net" account in the separate statements of financial position (Notes 7 and 27). The advances are subject to interest of 5% in 2025 and 2024 (Note 27). In 2025, Company's interest-bearing advances to PCERP were fully settled (Note 27)

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 Company has not recognized any impairment losses relating to the receivables from retirement plan for the years ended December 31, 2025 and 2024.

30. Significant Agreements

Supply Agreements. The 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.

Outstanding liabilities of the Company for such purchases are shown as part of "Liabilities for crude oil and petroleum products" account in the separate statements of financial position as of December 31, 2025 and 2024 (Note 15).

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 P238,464 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 38). As of December 31, 2025 and 2024, Petron leases other parcels of land from PNOC for its pipeline right-of-way and service stations.

31. Basic and Diluted Loss Per Share

Basic and diluted loss per share amounts are computed as follows:

	2025	2024
Net income for the year	**P12,468,417**	P7,712,784
Dividends on preferred shares for the year	**(1,956,147)**	(2,712,521)
Distributions to the holders of capital securities	**(2,663,834)**	(2,951,356)
Net income attributable to common shareholders of the Company (a)	**P7,848,436**	P2,048,907
Weighted average number of common shares outstanding (in thousands) (b)	**9,008,411**	9,375,104
Basic/diluted earnings per share (a/b)	**P0.87**	P0.22

As of December 31, 2025 and 2024, the Company has no potential dilutive debt or equity instruments.

32. Supplemental Cash Flow Information

Supplemental information with respect to the separate 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 separate statements of financial position):

	2025	2024
Decrease (increase) in assets:		
Trade and other receivables	**(P2,352,461)**	(P5,459,383)
Inventories	**15,454,431**	(10,181,161)
Other current assets	**2,231,816**	(4,149,078)
Increase (decrease) in liabilities:		
Liabilities for crude oil and petroleum products	**(10,655,746)**	12,593,332
Trade and other payables	**3,353,151**	(3,761,741)
	P8,031,191	(P10,958,031)

b. Changes in liabilities arising from financing activities:

	Dividends Payable	Lease Liabilities	Advances from Related Parties	Short-term Loans	Long-term Debt	Total
Balance as of January 1, 2025	**P1,033,590**	**P12,055,538**	**P7,230,625**	**P122,900,000**	**P117,443,390**	**P260,663,143**
Changes from Financing Cash Flows						
Payments of principal	**-**	**(1,230,237)**	**-**	**-**	**-**	**(1,230,237)**
Interest paid	**-**	**(943,506)**	**-**	**-**	**-**	**(943,506)**
Proceeds from availment of loans, bonds, and advances	**-**	**-**	**3,980,090**	**326,190,000**	**47,864,544**	**378,034,634**
Payments of loans and bonds	**-**	**-**	**(3,980,090)**	**(357,190,000)**	**(42,684,688)**	**(403,854,778)**
Dividends and distributions paid	**(6,191,983)**	**-**	**-**	**-**	**-**	**(6,191,983)**
Total changes from financing cash flows	**(6,191,983)**	**(2,173,743)**	**-**	**(31,000,000)**	**5,179,856**	**(34,185,870)**
Dividends and distributions declared	**5,557,493**	**-**	**-**	**-**	**-**	**5,557,493**
New leases	**-**	**1,510,890**	**-**	**-**	**-**	**1,510,890**
Interest expense	**-**	**943,506**	**-**	**-**	**-**	**943,506**
Effects of changes in foreign exchange rates	**-**	**-**	**118,125**	**-**	**1,188,037**	**1,306,162**
Amortization of debt issue costs	**-**	**-**	**-**	**-**	**665,782**	**665,782**
Balance as of December 31, 2025	**P399,100**	**P12,336,191**	**P7,348,750**	**P91,900,000**	**P124,477,065**	**P236,461,106**

	Dividends Payable	Lease Liabilities	Advances from Related Parties	Short-term Loans	Long-term Debt	Total
Balance as of January 1, 2024	P949,895	P15,600,343	P3,875,900	P125,544,000	P108,895,679	P254,865,817
Changes from Financing Cash Flows						
Payments of principal	-	(1,260,650)	-	-	-	(1,260,650)
Interest paid	-	(1,270,786)	-	-	-	(1,270,786)
Proceeds from availment of loans, bonds, and advances	-	-	3,119,660	254,092,700	40,192,741	297,405,101
Payments of loans and bonds	-	-	-	(256,742,500)	(34,516,789)	(291,259,289)
Dividends and distributions paid	(6,517,692)	-	-	-	-	(6,517,692)
Total changes from financing cash flows	(6,517,692)	(2,531,436)	3,119,660	(2,649,800)	5,675,952	(2,903,316)
Dividends and distributions declared	6,601,387	-	-	-	-	6,601,387
New leases	-	1,601,326	-	-	-	1,601,326
Interest expense	-	1,270,786	-	-	-	1,270,786
Effects of changes in foreign exchange rates	-	-	235,065	5,800	2,233,430	2,474,295
Lease termination	-	(3,885,481)	-	-	-	(3,885,481)
Amortization of debt issue costs	-	-	-	-	638,329	638,329
Balance as of December 31, 2024	P1,033,590	P12,055,538	P7,230,625	P122,900,000	P117,443,390	P260,663,143

c. Reclassifications in the separate statements of cash flows

The Company made reclassifications in the 2024 separate statement of cash flows as follows:

- In 2025, the Company refined the presentation of interest paid on lease liabilities in the separate statements of cash flows. Accordingly, information for 2024 amounting to P1,270,786 has been reclassified to exclude such amounts as “Interest paid” from operating activities to consistently align its presentation as “Payments of lease liabilities” within financing activities.

- Realized foreign exchange gain amounting to P472,991 was excluded as an adjustment to income before income tax and was recognized as part of “Changes in noncash assets, certain current liabilities and others”, both within operating activities.

- The Company presented a portion of interest amounting to P111,862 as “Interest paid” instead of including such amounts within movements in current liabilities under operating activities, to better reflect the nature of this transaction.

The reclassifications have no impact on the Company’s separate statement of cashflows for the year ended December 31, 2024.

The effects of the reclassifications are as follows:

	2024 As Previously Reported	Adjustments	2024 As Reclassified
Net cash flows provided by operating activities			
Other gains - net	(P581,136)	P472,991	(P108,145)
Changes in noncash assets, certain current liabilities and others	(9,326,116)	(1,631,915)	(10,958,031)
Interest paid	(19,241,678)	1,158,924	(18,082,754)

33. Financial Risk Management Objectives and Policies

The Company'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 Company 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 Company's policy not to enter into derivative transactions for speculative purposes. The Company 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 Company'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 Company follows an enterprise-wide risk management framework for identifying, assessing and addressing the risk factors that affect or may affect its businesses.

The Company'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 Company'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, to the BOD through the Company's annual business planning process.

Oversight and technical assistance is likewise provided by corporate units and committees with special duties. These groups and their functions are:

a. The Enterprise-Wide Risk Management Group, which is mandated with the overall coordination and development of the enterprise-wide risk management process.

b. The Risk and Insurance Management Group, which is assigned to identify, assess, manage, and mitigate risks, while ensuring adequate insurance coverage across the Company.

c. The Treasurers Department, which is in charge of foreign exchange 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 Department, 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 Company.

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 Company to ensure its functionality and effectiveness.

c. The Compliance Officer, who is a senior officer of the 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 Company 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 Company's functional currency is the Philippine peso, which is the denomination of the bulk of its revenues. The Company'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 Company 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.

The Company 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 Company 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 Company 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 Company 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 Company 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 Company'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 Company 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 Company's long-term debts. The Company 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 Company's US dollar-denominated financial assets and liabilities and their Philippine peso equivalents are as follows:

	2025		2024	
	US Dollar	**Phil. Peso Equivalent**	US Dollar	Phil. Peso Equivalent
Financial Assets				
Cash and cash equivalents	**215,468**	**12,667,364**	264,392	15,293,785
Trade and other receivables	**171,442**	**10,079,075**	178,158	10,305,544
Other assets	**6,561**	**385,721**	10,402	601,696
	393,471	**23,132,160**	452,952	26,201,025
Financial Liabilities				
Liabilities for crude oil and petroleum products	**254,590**	**14,967,346**	461,546	26,698,128
Long-term debt (including current maturities)	**1,030,000**	**60,553,700**	1,170,662	67,716,951
Other liabilities	**24,141**	**1,419,249**	23,238	1,344,219
	1,308,731	**76,940,295**	1,655,446	95,759,298
Net foreign currency - denominated monetary liabilities	**(915,260)**	**(53,808,135)**	(1,202,494)	(69,558,273)

The Company incurred net foreign currency losses amounting to P1,062,303 and P2,216,921 in 2025 and 2024, respectively (Note 25), which were mainly countered by marked-to-market and realized hedging gains (Note 25). The foreign exchange 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

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**	
2025	**Effect on Income before Income Tax**	**Effect on Equity**	**Effect on Income before Income Tax**	**Effect on Equity**
Cash and cash equivalents	**(P215,468)**	**(P161,601)**	**P215,468**	**P161,601**
Trade and other receivables	**(171,442)**	**(128,582)**	**171,442**	**128,582**
Other assets	**(6,561)**	**(4,921)**	**6,561**	**4,921**
	(393,471)	**(295,104)**	**393,471**	**295,104**
Liabilities for crude oil and petroleum products	**254,590**	**190,943**	**(254,590)**	**(190,943)**
Long-term debt (including current maturities)	**1,030,000**	**772,500**	**(1,030,000)**	**(772,500)**
Other liabilities	**24,141**	**18,106**	**(24,141)**	**(18,106)**
	1,308,731	**981,549**	**(1,308,731)**	**(981,549)**
	P915,260	**P686,445**	**(P915,260)**	**(P686,445)**

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
Cash and cash equivalents	(P264,393)	(P198,295)	P264,393	P198,295
Trade and other receivables	(178,158)	(133,619)	178,158	133,619
Other assets	(10,402)	(7,802)	10,402	7,802
	(452,953)	(339,716)	452,953	339,716
Liabilities for crude oil and petroleum products	461,546	346,160	(461,546)	(346,160)
Long-term debt (including current maturities)	1,170,661	877,996	(1,170,661)	(877,996)
Other liabilities	23,238	17,429	(23,238)	(17,429)
	1,655,445	1,241,585	(1,655,445)	(1,241,585)
	P1,202,492	P901,869	(P1,202,492)	(P901,869)

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 Company'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 Company's exposure to changes in interest rates relates mainly to the long-term borrowings and investment securities. Investments or borrowings issued at fixed rates expose the Company to fair value interest rate risk. On the other hand, investments or borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company 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 Company'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 Company invests only in high-quality securities while maintaining the necessary diversification to avoid concentration of risk.

In managing interest rate risk, the Company 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 separate statements of comprehensive income.

Managing interest rate risk is also supplemented by monitoring the sensitivity of Company'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 in the separate statements of comprehensive 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 Company's profit before tax (through the impact on floating rate borrowings) and equity by P582,957 and P727,170 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 undiscounted amounts, are shown in the following tables (Note 17):

2025	**<1 Year**	**1 - <2 Years**	**2 - <3 Years**	**3 - <4 Years**	**4 - <5 Years**	**>5 Years**	**Total**
Fixed Rate							
Philippine peso denominated	P5,000,000	P15,750,000	P2,000,000	P1,000,000	P15,910,000	P16,090,000	P55,750,000
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)	-	1,679,714	3,359,429	3,359,429	3,359,431	-	11,758,003
Interest rate	-	5.7%	5.7%	5.7%	5.7%	-	-
Floating Rate							
Philippine peso denominated	1,833,333	2,666,667	2,666,667	1,833,333	500,000	-	9,500,000
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)	6,718,857	23,390,021	10,288,249	8,398,570	-	-	48,795,697
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	-	-	-
	P13,552,190	**P43,486,402**	**P18,314,345**	**P14,591,332**	**P19,769,431**	**P16,090,000**	**P125,803,700**

**The 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	P22,425,000	P5,000,000	P15,750,000	P2,000,000	P1,000,000	P -	P46,175,000
Interest rate	3.4% - 8.1%	7.2% - 7.5%	4.3% - 7.5%	7.5%	7.5%	-	-
Floating Rate							
Philippine peso denominated	-	833,333	1,666,667	1,666,667	833,333	-	5,000,000
Interest rate	-	6 mos. BVAL + margin	6 mos. BVAL + margin	6 mos. BVAL + margin	6 mos. BVAL + margin	-	-
US$ denominated (expressed in Php)	6,594,330	18,907,052	23,038,837	10,122,874	8,263,572	-	66,926,665
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	-	-
Floating Rate							
JP¥ denominated (expressed in Php)	790,286	-	-	-	-	-	790,286
Interest rate*	3, 6 mos. TONA + margin	-	-	-	-	-	-
	P29,809,616	P24,740,385	P40,455,504	P13,789,541	P10,096,905	P -	P118,891,951

**The 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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In effectively managing credit risk, the Company regulates and extends credit only to qualified and credit-worthy customers and counterparties, consistent with established 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 separate statements of financial position or in the notes to separate financial statements, as summarized below:

	Note	**2025**	2024
Cash in banks and cash equivalents	*5*	**P16,648,455**	P18,520,158
Derivative assets	*6*	**385,742**	601,696
Trade and other receivables – net	*7*	**58,656,520**	56,408,436
Advances to subsidiaries	*9*	**935,749**	977,789
		P76,626,466	P76,508,079

Cash and Cash Equivalents, Advances to Subsidiaries and Derivative Assets
Cash and cash equivalents, advances to subsidiaries and derivative assets 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, advances to subsidiaries and derivative assets has been measured on a 12-month ECL basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents, advances to subsidiaries and derivative assets have low credit risk based on the external credit ratings of its counterparties.

Trade and Other Receivables and Long-term Receivables
The Company'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 36.

Credit Quality. In monitoring and controlling credit extended to counterparty, the Company 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 nonfinancial 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 Company.

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 Company'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	**P3,636,550**	**P4,145,022**	**P820,481**	**P8,602,053**
Lubes	**431,223**	**339,492**	**203,630**	**974,345**
LPG	**728,525**	**385,208**	**163,264**	**1,276,997**
Industrial	**16,170,969**	**439,603**	**8,466,907**	**25,077,479**
Others	**1,424,178**	**3,832,193**	**5,444,491**	**10,700,862**
	P22,391,445	**P9,141,518**	**P15,098,773**	**P46,631,736**

	Trade Accounts Receivables Per Class			
	Class A	Class B	Class C	Total
December 31, 2024				
Retail	P2,866,322	P3,847,588	P1,474,161	P8,188,071
Lubes	679,658	317,833	997,421	1,994,912
LPG	881,277	493,629	168,299	1,543,205
Industrial	15,072,416	3,281,094	5,209,848	23,563,358
Others	8,062,932	3,639,860	859,720	12,562,512
	P27,562,605	P11,580,004	P8,709,449	P47,852,058

Collaterals. To the extent practicable, the Company also requires collateral as security for a credit facility to mitigate credit risk in trade and other receivables (Note 7). Among the collaterals held are letters of credit, bank guarantees, real estate mortgages, and cash bonds valued at P4,010,779 and P3,677,215 as of December 31, 2025 and 2024, respectively. These securities may only be called on or applied upon default of customers.

Risk Concentration. The Company'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 Company has no significant concentration of credit risk since the Company deals with a large number of homogenous trade customers. The Company does not execute any credit guarantee in favor of any counterparty.

The table below presents the summary of the Company'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				
	12-month ECL	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**	**Financial Assets at FVPL**	**Total**
Cash in banks and cash equivalents	**P16,648,455**	**P -**	**P -**	**P -**	**P16,648,455**
Trade and other receivables	**-**	**58,656,520**	**796,742**	**-**	**59,453,262**
Long term receivables	**-**	**-**	**11,194**	**-**	**11,194**
Advances to subsidiaries	**935,749**	**-**	**-**	**-**	**935,749**
Derivative assets not designated as cash flow hedge	**-**	**-**	**-**	**385,742**	**385,742**
	P17,584,204	**P58,656,520**	**P807,936**	**P385,742**	**P77,434,402**

	2024				
	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Financial Assets at FVPL	Total
Cash in banks and cash equivalents	P18,520,158	P -	P -	P -	P18,520,158
Trade and other receivables	-	56,408,436	815,021	-	57,223,457
Long term receivables	-	-	11,194	-	11,194
Advances to subsidiaries	977,789	-	-	-	977,789
Derivative assets not designated as cash flow hedge	-	-	-	601,696	601,696
	P19,497,947	P56,408,436	P826,215	P601,696	P77,334,294

Liquidity Risk

Liquidity risk pertains to the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company'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 Company 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 Company also uses derivative instruments such as forwards and swaps to manage liquidity.

The table below summarizes the maturity profile of the Company'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 Year - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	**P19,666,630**	**P19,666,630**	**P19,666,630**	**P -**	**P -**	**P -**
Trade and other receivables	**58,656,520**	**58,656,520**	**58,656,520**	**-**	**-**	**-**
Advances to subsidiaries	**935,749**	**935,749**	**-**	**75,525**	**227,102**	**633,122**
Derivative assets	**385,742**	**385,742**	**385,742**	**-**	**-**	**-**
Proprietary membership shares	**488,023**	**488,023**	**-**	**-**	**-**	**488,023**
Financial Liabilities						
Short-term loans	**91,900,000**	**92,423,084**	**92,423,084**	**-**	**-**	**-**
Liabilities for crude oil and petroleum products	**20,437,552**	**20,437,552**	**20,437,552**	**-**	**-**	**-**
Trade and other payables*	**15,991,650**	**15,991,650**	**15,991,650**	**-**	**-**	**-**
Cylinder deposits	**3,368,700**	**3,368,700**	**3,368,700**	**-**	**-**	**-**
Derivative liabilities	**1,376,034**	**1,376,034**	**1,376,034**	**-**	**-**	**-**
Long-term debt (including current maturities)	**124,477,065**	**152,326,899**	**20,907,760**	**49,467,651**	**61,267,769**	**20,683,719**
Lease liabilities (including current portion)	**12,336,191**	**17,686,712**	**2,196,022**	**2,151,485**	**5,471,993**	**7,867,212**
Cash bonds	**427,389**	**427,478**	**-**	**412,055**	**15,423**	**-**
Other noncurrent liabilities**	**31,715**	**31,715**	**-**	**19,398**	**12,317**	**-**

**excluding specific taxes and other taxes payable, deferred liability on consumer loyalty program , advances from customers, cylinder deposits and others*

***excluding cash bonds and deferred lease*

2024	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Year - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P20,728,756	P20,728,756	P20,728,756	P -	P -	P -
Trade and other receivables	56,408,436	56,408,436	56,408,436	-	-	-
Advances to subsidiaries	977,789	977,789	-	977,789	-	-
Derivative assets	601,696	601,696	601,696	-	-	-
Proprietary membership shares	458,373	458,373	-	-	-	458,373
Financial Liabilities						
Short-term loans	122,900,000	124,020,735	124,020,735	-	-	-
Liabilities for crude oil and petroleum products	31,148,718	31,148,718	31,148,718	-	-	-
Trade and other payables*	14,631,810	14,631,810	14,631,810	-	-	-
Cylinder deposits	2,947,531	2,947,531	2,947,531	-	-	-
Derivative liabilities	1,317,010	1,317,010	1,317,010	-	-	-
Long-term debt (including current maturities)	117,443,390	135,521,178	37,024,144	29,823,038	68,673,996	-
Lease liabilities (including current portion)	12,055,538	17,286,563	1,966,230	1,989,642	5,361,311	7,969,380
Cash bonds	426,482	426,574	-	411,152	15,311	111
Other noncurrent liabilities**	39,874	39,874	-	3,701	25,368	10,805

**excluding specific taxes and other taxes payable, deferred liability on consumer loyalty program , advances from customers, cylinder deposits and others*

***excluding cash bonds and deferred lease*

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 Company 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 Company, 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 Company's risk of potential losses due to volatility of international crude and product prices, the Company 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 Company's management.

Other Market Price Risk

The Company's market price risk arises from its investments carried at FVPL. The Company manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management

The Company's capital management policies and programs aim to provide an optimal capital structure that would ensure the Company'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 Company's overall financial position. The Company 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 Company 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 Company monitors capital via carrying amount of equity as shown in the separate statements of financial position. The Company's capital for the covered reporting period is summarized below:

	2025	2024
Total assets	**P366,143,319**	P391,281,821
Total liabilities	**283,420,636**	315,848,484
Total equity	**82,722,683**	75,433,337
Debt to equity ratio	**3.43:1**	4.19:1
Asset to equity ratio	**4.43:1**	5.19:1

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally-imposed capital requirements.

34. Financial Assets and Financial Liabilities

The table below presents a comparison by category of carrying amounts and fair values of the Company's financial instruments as of December 31:

		2025		2024	
	Note	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial assets (FA):					
Cash and cash equivalents	*5*	**P19,666,630**	**P19,666,630**	P20,728,756	P20,728,756
Trade and other receivables	*7*	**58,656,389**	**58,656,389**	56,408,436	56,408,436
Advances to subsidiaries	*9*	**935,749**	**935,749**	977,789	977,789
FA at amortized cost		**79,258,768**	**79,258,768**	78,114,981	78,114,981
Proprietary membership shares	*6*	**488,023**	**488,023**	458,373	458,373
Derivative assets not designated as cash flow hedge	*6*	**385,742**	**385,742**	601,696	601,696
FA at FVPL		**873,765**	**873,765**	1,060,069	1,060,069
Total financial assets		**P80,132,533**	**P80,132,533**	P79,175,050	P79,175,050

	Note	2025 Carrying Amount	2025 Fair Value	2024 Carrying Amount	2024 Fair Value
Financial liabilities (FL):					
Short-term loans	14	**P91,900,000**	**P91,900,000**	P122,900,000	P122,900,000
Liabilities for crude oil and petroleum products	15	**20,437,552**	**20,437,552**	31,148,718	31,148,718
Trade and other payables*	16	**15,991,650**	**15,991,650**	14,631,810	14,631,810
Cylinder deposits	19	**3,368,700**	**3,368,700**	2,947,531	2,947,531
Long-term debt including current portion	17	**124,477,065**	**124,477,065**	117,443,390	117,443,390
Cash bonds	19	**427,389**	**427,389**	426,482	426,482
Other noncurrent liabilities**	19	**31,715**	**31,715**	39,874	39,874
Other FL		**256,634,071**	**256,634,071**	289,537,805	289,537,805
Derivative liabilities not designated as cash flow hedge		**1,376,034**	**1,376,034**	1,317,010	1,317,010
Total financial liabilities		**P258,010,105**	**P258,010,105**	P290,854,815	P290,854,815

**excluding specific taxes and other taxes payable, deferred liability on consumer loyalty program, advances from customers, cylinder deposits and others*
***excluding cash bonds and deferred lease*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables and Advances to Subsidiaries. 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. In the case of the advances to subsidiaries, the fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar quoted 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 Company'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 Company 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 Company 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 Company 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 separate statements of comprehensive income. Details are as follows:

Cross Currency Swaps

As of December 31, 2025 and 2024, the Company has no outstanding cross currency swap.

Interest Rate Collar

As of December 31, 2025 and 2024, the Company has no outstanding interest rate collar.

Freestanding Derivatives

Freestanding derivatives consist of commodity and currency hedges entered into by the Company.

Currency Forwards. As of December 31, 2025 and 2024, the Company has outstanding foreign currency forward contracts with aggregate notional amount of US$1,196 million and US$1,117 million, respectively, and with various maturities in 2026. As of December 31, 2025 and 2024, the net negative fair value of these currency forwards amounted to P414,239 and P1,003,209, respectively.

Commodity Swaps. The Company has outstanding swap agreements covering its oil requirements, with various maturities from 2025 to 2026. Under the agreements, payment is made either by the Company 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 91.8 million barrels and 73.1 million barrels for 2025 and 2024, respectively. The estimated net receipts (payouts) for these transactions amounted to (P576,053) and P287,895 as of December 31, 2025 and 2024, respectively.

Commodity Options. As of December 31, 2025 and 2024, the Company 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 Petron. 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 and 2024, the Company recognized marked-to-market gains (losses) from freestanding and embedded derivatives amounting to (P483,358) and P1,498,880, respectively (Note 25).

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		**(P715,314)**	P64,911
Net changes in fair value during the year	*25*	**(483,358)**	1,498,880
Fair value of settled instruments		**208,380**	(2,279,105)
Fair value at end of year		**(P990,292)**	(P715,314)

Fair Value Hierarchy
Financial assets and liabilities measured at fair value in the separate 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 that are not based on observable market data.

	2025	2024
	Level 2	Level 2
Financial assets:		
Proprietary membership shares	**P488,023**	P458,373
Derivative assets	**385,742**	601,696
Financial liabilities:		
Derivative liabilities	**(1,376,034)**	(1,317,010)

The Company has no financial instruments valued based on Level 1 and 3 as of December 31, 2025 and 2024. During the years, there were no transfer out of the Level 2 measurement.

35. 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 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 Company availed of the ITH in 2025 and 2024.

Certificate of entitlement has been timely obtained by the Company to support its ITH incentive.

36. 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 Company'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 Company 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.

Major Customer

The Company does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenue of the Company.

The following table presents information on the business segment of the Company as of and for the years ended December 31, 2025 and 2024:

	Retail	Lubes	LPG	Industrial	Others	Total
2025						
Revenue	**P179,235,304**	**P6,822,387**	**P30,477,257**	**P137,457,510**	**P112,153,422**	**P466,145,880**
Property, plant and equipment	**2,524,398**	**54,671**	**3,023,648**	**84,583**	**128,620,460**	**134,307,760**
Capital expenditures	**1,095,868**	**10,087**	**2,321**	**59,001**	**2,959,687**	**4,126,964**
2024						
Revenue	171,207,607	7,663,022	29,891,485	135,243,529	117,164,739	461,170,382
Property, plant and equipment	2,343,669	221,982	2,480,116	79,179	135,235,192	140,360,138
Capital expenditures	988,367	185,573	15,643	55,966	4,972,063	6,217,612

a. revenues from the use of loaned equipment are presented as part of "Retail", "LPG" and "Industrial"
b. revenues from provisions of technical support are presented as part of "Retail" and "Industrial"
c. revenues from consumer loyalty program are presented as part of "Others"

Geographical Segments

The following table presents revenue information regarding the geographical segments of the Company for the years ended December 31, 2025 and 2024:

	2025	2024
Local	**P453,844,473**	P439,284,726
Export/international	**12,301,407**	21,885,656
Total	**P466,145,880**	P461,170,382

Disaggregation of Revenue

The following tables shows the disaggregation of revenue by geographical segments and the reconciliation of the disaggregated revenue with the Company's business segments for the years ended December 31, 2025 and 2024:

	Retail	**Lubes**	**LPG**	**Industrial**	**Others**	**Total**
2025						
Local	**P179,235,304**	**P6,709,857**	**P30,477,257**	**P137,457,510**	**P99,964,545**	**P453,844,473**
Export/international	**-**	**112,530**	**-**	**-**	**12,188,877**	**12,301,407**
2024						
Local	171,207,607	7,355,447	29,810,767	135,243,529	95,667,376	439,284,726
Export/international	-	307,575	80,719	-	21,497,362	21,885,656

a. revenues from the use of loaned equipment are presented as part of "Retail", "LPG" and "Industrial"
b. revenues from provisions of technical support are presented as part of "Retail" and "Industrial"
c. revenues from consumer loyalty program are presented as part of "Others"

37. Events After the Reporting Date

a. On February 10, 2026, the Company paid distributions amounting to US$906 thousand (P52,998) to the holder of the US$100 million RPS.

b. On February 12, 2026, the BOD of the 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 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 (P7,755,308) SPCS issued in April 2021 on April 19, 2026.

38. 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 Petron.

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 Petron 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, Petron, 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 Petron's prayer for a writ of preliminary injunction, enjoining PNOC from committing any act aimed at ousting Petron 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. Petron also filed a motion for summary judgment on May 17, 2019. In a resolution dated November 13, 2019, the trial court granted Petron's motion for summary judgment and ordered: (i) the rescission of the Deeds of Conveyance dated 1993 relating to Petron's conveyance of such leased premises to PNOC pursuant to a property dividend declaration in 1993, (ii) the reconveyance by PNOC to Petron of all such properties, and (iii) the payment by Petron to PNOC of the amount of P143,000, 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. Petron also filed a motion for partial reconsideration seeking a modification of the judgment to include an order directing PNOC to return to Petron 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 Petron 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 Petron 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 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 Company recognized in its 2024 books the reversal of the conveyance of the land declared as property dividends in 1993 at P143,000 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 P266,641 computed from 1993 to 2024. The landholdings were recognized as part of "Property, plant and equipment" and "Investment property" at P110,052 and P32,948, respectively (Notes 10 and 12). Correspondingly, all accruals related to the lease contracts with PNOC on the subject landholdings of the rescinded deeds of conveyance, namely, lease liabilities of P3,885,481 (Notes 28 and 32), asset retirement obligation (ARO) of P2,600,466 (Note 18) for the cost of land restoration and remediation at the end of lease term, and the corresponding right-of-use assets of P2,796,629 (Notes 11 and 12) recognized previously were reversed which resulted in a gain of P3,689,318 (Note 25).

On December 12, 2025, the trial court issued an order granting Petron'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 12 December 2025 Order granting the Writ of Execution and for the voluntary inhibition of presiding Judge Ryan Scott F. Robińos.

The Company recognized in its 2025 books additional legal interest amounting to P178,556 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 P587,797 through a Manager's Check. The 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 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 Company filed a Motion for Consignation with the RTC on February 16, 2026. Also on February 16, 2026, the 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 Company.

On February 19, 2026, the 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 Company 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 the Company. The trial court also ordered the Company to consign the check that was refused acceptance by PNOC in December 2025.

On March 4, 2026 PNOC accepted the check amounting to P587,797 in full satisfaction of the Company's monetary obligations, inclusive of legal interest. The liability of the 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 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 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 (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.

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 P292,000. 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 (CA). On January 9, 2020, the CA issued a Resolution granting plaintiffs' motion for reconsideration of the earlier resolution denying their petition and ordering the Company to file its comment on plaintiffs' petition within 10 days. On February 6, 2020, the 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 Company has not set up any provision related to this case because while the case is still pending, the Company believes the resolution will be in its favor.

c. Other Proceedings

The Company 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 Company'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 Company 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 Company 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 Company'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 Company's borrowings are denominated in US dollars. The Company manages its exposure to commodity price and foreign currency fluctuations using derivative instruments under its risk management strategies. The Company also maintains access to funding as part of its ongoing capital management activities.

In a deregulated market environment, the Company 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 Company 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 Company'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 separate 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 Company 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 Company remains focused on ensuring supply chain reliability, pursuing diversification of crude and product sourcing, optimizing inventory levels, and implementing cost management initiatives. The Company 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 Company has unused letters of credit totaling approximately P19,202,185 and P20,490,983 as of December 31, 2025 and 2024, respectively.

39. Supplementary Information Required by the BIR

The BIR has issued RR No. 15-2010 which requires certain tax information to be disclosed in the notes to the separate financial statements. The Company presented the required supplementary tax information as a separate schedule attached to its annual income tax return.

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

C O V E R S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		Certificates of Permit to Offer Securities for Sale dated 1994, 1995, 1996, 2010, 2014, 2016, 2018, 2019, 2021, 2023, 2024 and 2025

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
143,349 (as of December 31, 2025)	May 7, 2026	December 31

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

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.

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

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

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

" DOCUMENTARY STAMP PAID"
16307430 MAR 03 2026
Serial Number Date of Payment

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

REPORT OF INDEPENDENT AUDITORS

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

Opinion

We have audited the consolidated financial statements of Petron Corporation and Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 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

R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

R.G. Manabat & Co.

KPMG

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.

R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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.

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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.

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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.

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- 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.

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R.G. Manabat & Co.

KPMG

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

R.G. MANABAT & CO.



ROHANIE C. GALICIA
Partner
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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

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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	*21*		
Capital stock		**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)

	Note	**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)

	Note	**2025**	2024	2023
NET INCOME		**P15,627**	P8,471	P10,112
OTHER COMPREHENSIVE LOSS				
Item that will not be reclassified to profit or loss				
Equity reserve for retirement plan	*30*	**(204)**	(1,655)	(38)
Income tax benefit	*27*	**50**	409	9
		(154)	(1,246)	(29)
Items that are or may be reclassified subsequently to profit or loss				
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)

		Equity Attributable to Equity Holders of the Parent Company										
					Retained Earnings		Equity Reserves					
	Note	Capital Stock	Additional Paid-in Capital	Capital Securities	Appro-priated	Unappro-priated	Reserve for Retirement Plan	Other Reserves	Treasury Stock	Total	Non-controlling Interests	Total Equity
As of December 31, 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	Appro-priated	Unappro-priated	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

	Note	Equity Attributable to Equity Holders of the Parent Company										
					Retained Earnings		Equity Reserves					
		Capital Stock	Additional Paid-in Capital	Capital Securities	Appro-priated	Unappro-priated	Reserve for Retirement Plan	Other Reserves	Treasury Stock	Total	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)

	Note	**2025**	2024 As Reclassified (Note 33)	2023 As Reclassified (Note 33)
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

	Note	2025	2024 As Reclassified (Note 33)	2023 As Reclassified (Note 33)
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.

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 **2025**	Percentage of Ownership 2024	Country of Incorporation
Overseas Ventures Insurance Corporation Ltd. (Ovincor)	**100.00**	100.00	Bermuda
Petron Freeport Corporation (PFC)	**100.00**	100.00	Philippines
Petron Singapore Trading Pte. Ltd. (PSTPL)	**100.00**	100.00	Singapore
Petron Marketing Corporation (PMC)	**100.00**	100.00	Philippines
New Ventures Realty Corporation (NVRC) and Subsidiaries	**85.55**	85.55	Philippines
Petron Global Limited (PGL)	**100.00**	100.00	British Virgin Islands
Petron Finance (Labuan) Limited (PFL)	**-**	100.00	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 Ac*counting 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:

	Note	**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:

	Note	**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:

	Note	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 amounted 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:

	Note	**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:

	Note	**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	no impairment
		2023	-	-	43	-	bearing	
Intermediate Parent	*b, e, f, h, i*	**2025**	**25**	**296**	**31**	**473**	On demand;	Unsecured;
		2024	18	235	15	418	non-interest	no impairment
		2023	29	221	18	461	bearing	
Under Common Control	*14, b, c,*	**2025**	**9,674**	**7,155**	**3,990**	**2,816**	On demand;	Unsecured;
	d, h, i, j,	2024	9,513	6,664	3,992	2,767	non-interest	no impairment
	k	2023	15,949	5,808	3,801	2,638	bearing	
	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	no impairment
		2023	240	210	54	73	bearing	
Joint Venture	*c, g, h*	**2025**	**-**	**83**	**3**	**-**	On demand;	Unsecured;
		2024	-	74	-	4	non-interest	no impairment
		2023	-	65	1	-	bearing	
Associate and Joint Venture under Common Control	*b, h, l*	**2025**	**371**	**210**	**51**	**225**	On demand;	Unsecured;
		2024	331	-	54	1	non-interest	no impairment
		2023	326	-	87	1	bearing	
	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		

a. As of December 31, 2024 and 2023, the Parent Company has interest bearing advances to PCERP, included as part of "Trade and other receivables - net" in the consolidated statements of financial position, for some investment opportunities (Notes 7 and 30). These advances have been fully settled in 2025.

b. Sales relate to the Parent Company's supply agreements with the Intermediate Parent, various SMC subsidiaries, and an associate. Under these agreements, the Parent Company supplies diesel fuel, gasoline and lube requirements of selected SMC plants and subsidiaries.

c. Purchases relate to purchase of goods and services such as power, construction, information technology, shipping and terminalling from a joint venture and various SMC subsidiaries.

d. The Parent Company entered into various lease agreements with San Miguel Properties, Inc. for office space and certain parcels of land where service stations are located.

e. The Parent Company has existing lease agreements with SMC covering certain parcels of land where service stations are located.

f. The Parent Company also pays SMC for its share in common expenses such as utilities and management fees.

g. TBSB provides bottling services to PFISB and another venturer.

h. Amounts owed by related parties consist of trade, non-trade receivables, advances and prepaid expenses.

i. Amounts owed to related parties consist of trade and non-trade payables.

j. NVRC leased out certain parcels of its land to SMC Consolidated Power Corporation for a period of 25 years.

k. Amounts owed to entities under common control include interest-bearing advances from San Miguel Insurance Company Ltd.

l. Amounts owed to associate of entities under common control include interest-bearing short-term loans payable to Bank of Commerce.

m. The compensation and benefits of key management personnel of the Group, by benefit type, included in the "Personnel expenses" account as follows (Note 24):

	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	
2025	**1 Percent Increase**	**1 Percent Decrease**
Discount rate	**(P54)**	**P121**
Salary increase rate	**506**	**(447)**

	Defined Benefit Liabilities	
2024	1 Percent Increase	1 Percent Decrease
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 availment 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 availment 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
Net Cash Flows Provided by Operating Activities			
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
Net Cash Flows Provided by Operating Activities			
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:

a. The Enterprise-Wide Risk Management Group, which is mandated with the overall coordination and development of the enterprise-wide risk management process.

b. 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**	
2025	**Effect on Income before Income Tax**	**Effect on Equity**	**Effect on Income before Income Tax**	**Effect on Equity**
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	
2024	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P264)	(P337)	P264	P337
Trade and other receivables	(178)	(639)	178	639
Other assets	(10)	(18)	10	18
	(452)	(994)	452	994
Short-term loans	-	277	-	(277)
Liabilities for crude oil and petroleum products	461	1,161	(461)	(1,161)
Long-term debts (including current maturities)	1,171	878	(1,171)	(878)
Other liabilities	22	173	(22)	(173)
	1,654	2,489	(1,654)	(2,489)
	P1,202	P1,495	(P1,202)	(P1,495)

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		
JP¥ denominated (expressed in Php)	790	-	-	-	-	-	790
Interest rate*	1, 3, 6 mos. TONA + margin						
	P29,810	P24,740	P40,456	P13,790	P10,096	P -	P118,892

**The Parent Company reprices every month but has been given an option to reprice every 3 or 6 months.*

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				
	12-month ECL	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**	**Financial Assets at FVPL**	**Total**
Cash in banks and cash equivalents	**P38,995**	**P -**	**P -**	**P -**	**P38,995**
Trade and other receivables	**-**	**81,603**	**886**	**-**	**82,489**
Derivative assets not designated as cash flow hedge	**-**	**-**	**-**	**1,085**	**1,085**
Long-term receivables	**-**	**-**	**11**	**-**	**11**
Noncurrent deposits	**76**	**-**	**-**	**-**	**76**
	P39,071	**P81,603**	**P897**	**P1,085**	**P122,656**

	2024				
	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Financial Assets at FVPL	Total
Cash in banks and cash equivalents	P28,177	P -	P -	P -	P28,177
Trade and other receivables	-	82,762	894	-	83,656
Derivative assets not designated as cash flow hedge	-	-	-	1,044	1,044
Long-term receivables	-	-	333	-	333
Noncurrent deposits	141	-	-	-	141
	P28,318	P82,762	P1,227	P1,044	P113,351

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:

		2025		2024	
	Note	**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 Carrying Amount	2025 Fair Value	2024 Carrying Amount	2024 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. Robińos.

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.

KPMG

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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., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

R.G. Manabat & Co.

KPMG

These supplementary information are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not required parts of the consolidated financial statements. Such supplementary information have been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.



ROHANIE C. GALICIA
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., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

R.G. Manabat & Co.

KPMG

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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
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R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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 -	P 3,683	P 2,747	P 936	P 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 -**	**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**

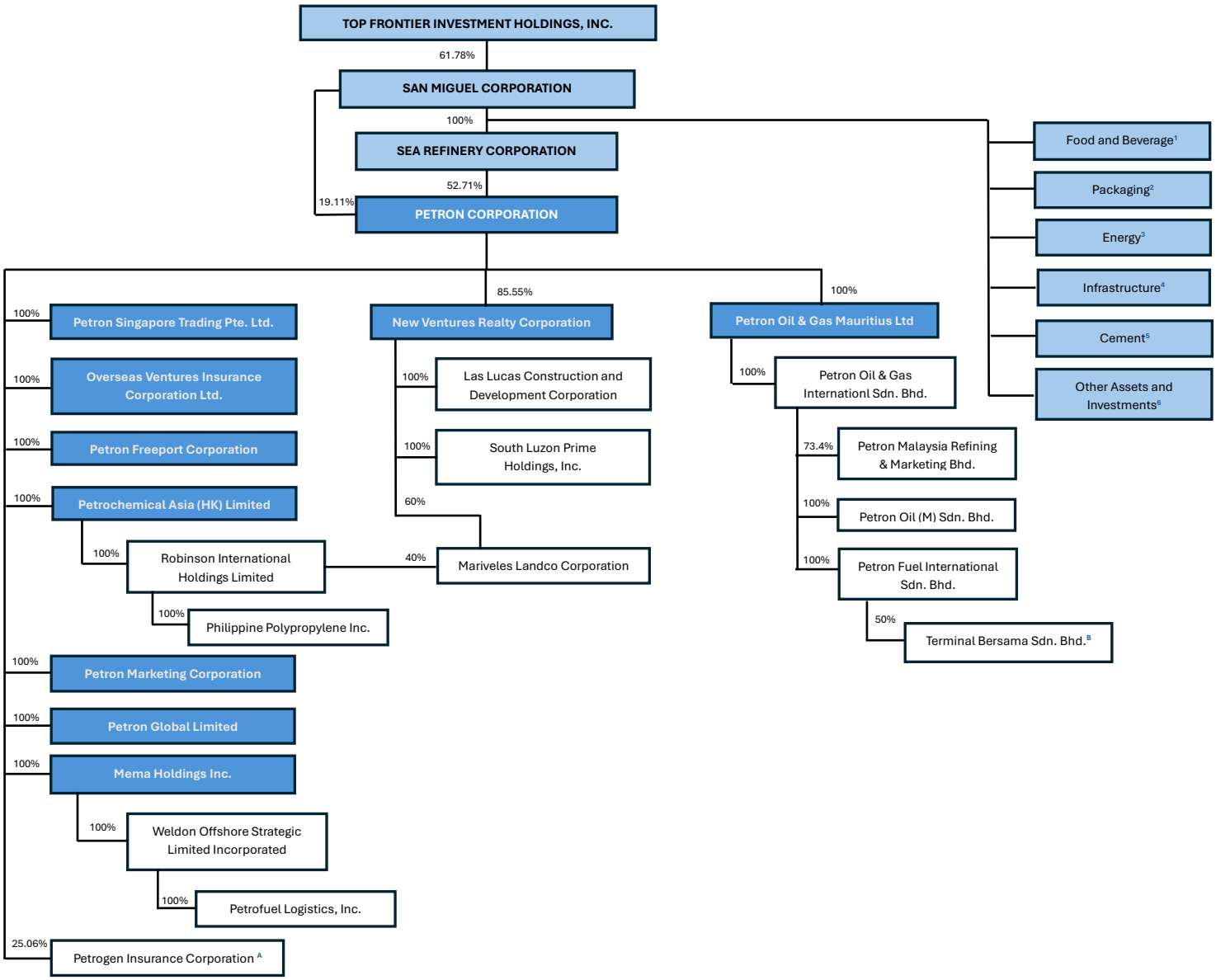
PETRON CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2025
(Amounts in Millions)

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:							
Peso denominated:							
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
		65,250	6,785	64,721			
Foreign currency - denominated							
Floating	Standard Chartered Bank (Hongkong) Limitec	13,757	2,394	13,565	SOFR	2-year grace period; amortized in 7 semi-annual payments	Nov 2027
Floating	MUFG Bank, Ltd., Hong Kong	5,644	-	5,517	SOFR	2-year grace period; amortized in 7 semi-annual payments	Mar 2028
Floating	MUFG Bank, Ltd., Hong Kong	29,395	4,021	28,995	SOFR	2-year grace period; amortized in 7 semi-annual payments	Jul 2029
Fixed	MUFG Bank, Ltd., Hong Kong	11,758	-	11,679	5.74%	2-year grace period; amortized in 7 semi-annual payments	Aug 2030
		60,554	6,415	59,756			
Total Long-term Debt		**P 125,804**	**P 13,200**	**P 124,477**			

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 Distileria 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 (Baoding) 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 SMYC Pty. Ltd. and subsidiary, SMYV Pty. Ltd., SMYP Pty. Ltd. and subsidiary, Cospak Ltd., SMYBB Pty. Ltd., SMYJ Pty. Ltd., SMYV Ltd. and SMYJ 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., Mailta 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 Aire 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 Jethandler Asia Services Inc., Atlantic Aurum 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.à.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 SMPI 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 Equivest 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, Silvertides 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 Fees[1]	**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 Fees[2]	**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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Philippines 1209
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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., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

R.G. Manabat & Co.

KPMG

This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the separate financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the separate financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the separate financial statements taken as a whole.

R.G. MANABAT & CO.



ROHANIE C. GALICIA
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., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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 D

2025 Sustainability Report

The Future We're Shaping

Petron Corporation 2025 Sustainability Report

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About the Theme: The Future We're Shaping

Amid a dynamic and challenging external environment, we continuously uphold our commitment to serve the nation and fuel the lives of the communities we support. These challenges have not only tested us; they have strengthened our ability to anticipate, manage, and adapt, reinforcing our resilience and readiness for the future.

Our resilience is anchored in our steady performance, built on a robust operational framework, effective sales strategies, and sound sustainability practices. These foundations enable us to navigate uncertainty while continuing to create long-term value. This resilience was built over time by the collective strength of our people. Through teamwork and a shared sense of responsibility, we are able to act with agility and purpose, ensuring that we remain forward-looking and resilient in an increasingly complex landscape.

In line with this, we continue to transparently report our environmental, social, and governance (ESG) performance, while strengthening the systems that support it, including our governance structures, risk management processes, and strategic integration.

Together with our stakeholders, we envision a future that meets present needs while safeguarding the ability of future generations to thrive, anchored in responsible and resilient sustainability actions.

About the Report
GRI 2-2

As part of our ongoing efforts to enhance transparency and accountability, sustainability continues to shape our operational practices, governance structures, and decision-making processes. We recognize our fiduciary responsibility to prioritize the interests of our stakeholders by maintaining informed communication regarding our sustainability impacts and actively collaborating with them to achieve transformative and enduring outcomes.

Our report highlights how we are shaping the future, guided by our vision, mission, and purpose. This is supported by the mechanisms we have established, including our strategy, risk management, and governance structure. Our capacity to navigate this future is reflected in our reliable operational performance and environmental, social, and governance impacts. Drawing on our competitive position and commitment to sustainability, we share our aspirations for the future, emphasizing our readiness to withstand challenges and seize opportunities.

Guided by our "Tapat Sa'yo" campaign, we uphold integrity by disclosing our progress and challenges and consistently exceeding compliance standards as we progressively enhance our practices and standards. Consequently, we are empowered to better serve our customers by providing unwavering support throughout their journey.

Our 2025 Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. The material topics covered align with the GRI 11: Oil and Gas Sector 2021, the United Nations Sustainable Development Goals (UN SDGs), and the focus areas of the Philippine Development Plan (PDP) 2023-2028.

We acknowledge the recently issued Securities and Exchange Commission (SEC) Memorandum Circular No. 16, Series of 2025, and we are undertaking a phased transition toward the adoption of

the Philippine Financial Reporting Standards (PFRS), which are based on the IFRS Sustainability Disclosure Standards S1 and S2.

Our report covers our sustainability performance from January 1 to December 31, 2025, encompassing our operations in the Philippines including the Corporate Head Office, the Petron Bataan Refinery (PBR or Refinery) and the Polypropylene (PP) Plant, 29 terminals and sales offices nationwide (including New Sales Building), and our corporate social responsibility (CSR) arm, Petron Foundation, Inc (Petron Foundation or PFI). For 2025, we expanded the coverage of our reporting from 23 select company-owned service stations the previous reporting year to 131.

Throughout this report, we used the terms “Petron”, “we”, “our Company”, and “our business” to refer to Petron Corporation.

Message of the President and CEO

GRI 2-22

To our valued stakeholders,

Petron has always been a reliable partner in our country's nation-building endeavors. Beyond strengthening fuel security, we are equally focused on ensuring that our growth is sustainable, our operations are responsible, and our leadership remains forward-looking.

Sustainability is firmly embedded in our business practices. It guides how we manage risks, allocate capital, enhance operational efficiency, and create long-term value. As we work toward the future we hope to build, we recognize that the continued progress of the Filipino people depends on how responsibly we care for our environment and look after the resources entrusted to us.

In 2025, we reaffirmed this commitment by strengthening our role as a trusted Filipino brand: delivering high-quality products, maintaining reliable and safe facilities, offering meaningful customer programs, and consistently providing outstanding value.

Operational sustainability and innovation

As we ramped up our production and distribution in 2025, we continuously strengthened our operational foundations through strategic investments in our refinery, terminals, and service stations These initiatives enhance supply chain integration, improve efficiency, and reinforce environmental performance throughout our value chain.

Throughout these efforts, our commitment to minimizing our environmental footprint guided every action we took. The production growth at the Petron Bataan Refinery was met with corresponding initiatives to reduce emissions, improve waste management, and conserve water and energy resources. By embedding self-audit mechanisms and performance metrics across our facilities, we foster accountability and continuous improvement. Innovation platforms further empower our workforce to develop solutions that enhance competitiveness, reduce costs, strengthen safety performance, and effectively manage environmental impact. Recognizing the growing shift toward vehicle electrification, we continue to expand our network of EV charging locations as part of our larger commitment to make our retail network more sustainable and future ready. Moreover, we continue to equip more of our stations with their own rainwater harvesting facility, which not only conserves scarce water but also motivates our community to lessen its environmental impact. More Petron facilities also utilize LED lighting and solar power to supplement their electricity needs, further contributing to our aggregate energy reduction. In 2025, our New Lube Oil Blending Plant in Manila became the first terminal to use solar power to partially power its operations, and signaling the first step to realizing their vision of converting all facilities under Operations to using solar power.

In what proved to be a highly challenging year, our shared commitment to growth and sustainability led to some of our strongest results to date. Net income reached PHP 15.6 billion, an 84% increase over the previous year, driven by consistent domestic sales growth, improved refinery utilization in the Philippines and Malaysia, and disciplined cost management.

Our total sales from both local and international operations reached about 138 million barrels. Strong sales allowed us to optimize our refineries and benefit from more favorable economics. While revenues declined 7% to PHP 810 billion due to lower international prices, operating income rose to PHP 37.3 billion, marking a 28% increase over 2024.

Shared growth in our communities

We firmly believe that growth becomes more meaningful when it is shared. Our sustainability journey has been strengthened through collaborative efforts with government agencies, civil society organizations, host communities, and employees who generously contribute their time and expertise.

Through the Petron Foundation, our education and environmental programs have expanded in both reach and impact. In 2025, we sustained support for over 2,400 scholars under the Tulong Aral ng Petron (TAP) initiative, thereby strengthening access to quality education from elementary school through college and assisting in the development of brighter futures for Filipino youth.

Furthermore, through Puno ng Buhay, we have deepened our partnerships with local government units and environmental institutions to advance reforestation and mangrove rehabilitation initiatives. Collaborating with academic experts, including the University of the Philippines Los Baños, we have enhanced the science-based measurement of carbon sequestration across our 55 hectares of mangrove sites in Davao, Roxas, and Bulacan. Building upon this momentum, we expanded our Puno ng Buhay reforestation program in Limay, Bataan. This is a joint effort with the Department of Environment and Natural Resources (DENR), Provincial Government of Bataan, local government of Limay, and SAMASAKA (Samahang Magsasaka sa Kabundukan ng Limay Bataan Inc.). These endeavors support the refinement of our climate targets while restoring biodiversity and creating sustainable livelihood opportunities for surrounding communities.

Additionally, we have continued collaborating with local governments and fisheries councils in Bataan to rehabilitate marine ecosystems and safeguard food security for coastal communities. Earlier this year, we formalized a partnership supporting Limay's Pawikan Conservation and Protection Program, a three-year initiative that encompasses the establishment of a pawikan hatchery within the municipality.

Moving forward with purpose

Looking ahead, we will further integrate ESG considerations into enterprise risk management and strategic planning processes. We will enhance our internal systems for measuring, monitoring, and reporting sustainability data to ensure greater accuracy, transparency, and accountability.

With the Securities and Exchange Commission (SEC) mandating Philippine companies to adopt the standards of the International Sustainability Standards Board (ISSB), we have initiated preparatory efforts for implementation. Members of Petron's ESG Technical Working Group have received training on the fundamentals of IFRS S1 (sustainability-related risks and opportunities) and IFRS S2 (climate-related disclosures), strengthening our readiness to align with evolving global reporting standards.

The foundations established over the past nine decades have positioned Petron as the Philippines' trusted fuel provider. At Petron, sustainability is a long-term commitment that requires resilience, collaboration, and innovation. With the support of our stakeholders and the dedication of our employees, we are confident in our ability to build enduring value for our Company, our communities, and for future generations. Together, we progress, anchored in service, advancing with purpose, and committed to fueling a stronger future for all.

Ramon S. Ang
President and CEO

About the Company

GRI 2-1, 2-6

Petron Corporation, the largest oil company in the Philippines, serves the nation with a combined refining capacity of 268,000 barrels per day. As a major marketing company and the Philippines' sole oil refiner, we supply approximately 40% of the nation's total fuel requirements across land, air, and sea. We have also established a strong regional presence as a leading player in Malaysia.

Since 2010, Petron has been a subsidiary of San Miguel Corporation (SMC), one of the Philippines' most diversified conglomerates. Our headquarters is located at the SMC Head Office Complex in Mandaluyong City. Petron's shares are listed on the Philippine Stock Exchange (PSE). Additionally, we operate internationally through our subsidiaries in Malaysia, including Petron Fuel International Sdn. Bhd., Petron Oil (M) Sdn. Bhd., and Petron Malaysia Refining & Marketing Bhd (PMRMB). PMRMB is publicly listed on the Main Board of Bursa Malaysia.

As a trusted Filipino brand, Petron plays a significant role in strengthening energy security and supporting economic growth while responsibly managing its impacts on society and the environment. Guided by its purpose, Petron upholds excellence and continuously elevates the standards in the oil industry.

Our Vision and Purpose

Our Vision

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

Our Purpose

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

Towards this end, we commit to:

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

Our Sustainability Priorities

- Environmental Stewardship
- Social Well-being
- Good Governance

Our Business Areas

We take pride in our world-class facilities, which enable us to deliver premium-quality fuel to our customers. Our commitment to excellence is evident throughout the entire value chain, from the Refinery to our retail network.

Philippines

- Refinery

The Philippines' only remaining oil refinery transforms crude oil, primarily sourced from the Middle East, into a full range of petroleum products, industrial fuels, and petrochemical feedstocks. These products support essential industries, enabling the production of home appliances, electronic devices, and even the clothes we wear. To meet stringent quality and environmental standards, our products undergo multiple processes. We continuously leverage innovation to enhance operational efficiency while reducing our emissions.

- Terminals

From the Refinery, petroleum products are safely and efficiently transported, primarily by sea, to nearly 30 terminals nationwide. Through this extensive distribution network, we serve industrial customers across key sectors, including power generation, manufacturing, mining, and agribusiness, as well as government agencies such as the Armed Forces of the Philippines, the Philippine National Police, and the Philippine Coast Guard. We also supply jet fuel to both international and domestic carriers at major airports across the country.

- Service Stations

Our extensive reach is evident at every touchpoint, as we operate the country's largest fuel retail network, with approximately 1,800 service stations nationwide, including far-flung areas. Our stations also serve as trusted hubs for mobility and convenience, where every interaction is handled with care and expert service.

Malaysia

Our operations stands as Malaysia's third-largest downstream provider in the oil and gas industry, encompassing an 88,000-barrel-per-day refinery in Port Dickson, the Lumut PME Plant, 10 terminals (including four affiliate terminals), and a growing retail network of more than 770 service stations.

Our Products and Services

We ensure that premium-quality products are always within reach. To meet our customers' evolving energy needs, we continually seek ways to innovate and uphold our high standards, while providing fair and reasonable prices. Our commitment to accessible pricing reflects our promise to make quality fuel available to all.

Our fuel lineup, including Blaze 100, XCS, Xtra Advance, Turbo Diesel, and Diesel Max, is engineered for peak efficiency and optimal engine performance. Strengthening our competitive edge, we produce and test our premium engine oils locally at our state-of-the-art Lube Oil Blending Plant in Tondo, Manila. Meanwhile, our fuel additives, blended at our Subic Bay Freeport facility, are specifically formulated to enhance vehicle performance under Philippine driving conditions. We also offer Liquefied Petroleum Gas (LPG) brands, Gasul and Fiesta Gas, delivering safe and efficient energy solutions for both households and industries.



To enhance the overall customer experience, our services extend beyond fuel provision. We offer comprehensive automotive maintenance and repair services through our Car Care Center (CCC) and CCC Express outlets. Our service stations are strategically designed as convenient, one-stop destinations, incorporating food and service chains and Treat convenience stores in select locations. These amenities cater to the needs of customers seeking on-the-go services.

External Environment

The global and local business environment of the oil industry has impacted our business, influencing our operational strategies, market performance, and long-term sustainability initiatives. We have diligently monitored industry trends within the global and regional oil and gas sector. Notably, one of the most significant developments affecting our industry is the increasing transition toward cleaner energy, propelled by the rise of transport electrification, advancements in fuel efficiency, and the implementation of climate and sustainability policies.

<u>The Transition to Clean Fuel</u>

The Philippine government has promoted cleaner fuels through the enactment of the Electric Vehicle Industry Development Act (EVIDA) in 2022 and Executive Order No. 12 in 2023. These policies introduced and expanded incentives to enhance the accessibility of electric vehicles, including tax incentives, coding exemptions, and increased support for research and development. Furthermore, the government released the Philippine Energy Policy Direction: Philippine Energy Plan (PEP) 2023–2040 as the primary policy framework guiding the energy and fuel sector. This plan advocates for a strategic shift toward energy diversification and a reduced reliance on fossil fuels. As part of this plan, the PEP includes the maintenance of existing biofuel blending requirements until 2040 and the promotion of cleaner transportation through increased electrification. Internationally, there has been a growing emphasis on Environmental, Social, and Governance (ESG) considerations in the oil and gas sector. This shift is driven by stronger expectations for environmental protection, social responsibility, and sound corporate governance from both investors and consumers. Enhanced compliance with sustainability reporting, disclosure standards, and transparency requirements has become the norm. Notably, the Philippine Securities and Exchange Commission (SEC) recently

released its updated guidelines on sustainability reporting, which mandate more comprehensive sustainability and climate-related disclosures.

Implications for Petron: This strategic transition positions us at the forefront of regulatory and market transformations toward cleaner fuels and electrification. By investing in renewable energy sources such as solar and biofuels, we expand our business. Simultaneously, we enhance our ESG reporting through continuous capacity building to adopt global standards, notably IFRS S1 and S2, while increasing the number of terminals equipped with electric vehicle charging stations through our Petron Power Up program.

Climate Change

Climate change remains a critical global challenge, posing significant implications for both organizations and communities. In the Philippines, the escalating frequency of typhoons, droughts, extreme weather events, and flooding has profoundly impacted lives, livelihoods, and infrastructure. In response, the country persists in implementing policies that reinforce its unwavering commitment to decisive climate action. These policies encompass efforts to reduce greenhouse gas (GHG) emissions by 2030 and align with global clean energy commitments.

Implications for Petron: Climate change is a paramount concern for Petron, presenting both challenges and opportunities given our operations' reliance on natural resources. To address these risks and opportunities effectively, we are implementing a comprehensive approach. This includes expanding our S2 emissions reporting, integrating climate risks into our governance and risk management frameworks, and aligning our strategies with national and global climate objectives. By adopting these measures, we are committed to fostering a sustainable and resilient future.

Resilience in Evolving Markets

One significant challenge ahead is the anticipated "oil glut" in 2026. By late 2025, indicators indicated slower demand growth compared to the 2015-2019 average, with global oil demand increasing by only 0.8 million barrels per day (mb/d), or 0.7% year-on-year, in Q3 2025. Oil and gas consumption has declined in advanced economies, while demand growth in China has moderated due to the accelerated adoption of electric and hybrid vehicles. In contrast, developing economies such as India remain major contributors to demand growth, driven by liquefied petroleum gas (LPG), gasoline, naphtha, and diesel consumption. This situation is exacerbated by an implied oil surplus that emerged in Q3 2025, linked to OPEC+ production target increases since April 2025. Observed inventory growth reflects only a portion of this implied surplus, suggesting an underlying or "hidden" oversupply[1]. The International Energy Agency (IEA) projects an estimated surplus of 2.3 mb/d in 2025, increasing to 4.0 mb/d in 2026, levels comparable to historical oversupply conditions during the COVID-19 pandemic[2].

Geopolitical instability continues to be a significant source of risk and volatility in the global oil market. Persistent geopolitical tensions influence both oil supply and global prices, creating uncertainty for oil-producing and importing countries. The ongoing Russia-Ukraine war has

[1] Agnolucci, P., & Makarenko, N. (2025). Oil Market Glut: Rising Supply and Slowing Demand Shape 2025 Outlook. World Bank Blogs. https://blogs.worldbank.org/en/opendata/oil-market-glut--surging-output-and-sluggish-demand-pressure-pri
[2] Bosoni, T. (2025, December 11). Oil Market Report - December 2025 – Analysis - IEA. IEA. https://www.iea.org/reports/oil-market-report-december-2025

disrupted global oil trade flows and affected supply chains, while conflicts and instability in the Middle East pose risks to oil production and critical transport routes. Escalating Iran-Israel tensions and U.S. interventions in mid-2025 have further contributed to price volatility, complicating market expectations[3].

***Implications for Petron**:* We recognize that market volatility is an inherent characteristic of the oil industry, and the projected oil surplus and decelerating demand growth pose operational and market challenges. Consequently, we persistently reinforce supply diversification, bolster risk management, and pursue strategic planning to navigate price fluctuations, sustain stable supply chains, and ensure resilience in an increasingly complex and dynamic environment.

Meaningful Stakeholder Engagement

In the current business landscape, the importance of collaborative and participatory engagement among stakeholders, particularly in socio-economic contexts, has become paramount. Stakeholders, encompassing consumers, policymakers, and the general public, increasingly anticipate that corporations demonstrate their societal involvement beyond their primary business functions and contribute to broader development objectives.

***Implications for Petron**:* Our emphasis on collaboration is evident in our stakeholder engagement approach. We are committed to strengthening transparency, engagement, and partnerships across the communities we serve. Through Petron Foundation and our flagship program Fuel HOPE, we implement our corporate social responsibility (CSR) programs, including Tulong Aral ng Petron (TAP), Puno ng Buhay, reforestation initiatives, and coastal cleanups. These programs are executed in close collaboration with local communities and government partners.

Operating within a dynamic and complex environment influenced by energy transition pressures, evolving ESG and regulatory frameworks, climate change, market oversupply risks, geopolitical instability, and rising stakeholder expectations, we recognize that these factors pose challenges to traditional oil business models. However, they also present opportunities for strategic adaptation. Our sustained focus on operational efficiency, policy alignment, risk management, sustainability integration, and stakeholder engagement supports our competitiveness and strengthens our long-term resilience amidst the industry's structural transformation and contribute to the future we are shaping.

[3] Flowers, S. (2025, March 3). 5 trends shaping the energy world in 2025. World Economic Forum. https://www.weforum.org/stories/2025/03/5-energy-trends-2025/

Governance: Driving Long-Term Value and Accountability

GRI 2-9, 2-12

Our direction in shaping the future remains clear, guided by our leaders who emphasize the value of teamwork in everything we do. Our employees embrace this vision, recognizing the shared responsibility to deliver growth with accountability. This is made possible through leadership that prioritizes responsible growth, environmental stewardship, and meaningful social impact.

Our governance structure is strategically designed to align with the skills, expertise, and experience necessary to enhance our competitive edge as a pioneering force in the oil industry. This framework facilitates agile decision-making processes, enabling us to effectively manage risks and capitalize on opportunities in a dynamic external environment. Furthermore, we prioritize board diversity by ensuring a balanced and comprehensive representation. This is achieved by considering factors such as age, skills, industry experience, gender, competence, knowledge, and other relevant characteristics.

Our Board of Directors is composed of 15 members, three (3) of whom are independent. They are responsible for providing oversight and ensuring alignment of our activities with our Company's vision, mission, policies, and procedures. Our annual operating plan and quarterly results are reported to and approved by the Board of Directors. Petron is led by Mr. Ramon S. Ang, our President and CEO, and Mr. Lubin B. Nepomuceno, our Director and General Manager. Below is a list of Petron's directors as of December 31, 2025.

NAME	AGE	NATIONALITY	POSITION	YEAR APPOINTED AS DIRECTOR
RAMON S. ANG	72	Filipino	President and CEO	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
JOSE P. DE JESUS	91	Filipino	Director	2014
JOHN PAUL L. ANG	46	Filipino	Director	2021
EMMANUEL E. ERAÑA	65	Filipino	Director	2025
JACQUELINE L. ANG	39	Filipino	Independent Director	2025
ARTEMIO V. PANGANIBAN	89	Filipino	Independent Director	2010
MARGARITO B. TEVES	82	Filipino	Independent Director	2014
RICARDO C. MARQUEZ	65	Filipino	Independent Director	2022

The Board is supported by the following Board committees:

COMMITTEE	DESCRIPTION
Executive Committee	• Generally exercises the powers of the Board of Directors when the latter is not in session. • Composed of three (3) regular members with two (2) alternates who shall sit if any one of the regular members is unable to attend the meeting.
Corporate Governance Committee	• Tasked to assist the Board of Directors in the performance of its corporate governance, nomination, and remuneration responsibilities and ensure compliance with and proper observance of corporate governance principles and practices. • Has at least three (3) independent directors as members, including the Chairperson.
Audit Committee	• Oversees Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework; ensures that systems and processes are designed. • Provides assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. • Composed of at least three (3) appropriately qualified non-executive directors, the majority of whom shall be independent directors; the Chairperson also an independent director and shall not be the Chairperson of the Board of Directors or of any other Board of Directors Committee.
Risk Oversight Committee	• Responsible for the oversight of the enterprise risk management system of the Corporation to ensure its functionality and effectiveness. • Composed of at least three (3) appropriately qualified non-executive directors, the majority of whom shall be independent directors; the Chairperson also an independent director and shall not be the Chairperson of the Board of Directors or of any other Board of Directors Committee.
Related Party Transaction Committee	• Reviews all material related party transactions of the Company. • Composed of at least three (3) non-executive directors, two (2) of whom shall be independent directors; Chairperson also an independent director.

Nomination and selection of the highest governance body (GRI 2-10)

The Corporate Governance Committee oversees the selection of the Board of Directors to ensure that candidates meet the following criteria:

- possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board of Directors and in light of the Company's business and risk profile;
- have a record of integrity and good repute;
- have sufficient time to carry out their responsibilities; and
- have the ability to promote smooth interaction between members of the Board of Directors.

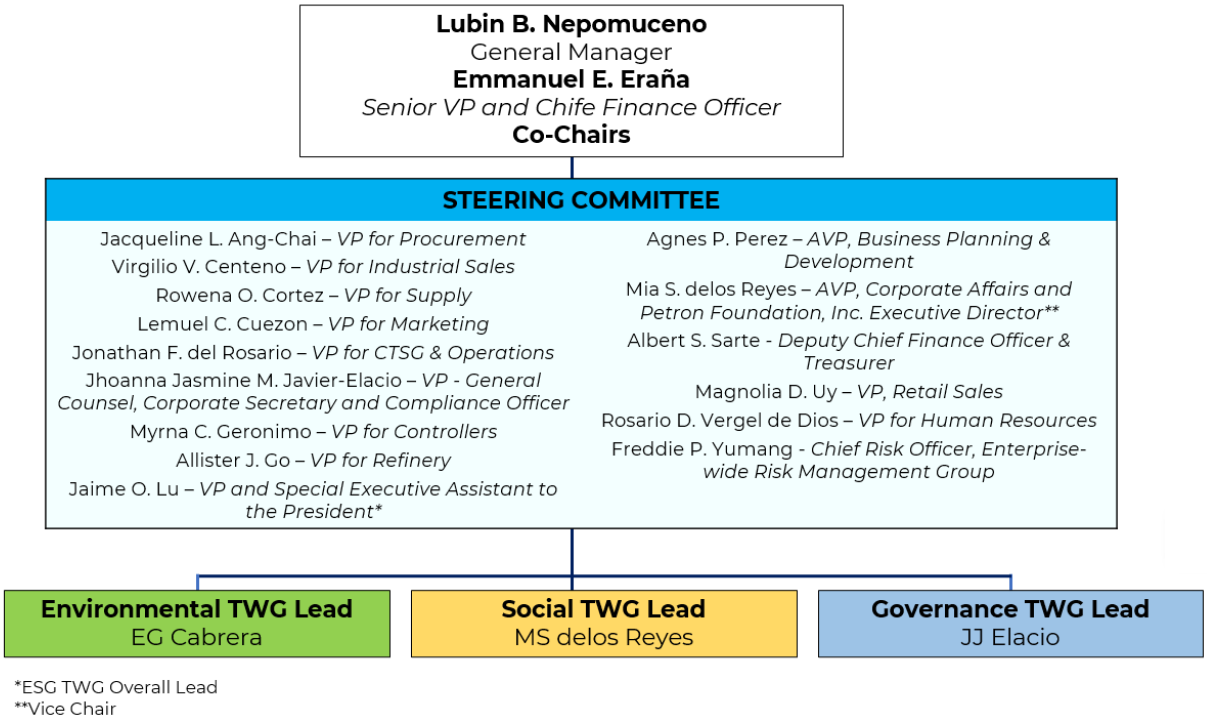
This rigorous selection process enables us to appoint leaders who align with our corporate values and culture, and who possess the competencies necessary to make strategic decisions that strengthen the interests of our Company and our stakeholders.

As part of the Company's efforts to further integrate sustainability in its governance, in 2025, the directors and officers of the Company attended a corporate governance seminar facilitated by SGV & Co. which included a training on sustainability.

Sustainability governance (GRI 2-13, 2-14)

In response to the growing sustainability requirements and regulations, we have established an ESG Council, which is responsible for overseeing our environmental, social, and governance strategies and performance. The SEC's guidelines on sustainability reporting and other ESG frameworks and standards serve as our reference in appointing representatives to monitor our ESG performance. The Council is led by our General Manager and the Chief Finance Officer, along with key members of Senior Management, reflecting our commitment to aligning sustainability disclosures with financial performance. These clear lines of accountability enable us to make informed decisions and foster a shared responsibility in driving sustainable growth.

In 2023, we expanded the Council to include senior executives from all Petron business units. This expansion enables a more synergistic approach as we align our strategies with operations, the overall strategic direction of our parent company, SMC, and global developments. The involvement of division heads ensures clear direction and drives the identification and implementation of appropriate ESG programs across all business units. The Council actively monitors ESG performance, including the identification and approval of material topics, which are disclosed in our annual sustainability report. Members of the ESG Council underwent a two-day Training on the ISSB Sustainability Reporting standards in January 2025 as part of preparations for the new mandate by the SEC.



Technical Working Group		
Environment	Social	Governance and Economic
EDITH G. CABRERA - *Head, Corporate and Technical Services Group (CTSG)-Environment* ALEJANDRO R. ROMULO – *Petron Bataan Refinery Assistant Vice President-PBR Technical Services* GLEMEL A. BALILING, JR. - *Operations Services Manager* RAMON P. MENDOZA – *Retail Engineering and Network Development (REND) Technical, Admin & Business Support Manager*	MIA S. DELOS REYES - *Assistant Vice President-Corporate Affairs and Executive Director, Petron Foundation, Inc.* LUISITO PAOLO E. BARBA –Corporate Safety Manager LIA THERESE V. BONGAO-GATCHALIAN – *HRMD Organizational Development, Talent Acquisition & Development and ECS Manager* MARIA CRISSELDA T. TORCUATOR - *Legal Counsel* ALMA T. PERALTA - *Sales Training & Business Process Manager* RONALD ALLAN S. VICTORINO - *Project Officer, Petron Foundation, Inc.*	JHOANNA JASMINE M. JAVIER-ELACIO – *Vice President, General Counsel, Corporate Secretary and Compliance Officer* MARIA CRISSELDA T. TORCUATOR - *Legal Counsel* KRISTINE H. PALAGANAS – *Strategic Communications Manager, Corporate Affairs* CAMILLE D. CALDERON- *Procurement Governance Manager* VIRGILIO B. RAMOS –*Management Information Systems Department I.T. Security Manager* NIKKI LOU O. BAQUERIZA – *Supply Trading Manager* RONALD Q. CHIONG – *Corporate Technical Services Group- Research and Development (CTSG-R&D) Manager* PAZ R. NERY - *Business Planning and Development Capital Projects Management Manager* LEANDRO J. DATARIO - *Controllers Consolidation & Statutory Reports Manager* ERICH Y. PE LIM – *Investor Relations Manager, Treasurers* ROMED JEFRE S. GABRILLO - *Enterprise-wide Risk Management Group Risk Manager*

Remuneration approach (GRI 2-19, 2-20)

As part of our strategy to maintain a competitive and capable executive team, the remuneration of our senior executives is commensurate with the value of the services they provide to the Company. In addition to statutory benefits, each executive officer receives a general description of their benefits, which include those enjoyed by all employees, such as medical and life insurance, vacation, sick and emergency leave, and participation in the savings plan program.

The Corporate Governance Committee reviews the remuneration of directors to ensure that salaries and other remuneration of officers are set at level adequate to attract and retain directors with the qualifications and experience needed to manage the corporation successfully. We provide each non-executive director with reasonable per diem for each board and board committee meeting attended in addition to monthly fees and monthly fuel allowances. Directors are not paid retirement benefits.

The fees of the directors for 2025 were endorsed by the Corporate Governance Committee and approved by the Board on March 4, 2025 upon the finding of the Corporate Governance Committee that such fees were reasonable and commensurate to the services to the rendered. The matter was

ratified by the stockholders at 2025 the Annual Stockholders' Meeting held on May 2, 2025 (as disclosed in the minutes of the 2025 Annual Stockholders' Meeting).

Policy commitments (GRI 2-23)

Guided by our commitment to good corporate governance, we have established policies that reinforce ethical conduct and responsible business practices across our Company.

Corporate Policy	Description
Revised Whistle-blowing and Non-Retaliation	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 reiterates under this policy our commitment against retaliation, which action will be subject to appropriate sanctions that include dismissal or termination of contractual relations with the Company.
Anti-Corruption and Anti-Money Laundering and Sanctions Compliance	Under this policy, the Petron Group reiterated its compliance with all applicable laws on anti-corruption and -bribery, anti-money laundering and combating terror financing ("AML-CTF"), and trade and economic sanctions. This policy also sets forth the Petron Group's policy of zero-tolerance for bribery, corruption, money-laundering, terror financing, and sanctions violations.
Anti-Sexual Harassment	The Petron Group values the dignity of every individual, strives to enhance the development of their human resources, guarantees full respect for human rights and upholds the dignity of their employees, applicants for employment, consultants and service providers. Towards this end, all forms of sexual harassment against any personnel in the workplace are prohibited. The Petron Group is committed to upholding the rights and dignity of all its personnel through the creation of a work environment characterized by professionalism, fairness, openness, trust and respect. In addition, the Petron Group has adopted procedures for the handling and investigation of sexual harassment cases. Not only does this policy document the Petron Group's zero-tolerance policy for any form of sexual

	harassment in the workplace, it also expressly states the position of the Petron Group against victimization for making a reasonable complaint.
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 its 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. If 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	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 to attract and retain skilled employees, enhance productivity, and foster loyalty and unity within the Petron Group.
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 of Directors Diversity	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	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 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.

Our Path to a Sustainable Future: ESG and Sustainability Framework

GRI 2-22, 2-23

We are guided by our sustainability framework as we pursue a resilient and responsible path forward. Anchored on three fundamental pillars, environmental, social, and governance, it provides a structured approach to managing our impacts while creating long-term value for our stakeholders. This framework is rooted in the vision of our parent company, SMC, to establish a "World of Good," and is aligned with globally recognized sustainability frameworks and standards, strengthening our ability to navigate evolving expectations and contribute meaningfully to sustainable development.

Pillar	Goal
Environmental Stewardship	Adhere to all applicable regulatory requirements aimed at minimizing the Company's impact on the environment
	Effectively manage our environmental footprint with focus on reducing greenhouse gas emissions, conserving water, and managing our wastes
	Actively support the government's programs on the use of clean fuel
	Continually develop or embrace additional future technologies that will result in environmentally and socially beneficial offsets
Social Well-being	Foster a safe, healthy and decent workplace for our employees
	Promote a work environment that would provide opportunities for employees' development and engagement
	Improve the quality of life of our communities and external stakeholders through relevant social responsibility programs in education, environment, entrepreneurship, and health and human services
Good Governance	Foster a governance structure that is founded on strong ethical standards, integrity and transparency through our ongoing commitment to all applicable legislation, regulations, and codes of conduct and practices, and exceeding such standards where possible
	Ensure the long-term viability of our business by managing our risks and improving our supply chain to enhance shareholder value, contribute to national development, and the betterment of our fenceline communities

Risk Management: Building Resilience in a Changing Landscape

The Company's resilience is manifested in its capacity to anticipate, assess, and mitigate risks effectively. The dynamic nature of the oil industry necessitates agility in both risk management and leveraging on emerging opportunities. The Company is guided by its Enterprise-Wide Risk Management ("ERM") framework, with programs designed to enable the organization to achieve its corporate objectives while managing risks that may adversely impact the attainment of such objectives. Risk management is integrated into the daily operations and performance of the entire organization. Identified risks are analyzed and evaluated and major risks are regularly reported and raised to top management level for continuous monitoring and decision-making. The risk management process is also integrated into the yearly business planning of all major divisions and departments. The ERM framework, which is based on ISO 31000, likewise searches for strategic risks that may present opportunities and create or add value to the Company.

The Company has a designated Chief Risk Officer who supervises the entire enterprise risk management process of the Company and spearheads the development, implementation, and continuous improvement of the Company's enterprise risk management processes and documentation. He heads the Enterprise-wide Risk Management Group, tasked to lead the enterprise risk management program of the Company. All the Company Division heads are designated owners of the risks emanating from their respective groups and each group is represented in the Risk Management Committee, a working group that regularly monitors the risk management program and ensures the alignment of objectives and implementation of processes across the organization and daily operations.

In evaluating risks across each division and the Company as a whole, the organization's risk appetite and tolerances are considered. Risks with a high probability of occurrence and substantial financial consequences are prioritized, and measures are implemented to eliminate or mitigate them, ensuring that they do not impede the realization of the Company's business objectives.

In 2025, the following were given such priority attention:

OPERATIONAL RISKS	These may be caused by unplanned events such as serious process or machine failure, accidents, weather-related events, or human error at the Company's refinery, terminals, depots and other facilities. These disruptions may result in injury or loss of life, damage to Company property, or damage to other properties in the immediate area where the facility is situated or in financial losses from product run-outs, loss of sales or loss of margins from required spot purchases.	To mitigate these risks, the Company ensures that the Petron Bataan Refinery and the terminals adopt best practices in operations and adhere to a program of planned, preventive and predictive maintenance. The Petron Bataan Refinery, the country's only oil refining facility, continues to be Integrated Management System ("IMS")-certified which demonstrates the Company's continuous adherence to global standards on safety, health, quality and environmental management. The Company's IMS certification covers ISO 9001, 14001 and 45001). 28 of the Company's terminals have been certified under the ISO 9001

		(QMS), ISO 14001 (EMS), and ISO 45001 (Occupational Health and Safety Management System) standards. 14 Petron pier facilities are also compliant with the International Ship and Port Facility Security or ISPS Code which is certified by the Office for Transportation Security under the Department of Transportation's Office of the Transport Security. The Company likewise maintains insurance which covers property, marine cargo and third-party liability, as well as personal injury, accidental death and dismemberment, sabotage and terrorism, and machinery breakdown. One of the main insurance policies of the Company, the Industrial All Risk policy, covers the Petron Bataan Refinery for material damages, including machinery breakdown cover.
CRUDE AND PRODUCT PRICE VOLATILITY RISKS	The Company is exposed to uncontrollable price fluctuations of input crude and output finished products. Price movements and volatility are brought about by changes in global supply and demand for crude oil and finished products, international economic conditions, global conflicts and geopolitical issues, and other factors over which the Company has no control. Currently, events such as the war in Iran, Gaza, conflicts at the Red Sea, the Russia-Ukraine war, and US tariff imposition and trade war have resulted in huge oil price swings. Such volatility may result in cash flow variability and increase in financing expenses.	The Company mitigates this risk by entering into commodity hedging for its crude and product exposure. The Company has a Commodity Risk Management Committee that actively evaluates hedging policies and strategies to protect the Company from risks of inventory losses and margin contractions. The Company also regularly assesses refinery utilization considering the latest price outlook and demand forecasts and prudently manages its capital and operating expenses and receivables, particularly during times of high volatility.
FINANCIAL RISKS	The Company is capital intensive and spends substantially for the processing and purchase of crude oil and other	To manage these financial risks, the Company maintains an optimum mix of fixed and floating rate loans, and peso

	fuel products, and investments in upgrading and maintaining the Company's facilities, which requires Petron to incur debt to finance these expenses. With loan levels both in peso and foreign currencies, the Company faces financial risks from increase in interest rates and fluctuations in foreign exchange. An increase in interest rate would mean an increase in interest payments to the lenders, while swings in foreign exchange would impact our foreign-denominated debt and interest payments in peso terms.	and foreign-denominated loans. The Company also engages in hedging activities using forwards and other derivative instruments and generating dollar-denominated sales to reduce foreign exchange exposure. Finally, the Company negotiates for tighter spreads of loan facilities for long-term loans. Moreover, the Company uses an enterprise resource planning software that monitors financial transactions. This planning tool allows real-time awareness and response to contain losses posed by foreign exchange exposure.
CYBER SECURITY RISKS	As the Company becomes more reliant on technology to support operations and enable efficiency and innovation, Petron becomes susceptible to information technology ("IT") security threats that may impact business continuity, data integrity, and regulatory compliance. These threats may come from inside and outside of the organization, can be intentional, as with cybercriminals, or unintentional, as with employees, contractors or vendors who accidentally click malicious links or download malware. And as these IT security and cybersecurity threats continue to escalate in ferocity and complexity, the Management Information Systems Department of the Company has implemented IT security strategies that combine a range of security systems, framework/programs and technologies to protect Petron's entire IT infrastructure, including hardware systems, software applications and endpoints, to prevent or mitigate the impact of known and unknown threats.	Since these threats are fast-evolving, the Company has been continuously working on strengthening its foundation and improving the response plan to maintain a confident security posture. The Company also implemented proactive measures to further improve our threat detection, response and prevention capabilities. As cyberattacks, such as phishing attacks exploit human vulnerabilities, the Company is also focused on user training and empowerment to educate employees to recognize security threats and practice secure workplace habits.

Subsequent Events and Strategic Risk Response: The 2026 U.S.-Iran War and the Effects on Global Oil Prices and Supply

In the first quarter of 2026, the United States and Israel jointly attacked Iran, pushing the prices of Dubai crude to more than US$ 100 per barrel in March, coming from an average of just US$ 62 in January. This market reaction was driven by concerns over global oil supply following the closure of the Strait of Hormuz, a strategic transit route through which 20% of global oil passes. With the persisting conflict in the Middle East, the oil market continues to be highly volatile with huge fluctuations in prices of both crude and finished products.

The Company sources most of its crude oil requirements from the Middle East under term supply arrangements, and the closure of the Strait of Hormuz has affected the movement of crude oil from the region. In response, the Company 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.

In the face of these market uncertainties, the Company remains focused on ensuring supply chain reliability in the sourcing of crude and products, optimizing inventory levels, and exercising prudent cost management to mitigate the adverse effects of the Middle East conflict and implement appropriate measures to ensure the continuity of supply, operations, and cash flows amid the oil market volatility and disruptions in 2026.

We preserve the integrity of 2025 reporting while enhancing decision-usefulness through a clearly delineated 2026 subsequent risk and response disclosure. This demonstrates Petron's ability to integrate sustainability, risk, and financial decision-making in near real-time under volatile market conditions.

Stakeholder Engagement and Materiality Assessment
GRI 2-29, 3-1, 3-2

We maintain the highest standards of integrity in all our interactions, ensuring transparency and accountability to our stakeholders. Through regular engagement, we actively seek their perspectives and feedback, which guide the continuous improvement of our programs, operations, and decision-making processes. In addition to delivering high-quality products and services, we prioritize the well-being of the communities we serve. We are committed to creating meaningful and enduring impact, contributing to the social, economic, and environmental development of the communities where we operate.

Stakeholder Groups	How we engage them
Shareholders	▪ Annual stockholders meeting ▪ Consultations ▪ Distribution of Sustainability Reports ▪ Timely and transparent disclosures
Government and regulators	▪ Dialogues and representations with both executive and legislative branches of government and relevant regulatory agencies
Industry/business groups	▪ Membership in key industry associations
Consumers	▪ Petron website ▪ Social media channels (Facebook, X [formerly Twitter], Instagram) ▪ Product promotions ▪ Consumer information campaigns ▪ Market research ▪ Customer service interaction through PCIC (Petron Customer Interaction Center) ▪ *Lakbay Alalay* motorist assistance
Employees	▪ Onboarding sessions ▪ Learning sessions and capability-building activities ▪ Regular performance reviews ▪ Labor-management dialogues ▪ PETRONews corporate newsletter ▪ Volunteers In Action (VIA) employee volunteering program
Investors and financial institutions	▪ Annual stockholders meeting ▪ Annual and quarterly financial reports and an annual sustainability report ▪ Regular submission of reports ▪ and disclosures to regulatory agencies [e.g., SEC, PSE and Philippine Dealing and Exchange Corp. (PDEx)]

Local/host communities and people's organizations	▪ Annual and quarterly financial reports and an annual sustainability report ▪ Regular submission of reports and disclosures to regulatory agencies (e.g., SEC, PSE and PDEx)
Academe	▪ Partnership with schools through the Department of Education (DepEd) for Petron's scholarship programs
Suppliers, contractors, and third-party service providers	▪ Alignment meetings ▪ Demonstration teaching and program walkthroughs ▪ Post program feedback
Civil society organizations (CSO)/ non-governmental organizations (NGO)	▪ Membership in major civil society organization/non-government organization (CSO/NGO) ▪ Partnerships with like-minded organizations
Media	▪ Media advisories/press releases ▪ Annual stockholders meeting

We have consistently reported on our 20 material topics, which were identified in collaboration with our independent third-party expert, the University of Asia and the Pacific – Center for Social Responsibility (UA&P-CSR). Through double materiality assessment, these topics were determined based on their significant impact on both our enterprise value and the broader socio-economic environment. We continuously measure, monitor, and report on these topics, utilizing them as a key reference to enhance our sustainability performance and to drive innovation in addressing the evolving needs of our stakeholders.

Our materiality assessment process followed these key steps:



UA&P-CSR conducted a series of visits to selected Petron facilities to assess the Company's sustainability performance. These visits provided an opportunity to identify key highlights of the Company's sustainability initiatives and programs implemented during the reporting period. Additionally, the facilities were informed about emerging sustainability developments that could potentially impact their operations.

Refinery	Terminal Operations	Service Stations
● Petron Bataan Refinery	● Petron Davao Terminal ● Petron Roxas Terminal	● Tarlac

To demonstrate our unwavering commitment to the nation's sustainable growth, we have aligned our material topics with both global and local development priorities. Notably, we have incorporated the United Nations Sustainable Development Goals (UN SDGs) and the Philippine Development Plan 2023-2028 into our strategic framework. This alignment ensures that our sustainability initiatives not only mitigate the most significant impacts on our business and stakeholders but also make a substantial contribution to broader societal and environmental progress.

Material Topic	Alignment with UN SDGs	Alignment with Philippine Development Plan
Environmental		
Materials		▪ Accelerate Climate Action and Strengthen Disaster Resilience
Energy		▪ Accelerate Climate Action and Strengthen Disaster Resilience ▪ Expand and Upgrade Infrastructure
Water and Effluents		▪ Accelerate Climate Action and Strengthen Disaster Resilience ▪ Expand and Upgrade Infrastructure ▪ Promote Human and Social Development
Biodiversity		▪ Accelerate Climate Action and Strengthen Disaster Resilience
Emissions		▪ Accelerate Climate Action and Strengthen Disaster Resilience ▪ Promote Human and Social Development
Waste		▪ Accelerate Climate Action and Strengthen Disaster Resilience ▪ Promote Human and Social Development
Social		
Employment		▪ Promote Human and Social Development ▪ Increase Income-earning Ability
Labor/Management Relations		▪ Promote Human and Social Development

Occupational Health and Safety		▪ Promote Human and Social Development
Training and Education		▪ Promote Human and Social Development ▪ Increase Income-earning Ability
Local Communities		▪ Promote Human and Social Development
Customer Health and Safety		▪ Promote Human and Social Development
Marketing and Labeling		-
Customer Privacy		-
Economic		
Economic Performance		▪ Ensure Macroeconomic Stability and Expand Inclusive and Innovative Finance
Market Presence		▪ Ensure Macroeconomic Stability and Expand Inclusive and Innovative Finance ▪ Increase Income-earning Ability
Indirect Economic Impacts		▪ Expand and Upgrade Infrastructure ▪ Promote Human and Social Development ▪ Increase Income-earning Ability
Anti-corruption		▪ Promote Competition and Improve Regulatory Efficiency ▪ Practice Good Governance and Improve Bureaucratic Efficiency
Anti-competitive Behavior		▪ Promote Competition and Improve Regulatory Efficiency ▪ Practice Good Governance and

		Improve Bureaucratic Efficiency
Tax		▪ Ensure Macroeconomic Stability and Expand Inclusive and Innovative Finance

Our ESG Performance

2025 ESG Performance at a Glance

Program/Initiative	Starting Year of Implementation	Gains	Savings (PHP)
SMC Water for All	2016	Refinery: **<u>Scarce Water Reduction:</u>** 2025 only: 3.94 million m^3 2016 – 2025: 29.74 million m^3	
		<u>Recycled Water Usage:</u> 2025 only: 0.83 million m^3 2016 – 2025: 6.26 million m^3	**<u>Savings on Recycled Water</u>** 2025 only: 2.66 Million Pesos 2016 – 2025: 24.86 Million Pesos
Use of Waste Energy (Low Pressure Steam) in Desalination Plant	2016	Refinery: <u>Avoided GHG</u> 2025 only: 114,319.36 tons CO2e 2016 – 2025: 674,689.54 tons CO2e <u>Avoided Fuel</u> 2025 only: 35,176 MT of petcoke 2016 – 2025: 200,968.00 MT of petcoke	Refinery: 2025 only: 136.81 Million Pesos 2016 – 2025: 851.49 Million Pesos
Commissioning of Refinery Co-Generation Facility Phase 3	2022	**2025 only:** 77,751.73 kL Fuel Oil Savings 234,863.86 tons of avoided CO_2e (refinery only boundary)	2025 only: 1,486.73 Million Pesos savings from avoided fuel
Diversification to Petrochem (Benzene, Toluene, Mixed Xylene, Propylene, Polypropylene)	1999 (Mixed Xylene) 2008 (Propylene, Benzene, Toluene) 2014 (Polypropylene)	Refinery: In **2025** the avoided GHG as Scope 3 if used as fuel was at 1,374,990.324 tons CO_2e	
Steam Watch	2024	2025 only: 15,309 MT of avoided solid fuels	2025 only: 71.17 Million Pesos

		(petcoke and coal) equivalent to 69,461.642 MT CO_2e reduced 2024 – 2025: 23,416 MT of avoided solid fuels (petcoke and coal) equivalent to 88,702.76 MT CO_2e reduced	2024 – 2025: 107.43 million Pesos
LED Conversion and Solar Power Usage	Refinery: 2013 for offices, 2016 for streetlights	Refinery: 2025 only: 317,008.08 kWh/ 219.845 tons CO_2 reduced 2013-2025: 899.773.51 kWh/ 603.765 tons CO_2 reduced	Refinery: 2025 only: 0.63 million Pesos 2013-2025: 1.63 million Pesos
	Terminals: (2018)	Terminals: 344,394 kWh saved/ 246.41 tons CO_2e reduced in 2025	Terminals: PHP 3.9 million on electricity cost in 2025
	Service Stations: (2018)	Service Stations: 8,657 MWH/6,165 tons CO_2e reduced for 1,673 service stations from conversion of Under Canopy Lighting to LED since 2020	Service Stations: PHP 86.9 million on electricity cost
Hazardous Waste Recycling (Refinery)	2018	2018-2025: 14,393 MT hazardous waste diverted from disposal.	2018-2025: PHP 92.41 million Pesos
		2025 only: 2,222 MT of hazwaste	2025 only: 11.69 million Pesos
Continuous to Batch Treatment at Spent Caustic Treater (Refinery)	2020	**2020-2025:** 18,018.59 MT CO_2e reduced 252,320.55 GJ Energy Reduced	**2020-2025:** 151.15 Million Pesos in savings
		2025 only: 3,097.854 MT CO_2e 43,379.53 GJ Energy Reduced	**2025 only:** 25.56 Million Pesos in savings
Direct Fired Air Heater (DFAH) Decommissioning	2024	**2025 only:** 5.48 million standard cubic meters or sm^3 of Fuel Gas savings	**2025 only:** 131.1 million Pesos in savings

		equivalent to 11,338 MT CO_2e reduced **2024 – 2025:** 8.97 million standard cubic meters or sm^3 of Fuel Gas savings equivalent to 18,546 MT CO_2e reduced	**2024 – 2025:** PHP 228.72 million Pesos in savings

New Programs

Program/Initiative	Starting Year of Implementation	Gains	Savings (PHP)
MXU Energy Optimization (Refinery)	2025	5,829.141 MT CO_2e avoided GHG 81,625.99 GJ Energy Reduced	67.4 Million Pesos savings
Enhanced KM-1/2 Hot Water Washing (Refinery)	2025	1,010.891MT CO_2e avoided GHG 14,155.59 GJ Energy Reduced	8.85 Million Pesos savings from avoided fuel and steam consumption
Repurposing Spent Chemicals to WWTP-2 (Refinery)	2025	641.41 MT CO_2e avoided GHG 11,422.55GJ Energy Reduced	11.23 Million Pesos
LPGT-3/4 Spent Caustic Reduction and Utility Benefit Program (Refinery)	2025	10.874 MT CO_2e avoided GHG 56.45 GJ Energy Reduced	12,630 Pesos savings in power consumption 2.5 Million Pesos Savings from reduction in spent caustic generation

EMPLOYMENT

- 2,386 employees (Philippines)*
- 6% attrition
- 100% of employees received regular performance reviews

OCCUPATIONAL HEALTH AND SAFETY

- Nearly 17 million accumulated safe-man hours for all Petron facilities and personnel (including from the Head Office)
- 10,078 total safety training hours for Petron employees and third-party personnel

PRODUCT RESPONSIBILITY

- 1,190,233 total customer feedback received and handled by Petron Customer Care**

** Headcount does not include employees from Petron subsidiaries, which are not part of the reporting boundaries. Total employee headcount including subsidiaries is 4,587*

*** Included transactions (voice and non-voice) received by Talk2Us, PGED (Petron Gasul Express Delivery), Loyalty Ops, and SMCM (Social Media Community Management) Group. Excluded transactions from Petron Business Center and Cards Ops (Fleet and Prepaid) aligned with previous year report*

LOCAL COMMUNITIES

Education

- 2,454 Tulong Aral ng Petron (TAP) scholars from elementary to high school (SY 2024-2025)
- 20 TAP college scholars from NCR and Mindanao (Davao, General Santos City, Iligan City, Misamis Occidental, Misamis Oriental, Zamboanga) for SY 2024-2025
- 108 Petron Schools (equivalent to 256 classrooms) built since 2002
- 100 public schools in Luzon, Visayas, Mindanao and NCR assisted through Brigada Eskwela 2025
- 38 new Electrical and Mechanical Engineering scholars from Bataan Peninsula State University under the Refinery Engineering Scholarship program (18 for SY 2024-2025) and (20 for 2025-2026)

Environment

- 55 hectares of mangrove areas in Bulacan, Capiz, and Davao del Sur and 30 hectares of upland forest adopted under Puno ng Buhay
- 16,270 seedlings and propagules planted
- Approximately 23,000 kilograms of debris removed from shorelines
- 42 kms. of coastal areas and creeks cleaned
- 100% of employee volunteer participation in Earth Day, Environment Month, and International Coastal Cleanup Day activities

Community

- 100% participation of Petron terminals in social development activities/initiatives
- Over 4,380 beneficiaries of Petron's Rosario Livelihood Loan Assistance Program since 2011
- 78 Petron engineering scholars currently employed in the Petron Bataan Refinery for regular positions
- 215 scholars hired by Petron including Bataan Peninsula State University (BPSU) scholars hired as apprentices or cadets

GOVERNANCE

- PHP 15.63 billion consolidated net income (84.5% increase from 2024 performance)
- PHP 809.77 billion consolidated revenues (6.7% decline from 2024 performance)

▪ PHP 61 million in community investments	
MANAGEMENT SYSTEMS	
1 Refinery	▪ ISO 14001:2015, ISO 9001:2015, and ISO 45001:2018 (IMS Certified)
28 Terminals nationwide	▪ ISO 9001 (QMS)
28 Terminals nationwide	▪ ISO 14001 (EMS)
28 Terminals nationwide	▪ ISO 45001 (Occupational Health and Safety (OH&S) Management System) Certified
14 Terminals nationwide	▪ International Ship and Port Facility Security Code (ISPS Code) and certified by the Office of the Transport Security under the Department of Transportation (DOTr)
CERTIFICATIONS	
1 Petron Foundation, Inc.	▪ Department of Social Welfare and Development (DSWD) License to Operate as an auxiliary Social Welfare and Development Agency (SWDA) renewed from July 2023 to August 2027 ▪ Philippine Council for NGO Certification (PCNC) accreditation from September 28, 2022 through September 28, 2028

Shaping an Environmentally Responsible Path

For Petron, an environmentally responsible path means sustaining our operations while systematically evaluating our environmental impacts across the entire value chain. Guided by a circular economy approach, we aim to reduce emissions, safeguard biodiversity, and optimize water usage. We integrate innovation into our operations to minimize our environmental footprint, ensuring that environmental stewardship is an integral aspect of our business practices. Our pursuit of operational excellence extends beyond regulatory compliance, reflecting our commitment to higher environmental standards.

In shaping a low-carbon future, we actively contribute to climate action through collaboration with experts and organizations, conducting science-based assessments and initiatives such as carbon sequestration. These partnerships demonstrate our commitment to evidence-based approaches that deliver measurable results and create long-term positive environmental impact.

Resource Use

GRI 3-3, 301-1, 301-2, 301-3

Crude oil plays a pivotal role in the global economy, and its price volatility significantly impacts economic growth and global well-being. Fluctuations in crude oil prices continue to pose substantial challenges to the oil sector, compounded by rapidly evolving global trends. Amid these external challenges, we remain resilient and committed to responsible materials management practices that enable us to stay competitive while supporting national energy needs. As the largest oil company in the Philippines, we take pride in our commitment to responsible materials management practices.

Since crude oil, a non-renewable resource susceptible to depletion, constitutes our primary raw material, we prioritize its effective management through responsible and sustainable utilization, encompassing all resources involved in our operations. Through the collective efforts of our employees and partners, we promote a culture of shared responsibility in managing materials efficiently and sustainably. Furthermore, we maintain a comprehensive Logistics Management Plan to ensure a stable supply of petroleum products while effectively mitigating risks associated with price fluctuations.

In 2025, we utilized a total of 9,028,455.90 metric tons (MT) of non-renewable materials, including crude oil, imported fuels, raw materials, and packaging materials. This represents an increase from our 2024 record, primarily driven by a 19.2% rise in crude oil processing volume during the year.

Likewise, the use of renewable materials also increased, reaching 239,261.24 MT in 2025 compared with 176,255.84 MT in 2024. These renewable inputs are derived from the biofuel components of liquid fuels used in our facilities, including ethanol and Coco Methyl Ester (CME), in compliance with the Biofuels Act of 2006. The increase in 2025 was mainly attributable to the higher volume of CME blended into fuels following the full-year implementation of the mandated 3% biodiesel blend.

Materials used by weight or volume (in MT)			
Requirements	**2025**	**2024**	**2023**
Non-renewable materials used[1]	9,028,455.90	8,492,999.65	8,443,206.10
Renewable materials used[2]	239,261.24	176,255.84	148,003.14

[1] resource that does not renew in short time periods

[2] material that is derived from plentiful resources that are quickly replenished by ecological cycles or agricultural process, so that the services provided by these and other linked resources are not endangered and remain available for the next generation.

In 2023, we launched our Extended Producer Responsibility (EPR) Program to proactively manage the actual and potential risks and impacts associated with the materials used in our operations. The program focuses on reducing and recovering plastic packaging used in our lubricants business, in alignment with the objectives of the EPR Act of 2022.

The key strategies under this initiative include:

- Redesigning containers to reduce weight and exploring alternative packaging materials to minimize plastic use

- Partnering with retail stations, lube retail outlets, and distributors to collect and recover used packaging materials from consumers, while enabling terminals to facilitate the collection and recycling of tamper-proof seals
- Converting recovered containers into plastic pellets through partnerships with recycling facilities; these pellets are blended with virgin plastic resin to produce new bottles with recycled plastic content
- Working with plastic waste management partners to collect and recycle post-consumer plastic, helping offset our overall plastic packaging footprint

In line with our commitment to responsible materials management and the increased use of recycled inputs, selected packaging formats incorporate post-consumer recycled plastic where technically feasible. Subject to the availability and quality of recycled plastic pellets, 1-liter Jerry Can containers may contain approximately 10-15% recycled plastic content, while 4-liter Jerry Can containers may contain approximately 15-30%. The use of recycled content is carefully managed to ensure continued compliance with product safety, quality, and performance requirements, and reflects our ongoing efforts to support circular economy practices within our packaging value chain.

We further strengthened our materials recovery performance, with reclaimed products and packaging materials increasing from 1,032.06 metric tons (MT) in 2024 to 1,418.23 MT in 2025. This improvement reflects the continued rollout of our EPR implementation in compliance with Philippine regulations, supported by a combination of operational recovery initiatives, direct material collection, and partnerships across the waste management value chain. As part of this approach, we worked with our waste diversion partners through the use of Plastic Credits, which complemented our physical recovery efforts by enabling the equivalent recovery and diversion of covered plastic packaging. We directly collected 14.23 MT of plastic seals from operations, which were subsequently sent to a waste treatment facility for proper processing. Together, these measures demonstrate our commitment to responsible plastic lifecycle management, regulatory compliance, and the progressive strengthening of circular economy systems in the Philippines.

Building on these initiatives, we remain committed to advancing sustainability across our operations, adhering to environmental regulations and ISO-based management systems. Through teamwork across our organization and partners, we will continue to reduce waste, minimize environmental impacts, and promote circularity in material use while strengthening long-term value creation for our stakeholders.

Energy Management

GRI 3-3, 302-1, 302-3, 302-4
Topic 11.1 GHG emissions

As an oil company, we acknowledge that energy is crucial for our sustained operations and economic growth. Our objective is to strike a critical balance by enhancing efficiency while safeguarding ecosystems and contributing to the well-being of our local communities.

In pursuit of this goal, we are committed to responsible energy usage throughout our operations and actively exploring innovative solutions. This extends beyond efforts in consumption reduction but encompasses opportunities to invest in cleaner energy sources. Based on our five-year development program, our primary focus is to channel investments in advanced energy-efficient lighting and initiatives that promote conservation at all levels. We have already transitioned to solar-powered and LED lighting at service stations, implemented rainwater harvesting, and developed EV charging stations. Additionally, we have reinforced efforts on efficient biofuel usage and waste management. This commitment includes strict adherence to environmental regulations and industry standards to ensure a responsible and proactive approach to energy management. By leveraging efficient technologies and processes, we enhance sustainability in our overall operations.

A significant portion of our energy management program is the Refinery Solid Fuel Fired Power Plant (RSFFPP) or co-generation (cogen) plant. This facility enables the reduction of the Refinery's combined scope 1 and 2 emissions by replacing thermal boilers with the recovery and conversion of waste heat to produce steam. Simultaneously, this process generates electricity that provides a reliable power supply to the refinery, ensuring that plant shutdowns caused by external power interruptions are avoidable at any given time.

During the process, the plant optimizes its efficiency. The RSFFPP Phase 3 project incorporates advanced technology, such as a Circulating Fluidized Bed (CFB) Boiler, which facilitates efficient and clean solid fuel combustion. A heat recovery system further enhances energy conservation by capturing heat from process streams to preheat furnace feeds. Furthermore, hot flue gases from furnaces are utilized to generate steam or combustion air. This dual approach enhances fuel flexibility, diminishes emissions, and promotes more efficient combustion techniques.

Our energy consumption increased this year due to the 19% rise of crude run at the Refinery and increased export power, driven by higher RSFFB utilization. In terms of renewable energy sources, the use of biomass fuels (liquid) decreased due to improved operational reliability of the Circulating Fluidized Bed (CFB) boilers, which led to fewer instances of downtime that would otherwise require diesel consumption for start-up activities. Furthermore, this has also resulted in lower fuel oil consumption from our thermal power plant. This also reduced our reliance on electricity sourced from the grid. The fuel gas network modification to maximize recovery of fuel gas and lower incidence of process upset has resulted in reduction in gas flaring.

Energy consumption within the organization (in GJ)			
Requirements	**2025**	**2024**	**2023**
Total energy consumption from non-renewable sources	45,679,559.50	40,784,475.15	45,528,188.72

Total energy consumption from renewable sources	6,408.95	3,666.81	2,814.13
Electricity consumption	120,197.90	201,335.97	259,924.70
Electricity sold	806,735.95	513,943.99	748,720.37
Total energy consumption within the organization	45,872,741.97	41,508,886.88	46,292,863.83

Despite higher energy consumption due to increased crude processing, we strengthened our energy efficiency initiatives, as reflected in lower energy intensity this year. These initiatives contributed to optimized operations, improved reliability, and more efficient steam usage.

Energy intensity			
Facility	**2025**	**2024**	**2023**
Refinery	380 GJ / MB Crude Processed	419 GJ / MB Crude Processed	454 GJ / MB Crude Processed
Co-Generation Facility	3.11 GJ / MWH	3.16 GJ / MWH	3.05 GJ / MWH
Integrated (Refinery + Co-Generation Facility)	584.61 GJ / MB Crude Processed	649 GJ / MB Crude Processed	684 GJ / MB Crude Processed

In addition, we reduced our energy consumption by a total of 152,021.15 GJ through our energy conservation and efficiency initiatives. In 2025, various energy reduction initiatives were sustainably implemented, including the Spent Caustic Treater batch operations, decommissioning of the FCC 2 DFAH, fuel gas network modifications enabling maximization of fuel gas (which has lower GHG intensity than fuel oil) to process heaters, optimization of steam consumption for steam driven equipment, and reduction of steam losses through intensified steam leak repairs.

Additional reductions were realized through the Mixed Xylene Unit (MXU) Energy Optimization, enhanced KM 1/2 hot water washing procedures, repurposing of refinery spent chemicals at WWTP 2, and the LPGT 3/4 Spent Caustic Reduction and Utility Benefit Program.

Amount of reduction in energy consumption achieved as a direct result of conservation and efficiency initiatives (in GJ)			
Requirements	**2025**	**2024**	**2023**
Fuel	150,583.66	366,932.95	65,481.43
Electricity	2,437.50	3,432.67	1,232.19
Total	153,021.15	370,365.62	66,713.62

Water Management

GRI 3-3, 303-1, 303-2, 303-3, 303-4, 303-5
Topic 11.6 Water and Effluents

Water is vital across our value chain, used for maintaining safe, reliable, and efficient operations. Simultaneously, we acknowledge that water is a shared and essential resource for the communities within which we operate. Guided by this responsibility, we continuously enhance our efforts to optimize water efficiency and reduce reliance on freshwater sources. Beyond managing consumption, we implement effluent management practices to safeguard water quality and protect aquatic ecosystems, reinforcing our commitment to a more sustainable future.

We consistently adhere to applicable environmental standards governing water use and discharge. At our Refinery and Terminals, we maintained strict compliance with regulatory limits, including the timely renewal of discharge permits. At the Refinery, we implemented Project CODy (Chemical Oxygen Demand), which diminishes wastewater generation and enables our wastewater treatment facilities to meet more stringent effluent standards. At our terminals, rainwater harvesting systems continue to reduce our dependence on freshwater sources. Concurrently, our service stations upgraded wastewater treatment facilities, further enhancing treatment efficiency and compliance with the Clean Water Act.

We actively contribute to our parent company's water conservation targets. Under the SMC Water for All program, we further enhanced our performance by reducing scarce water consumption by 28.83% compared to our 2016 baseline. Since the program's commencement, optimized water usage has enabled us to reduce scarce water consumption by 29,332.56 million liters.

We recognize that 99.98% of our total water withdrawal originates from water-stressed areas, underscoring the paramount importance of responsible water management. To address this, we have optimized our water sources by prioritizing the utilization of seawater and rainwater harvesting over groundwater extraction. We have diligently sustained the implementation of water conservation programs aimed at reducing the utilization of scarce water resources, particularly groundwater.

Our total water withdrawal amounted to 143,766.27 megaliters (ML), representing a reduction of more than 5% compared with the previous year. This decline reflects our ongoing efforts to improve water efficiency across our operations. By optimizing control settings in our cooling systems, we reduced the volume of seawater required for cooling processes. Of the total water withdrawn, 92% was sourced from infinite or non-scarce resources, such as seawater and rainwater.

Water withdrawal from all areas (in ML)								
Year	Surface water	Groundwater	Seawater	Rainwater	Third-party water	Total	Breakdown of total water withdrawal in megaliters according to:	
							Freshwater	Other water
2025	0	11,250.66	132,234.35	9.11	272.14	143,766.27	11,531.92	132,234.35
2024	0	10,756.89	140,605.55	7.75	198.40	151,568.60	10,963.04	140,605.55
2023	0	10,058.74	134,968.28	10.64	692.30	145,729.96	10,761.25	134,968.70

Water withdrawal from all areas with water stress (in ML)								
Year	Surface water	Groundwater	Seawater	Rainwater	Third-party water	Total	Breakdown of total water withdrawal in megaliters according to:	
							Freshwater	Other water
2025	0	11,239.16	132,223.96	7.68	264.65	143,735.45	11,511.49	132,223.96
2024	0	10,754.83	140,596.94	6.71	191.68	151,550.16	10,953.22	140,596.94
2023	0	10,057.17	134,960.26	7.40	685.19	145,710.01	10,749.75	134,960.26

In 2025, our total water discharge reached 134,297.64 ML, representing a decrease of more than 6% compared with the previous year as PBR optimized the use of seawater for cooling. Of this volume, 99.89% was discharged into seawater, with the remaining portion released into surface water bodies and third-party destinations. In water-stressed areas, total discharge amounted to 134,270.80 ML, bulk of which was released into seawater.

Water discharge to all areas (in ML)							
Year	Surface water	Groundwater	Seawater	Third-party water	Total	Breakdown of total water discharge in megaliters according to:	
						Freshwater	Other water
2025	141.52	0	134,149.69	6.42	134,297.64	147.95	134,149.69
2024	164.28	0	142,898.07	0.14	143,062.49	164.42	142,898.07
2023	234.57	0	136,828.67	0.07	137,063.31	6,596.79	130,466.52

Water discharge to all areas with water stress (in ML)							
Year	Surface water	Groundwater	Seawater	Third-party water	Total	Breakdown of total water discharge in megaliters according to:	
						Freshwater	Other water
2025	208.33	0	134,062.47	0	134,270.80	6,025.70	128,245.10
2024	160.48	0	142,883.98	0.14	143,044.60	6,151.95	136,892.65
2023	229.74	0	136,815.57	0.07	137,045.39	6,586.89	130,458.49

Our water consumption increased to 9,468.71 ML, primarily driven by a higher volume of crude oil processed during the year.

In our domestic water usage, we employ practical conservation measures such as monitoring faucet flow rates, installing dual-flush toilets, and implementing information, education, and communication (IEC) programs to foster water conservation awareness. We have also upgraded

pressure tanks and pressure switches to ensure efficient water supply, minimize water losses, and prevent excessive consumption.

Water consumption (in ML)			
Requirements	**2025**	**2024**	**2023**
Total water consumption from all areas	9,468.71	8,506.26	8,666.75
Total water consumption from all areas with water stress	9,467.32	8,505.63	8,664.62
Change in water storage	0.08	0.16	0

Biodiversity Conservation

GRI 101-1, 101-2
Topic 11.4 Biodiversity

Given the inherent nature of the oil industry, biodiversity conservation and ecosystem resilience remain paramount priorities for our Company. We firmly believe that harmonizing sustainable resource management with business operations is crucial for effectively safeguarding and preserving local biodiversity. Consequently, biodiversity considerations are actively integrated into corporate planning and decision-making processes, particularly in communities where our operational sites are situated, as we see this as essential to delivering sustainable value creation and shaping the future we are committed to building.

This commitment is further reflected in our alignment with the updated biodiversity disclosures under the GRI Standards. We view this as a significant step toward more comprehensive and transparent reporting, particularly in addressing supply chain impacts and the broader effects of our business activities on society and the environment.

We acknowledge that effective biodiversity conservation is most effectively achieved through collaboration with stakeholders who share a commitment to environmental protection, particularly local communities. Recognizing that all stakeholders are integral components of a shared ecosystem, our Company views collaboration as indispensable for the long-term protection and conservation of natural resources.

In this regard, we collaborate closely with local government units, national agencies such as the DENR, and community partners to ensure that environmental initiatives are coordinated, inclusive, and sustainable. These endeavors encompass reforestation activities, including mangrove and tree-planting programs, as well as environmental rehabilitation initiatives, such as coastal clean-up drives.

Notably, our flagship environmental program, Puno ng Buhay, has facilitated the planting of over one million trees and mangroves nationwide. While we do not operate within or adjacent to our adopted reforestation sites and therefore do not directly impact their biodiversity, reforestation activities are implemented independently as nearby terminals continue normal operations.

The program is overseen by Petron Foundation, in coordination with nearby terminals and the Refinery. Under Puno ng Buhay, we adopt sites near our facilities for reforestation and maintenance, with a five-year commitment per site. Emphasizing shared responsibility, we actively engage local communities in site preparation, nursery establishment, propagule procurement, planting, maintenance, and protection. Employees and third-party service providers also participate in tree-growing and coastal cleanup activities, reinforcing collective environmental stewardship.

The program currently covers 55 hectares of mangrove reforestation in:

- Brgy. Salambao, Obando, Bulacan (10 hectares)
- Brgy. Agustin Navarra, Ivisan, Capiz (25 hectares)
- Brgy. Aplaya, Hagonoy, Davao del Sur (20 hectares)

An additional 30 hectares of upland reforestation is being implemented in Brgy. Duale, Limay, Bataan.

The adopted mangrove sites are predominantly planted with *Avicennia marina* (bungalon), a native mangrove species. Observed fauna include endemic birds such as the Philippine pied- fantail and

Asian glossy starling, as well as migratory species including the whiskered tern and *Ardea intermedia*, which use the sites as stopover habitats.

For site implementation and long-term maintenance, we partner with local government units and community organizations, including MFARMC of Obando, BANECA in Roxas, MEFA in Hagonoy, and SAMASAKA in Limay, Bataan.

To ensure a science-based approach to carbon measurement and mangrove restoration, we partnered with the University of the Philippines Los Baños-College of Forestry and Natural Resources (UPLB-CFNR). The interdisciplinary team supports GIS mapping, biodiversity assessment, forest carbon measurement, soil and water science, socio-economic analysis, and mangrove silviculture across our adopted sites.

In partnership with UPLB-CFNR, baseline assessments and site characterizations were conducted across existing reforestation areas, potential expansion sites, and reference sites to evaluate their biological and physical attributes. These assessments were undertaken to estimate the carbon sequestration capacity and avoided emissions of the project sites under business-as-usual and "with project" scenarios, design a carbon monitoring system by building the capacity of staff and local communities, and develop an integrated restoration, rehabilitation, and management plan for existing and potential expansion areas. A biodiversity management plan is expected to be developed as a key output of this assessment process.

The program aims to restore forest cover in the adopted sites, prioritizing species endemic to each location, with estimated carbon sequestration potential and avoided emissions ranging from 79.96 tons per hectare in Ivisan to 114.4 tons per hectare in Hagonoy. These efforts are expected to contribute to the establishment of carbon sinks that support the Company's carbon management strategy, provide natural greenbelts that help protect coastal communities from storm surges, and create alternative or supplemental livelihood opportunities for local communities. The initiative also enables us to invest in climate resilience and carbon offset programs.

Our Company does not anticipate adverse environmental impacts from its reforestation activities. Through our partnership with UPLB-CFNR and regular dialogue with local government units and community partners, the program is implemented using a science-based and localized approach and includes identifying opportunities for communities to develop supplemental livelihood activities aligned with reforestation efforts. In addition, we conduct regular information, education, and communication (IEC) activities in coordination with the DENR and LGUs to promote proper planting techniques, maintenance practices, and environmental stewardship.

Additionally, we continue to support the 1Bataan Pawikan Conservation Alliance Network ("1PawiCAN") as an associate member. The program, led by the province of Bataan, aims to protect marine biodiversity through the establishment and management of marine turtle hatcheries in the towns of Bagac, Limay, Mariveles, and Morong.

Based on consolidated data from nesting sites in Bagac, Morong, and Mariveles, emergence success rates, or the percentage of hatchlings that successfully exit the nest and reach the surface, increased from 84% in 2022–2023 to 89% in 2024–2025. This improvement is attributed to strengthened site management practices and enhanced community capacity in marine turtle conservation. Limay, Bataan began recording egg-laying data in June 2025, with performance results expected to be reported in the following year.

Our dedication to biodiversity conservation is also evident in our operational safety and environmental management practices. Safety protocols encompass weekly tanker receiving team

toolbox meetings, monthly meetings on HSSE and Human Organizational Performance (HOP)/Behavior-Based Safety (BBS) Integrated Loss Control System, and regular oil spill drills to ensure robust emergency preparedness. Furthermore, Petron Terminals continue to implement the Terminal Ecowatch program, a self-regulatory initiative that not only complies with environmental regulations but also fosters innovation and enhances environmental performance. Through these initiatives, we ensure that ecosystems are not only safeguarded but also empowered to thrive and flourish, reinforcing our commitment to sustainable operations and community well-being.

Looking ahead, we will strengthen our biodiversity conservation approach by broadening our assessment of actual and potential impacts across the value chain, including a more comprehensive evaluation of supply chain activities and their associated biodiversity risks. We will deepen site- specific assessments by identifying direct drivers of biodiversity loss, monitoring ecosystem changes, and evaluating the environmental and community impacts of our operations. Through these actions, we aim to enhance ecosystem conservation, strengthen impact management, and align more closely with evolving biodiversity disclosure standards and leading practices.

Climate Action and Emissions Management

GRI 3-3, 305-1, 305-2, 305-4, 305-5, 305-6, 305-7
Topic 11.1 GHG emissions
Topic 11.2 Climate adaptation, resilience, and transition
Topic 11.3 Air emissions

Our industry contributes to propelling economies and societies by meeting growing energy demands. However, we acknowledge that, given the scale of our operations, our activities substantially contribute to GHG emissions, potentially exacerbating extreme weather events and adversely impacting livelihoods and economic growth.

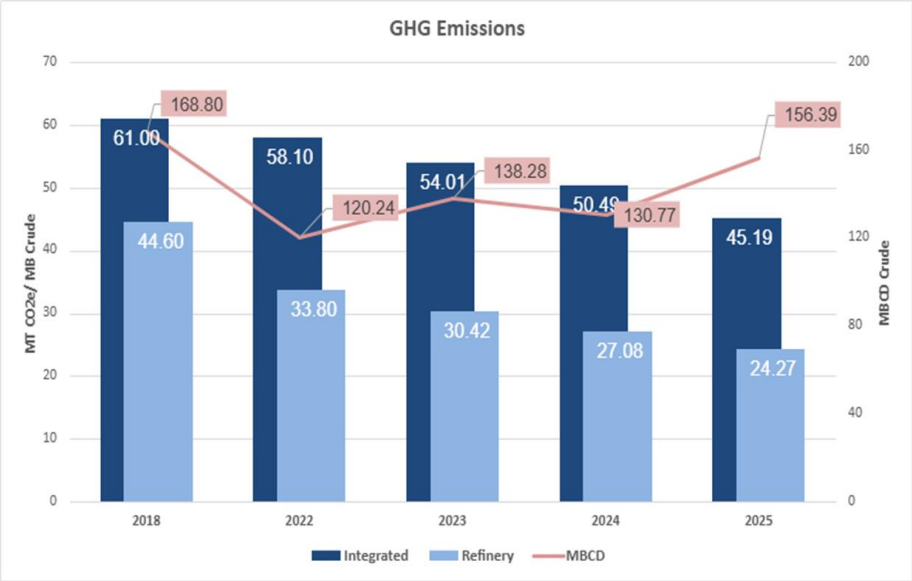
At the same time, this challenge presents an opportunity to mitigate emissions through cost-effective measures while preserving operational efficiency. Across our operations, we are upgrading our facilities to enhance energy efficiency and increase the utilization of renewable energy sources.

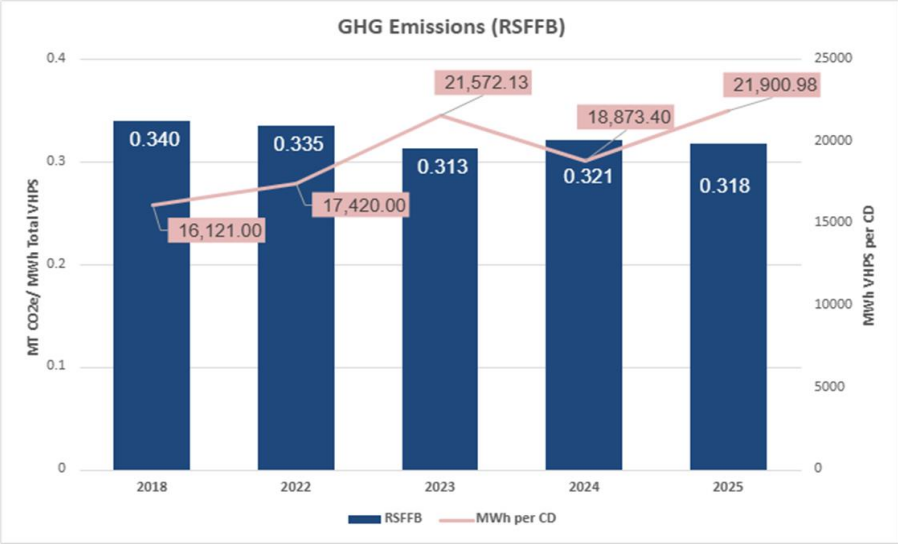
Our Refinery in Bataan remains at the forefront of our emissions reduction initiatives. Through continuous technological advancements and process optimization, we have achieved substantial reductions in flue gas emissions and enhanced our waste heat recovery systems. In our terminals, we diligently monitor emission levels and implement corrective actions as necessary to ensure compliance and ongoing improvement. Furthermore, we are strengthening emissions management at our service stations by exploring the introduction of cleaner fuel options, such as low-sulfur fuels, and by adopting energy-efficient practices.

Beyond our direct operations, we extend our emissions reduction efforts to the communities we serve. We strengthen partnerships with local government agencies and academic institutions to ensure that our initiatives are scientifically sound and aligned with local development priorities. We persistently implement mangrove reforestation initiatives as part of our carbon sequestration strategy, contributing to ecosystem restoration while supporting climate mitigation. This collaborative approach reinforces our collective efforts to contribute to the transition toward a low-carbon economy.

Compared with 2024, our Scope 1 emissions slightly increased while we made progress in reducing our Scope 2 emissions.

Scope 1 and 2 GHG emissions (in MT, CO_2e)			
Requirements	**2025**	**2024**	**2023**
Gross Direct (Scope 1)	3,920,427.80	3,491,360.78	3,964,260.97
Gross location-based energy indirect (Scope 2)	23,214.22	38,987.93	53,293.25
Total GHG Emissions	3,943,642.02	3,530,348.71	4,017,554.22
Biogenic CO_2 emissions	244.45	122.65	152.65





Our GHG emissions intensity for Scope 1 and 2 has been consistently decreasing over the past few years. Although our crude run increased compared to last year, we were able to further enhance our

operational efficiency. Plant reliability also improved, with fewer plant upsets and emergency shutdowns.

The refinery operated at a higher crude run in 2025, achieving 156.4 MBCD, compared to 130.8 MBCD in 2024. This was made possible through the collaborative efforts of all refinery personnel to operate the facility more reliably, with fewer plant upsets and emergency shutdowns. This allowed major equipment—such as heaters, furnaces, compressors, and pumps—to operate more efficiently near their design capacities and also minimized energy losses associated with plant downtime.

This year, we fully realized the benefits of the FCC-2 Direct Fired Air heater (DFAH) decommissioning and fuel gas network modification. These improvements allowed us to maximize the use of fuel gas in our process heaters, contributing to better energy efficiency.

We also optimized our steam consumption by improving the performance of steam-driven equipment and reducing steam losses through intensified steam leak repairs.

A total of 11,056.43 MT CO_2e (metric tons of CO_2 equivalent) were reduced as a direct result of our emissions reduction efforts. This year, we implemented several initiatives including MXU energy optimization through improved routing of MXP to the gasoline pool, enhancements to the KM-1/2 hot water washing procedure, repurposing various Refinery spent chemicals in WWTP-2, and the LPGT-3/4 Spent Caustic Reduction and Utility Benefit Program.

Furthermore, no refinery turnaround was scheduled in 2025, in contrast to 2024. This eliminated flaring events and avoided incremental fuel consumption associated with complete plant shutdown and startup activities, thereby contributing to emissions reduction.

GHG emissions intensity			
Facility	**2025**	**2024**	**2023**
Refinery	24.27 TCO_2e / MB Crude Processed	27.08 Tons/MB Crude Processed	30.42 TCO_2e / MB Crude Processed
Co-Generation Facility	0.318 Tons/MWH	0.321 Tons/MWH	0.31 T CO_2e/MWH
Integrated (Refinery + Co-Generation Facility)	45.19 TCO_2e / MB Crude Processed	50.49 TCO_2e / MB Crude Processed	54.01 TCO_2e / MB Crude Processed

Our emissions of NOx, SOx, and particulate matter have declined significantly due to increased recovery and use of fuel gas, which produces lower SOx, NOx, and CO_2 emissions compared to fuel oil. Low particulate matter removal emission was sustained through the regular replacement of bag filters to maintain high efficiency. Emissions of Ozone-Depleting Substances (ODS) totaled 44.88 MT of CFC-11, primarily associated with the maintenance of air conditioning units.

Emissions of ozone-depleting substances (ODS), nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions (in MT)			
Requirements	**2025**	**2024**	**2023**
NOx	679.79	963.53	1,546.68

SOx	4,459.26	11,177.31	15,341.90
Persistent organic pollutants (POP)	0	0	0
Volatile organic compounds (VOC)	0	0	Not being measured
Hazardous air pollutants (HAP)	0	0	Not being measured
Particulate matter (PM)	164.03	257.64	159.17

In the coming years, we aim to enhance the robustness of our climate-related disclosures, particularly with respect to climate risk assessment and scenario analysis, in accordance with IFRS S2. These assessments will also inform the development of our targets and guide our strategies on carbon sequestration, carbon substitution, and carbon conservation.

Responsible Waste Management

GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5
Topic 11.5 Waste
Topic 11.8 Asset integrity and critical incident management

We firmly believe that responsible waste management is a fundamental aspect of environmental stewardship and operational governance. Effective waste management is crucial for enhancing operational efficiency, safeguarding public health, and conserving valuable resources. To uphold this commitment, our company implements structured waste management practices across all its operational sites. These practices encompass comprehensive recycling programs, the reduction of single-use plastics, and stringent solid waste segregation.

Throughout all our facilities, our company actively promotes the reduction of single-use packaging materials. These waste minimization efforts are further strengthened through the collaborative efforts and active participation of all our stakeholders. This collective responsibility fosters a shared commitment to reducing the overall environmental impact of our operations.

To further reinforce responsible waste management, we have established Material Recovery Facilities (MRFs) for the temporary storage of segregated solid waste. These facilities enable our company to effectively reduce disposal costs while simultaneously supporting composting initiatives and the utilization of compost pits for on-site gardening and landscaping purposes.

Furthermore, we support circular economy practices through recycling initiatives. We repurpose used tires, plastic bottles, and drums into plant pots and incorporate shredded waste and plastic seals into concrete mixes for non-load-bearing pavements. As part of our continued advocacy for recycling, we sustain the “Ready, Set, Recycle” program, through which used Petron lube containers are collected from both consumers and operational sites for recycling. The collected plastic containers were sent to a plastic recycler and produced 30.2 Metric Tons of recycled plastic pellets that was incorporated to produce new lube oil containers. Through this program, our Davao Terminal’s plastic waste recycler was able to produce one school armchair for every 125 kilograms of plastic waste collected and donate 50 plastic chairs to a partner public elementary school. These initiatives have enabled us to transform waste materials into functional resources that benefit both the company and surrounding communities while reducing landfill disposal.

To ensure consistent waste management practices across all operating sites, our Petron Bataan Refinery continues to implement Project Solhaze, a dedicated program that oversees hazardous

waste management. Given that the Refinery produces a substantial amount of waste in our operations, this project focuses on identifying hazardous waste streams and looking for opportunities for waste reduction. Initiatives under this program include the dewatering and de-oiling of waste sludge, optimizing the use of the spent caustic treatment unit to eliminate off-site disposal of spent caustic waste, using oily sludge as quenching water in the delayed coker unit, and strengthening hazardous waste management practices across the Refinery.

We continue our efforts to responsibly manage the waste generated from our operations. This year, the total waste produced by our operations, including both hazardous and non-hazardous waste, amounted to 9,111.82 MT, representing a 40% reduction compared to the previous year. In addition to our ongoing waste reduction initiatives, this decrease can also be attributed to the absence of marine hose disposal in 2025, compared to the one-time disposal that occurred in the previous year, as well as the absence of turnaround activities at the Refinery.

The lower generation of hazardous waste, particularly oily sludge, can also be attributed to the adoption of technology during the turnaround activity of one of million barrel crude tank (Tk-109). Technology from Powermac enabled additional oil recovery and the dewatering of sludge which consequently reduced the volume of hazardous waste requiring treatment and disposal. The shift to Powermac's technology has allowed us to turn waste into a resource, contributing to the circular economy.

A significant portion of hazardous waste generation comes from the oily sludge that must be removed during crude tank maintenance activities. This sludge contains oil, water, and dirt. Traditionally, cleaning of crude oil tanks prior to maintenance is done manually, with the removed oily sludge hauled directly for disposal and third party processing. Powermac's system includes equipment for sludge removal, tank cleaning, and the Power Phaser Module. The Power Phaser module features a heavy duty three-phase Centrifuge that separates oil, water and sludge cake. The recovered oil is sent back to the refinery for reprocessing, while the wastewater is treated in our Wastewater Treatment Plant (WWTP). The sludge cake is then disposed via third party treatment.

This circular approach ensures we are no longer simply discarding usable energy. The environmental impact of this technology is a game-changer for our sustainability goals. During a recent project in one of the crude tanks, cleaning time was reduced from more than a month down to just two weeks. More importantly the volume of waste requiring external hauling was reduced by more than 90%. Instead of disposing of over 1,000 cubic meters of sludge, the volume was reduced to less than 70 cubic meters. This substantial reduction results in fewer trucks on the road, lower disposal costs, and a significantly smaller environmental footprint for the communities we serve. Another contributing factor was the reduced number of black product tanks undergoing turnaround activities in 2025.

As part of our responsible waste management efforts, we continue to divert both hazardous and non-hazardous waste from disposal through our recycling initiatives. Through these efforts, we diverted 2,692.16 MT of hazardous waste and 353.67 MT of non-hazardous waste from disposal.

Waste generated (in MT)			
Requirements	**2025**	**2024**	**2023**
Hazardous Waste	6,464.67	11,999.36	4,584.34
Non-hazardous Waste	2,647.15	3,149.84	2,843.91
Total	9,111.82	15,149.20	7,428.25

Waste diverted from disposal by recovery operation (in MT)			
	Onsite	**Offsite**	**Total**
Hazardous Waste			
Preparation for reuse	0	0	0
Recycling	2,222.40	469.76	2,692.16
Other recovery operations	0	0	0
Total			2,692.16
Non-hazardous Waste			
Preparation for reuse	137.23	0	137.23
Recycling	5.37	166.72	172.08
Other recovery operations	42.46	1.89	44.36
Total			353.67

Waste directed to disposal by disposal operation (in MT)			
	Onsite	Offsite	Total
Hazardous Waste			
Incineration (with energy recovery)	0	51.38	51.38
Incineration (without energy recovery)	0	2.45	2.45
Landfilling	0	0	0
Other disposal operations	0	7,557.98	7,557.98
Total			7,611.81
Non-hazardous Waste			
Incineration (with energy recovery)	0	0	0
Incineration (without energy recovery)	0	0	0

Landfilling	657.22	780.07	1,437.29
Other disposal operations	0	0	0.00
Total			1,437.29

Nurturing a Shared Responsibility

Upholding our mission requires the active participation and collaboration of our workforce, guided by our core principles. Our sustainability initiatives are driven by the collective responsibility and dedication of employees and stakeholders alike. Through teamwork, we consistently maintain high performance standards across our operations, reinforcing our position as a trusted and preferred partner to our customers. We also prioritize the well-being and professional growth of our employees, supporting them within their respective areas of expertise. In delivering value to our stakeholders, we remain committed to transparency, accountability, and responsible engagement in all our actions.

Dynamic and Thriving Workforce

GRI 2-7, 2-8, 3-3, 401-1, 401-2, 401-3
Topic 11.10 Employment practices
Topic 11.11 Non-discrimination and equal opportunity

Our competitive advantage in the market is underpinned by the unique combination of technical expertise, adaptability, and resilience exhibited by our employees. They possess specialized knowledge and a steadfast commitment to innovation and continuous improvement, which are pivotal for sustaining operational excellence in a dynamic business environment. Safety consciousness and ethical responsibility are deeply ingrained in their work, ensuring that every activity conforms to industry standards and our Company's values.

In response, we provide comprehensive growth opportunities to enhance employee engagement and performance. These initiatives are supported by structured feedback mechanisms, including learning assessments, program evaluations, and annual performance appraisals, which facilitate continuous improvement at both the individual and organizational levels. Additionally, we offer competitive compensation and benefits that are commensurate with employees' roles, responsibilities, and job requirements.

We are resolute in upholding fair and responsible hiring practices. Our Human Resources Management Department (HRMD) conducts a meticulous screening process to verify that candidates meet job requirements and align with the Company's culture. Our people management practices are guided by established human resources policies that foster a harmonious, respectful, and professional working environment.

For grievance-related matters, our Labor Relations Officer, in collaboration with the Legal Team, ensures due process in accordance with Company policies. We also adhere to general labor standards and applicable labor laws, working closely with our business partners, including third-party service providers (TPSPs), to uphold responsible labor practices throughout our operations.

Within our workforce, we aspire to cultivate a sustainability mindset, harmonizing the pursuit of growth with environmental stewardship and community impact. We nurture a culture that champions excellence and a clear sense of purpose, driving transformative change and contributing to the Company's long-term success.

In 2025, we have a total of 2,386 full-time employees, regular and probationary, across our operational facilities. These employees support our core business functions and are engaged under formal employment arrangements.

Total number of employees	
Category	**Number**
By gender	
Male	1,667
Female	719
By region	
National Capital Region	1,017
South Luzon	1,006
North Luzon	59
Visayas	165
Mindanao	139

*Headcount does not include employees from Petron subsidiaries, which are not part of the reporting boundaries. Total employee headcount including subsidiaries is 4,587.

We also engaged workers who are not employees through third-party service providers (TPSPs) to perform essential support services, including ground maintenance and repair in terminals, sales offices, and the Refinery, as well as utility, janitorial, mailing, and security services. In 2025, these engagements comprised 4,272 TPSP workers and 14 direct hires.

The number of TPSP workers is coordinated and monitored on a monthly basis through designated point persons from line departments and in close coordination with contractors. This process ensures that all non-employee workers are regularly identified and accounted for, while supporting effective workforce planning, particularly for functions essential to business continuity and safe operations.

For the year, we recorded an average of 17 TPSP workers nationwide per month, including those supporting Refinery, plant, and facility operations, with fluctuations depending on project requirements.

This year, we hired a total of 243 new employees, most of whom are male, under 30 years old, and residing in Metro Manila. Female employees comprised 36.6% of new hires, consistent with the distribution from the previous year. These hiring patterns support our recruitment strategies and demonstrate our continued adherence to a structured and rigorous hiring process, ensuring that new employees meet our operational and capability requirements.

At the same time, we continue to strengthen our retention strategies. Insights from turnover data inform our talent management initiatives, succession planning, and employee engagement programs. For the year, our employee turnover rate was 6%.

New employee hires		
Category	**Number**	**Percentage**
By gender		
Male	154	63.4
Female	89	36.6
By age		
Under 30 years old	203	83.5
30-50 years old	40	16.5
Over 50 years old	0	0.0
By region		
National Capital Region	142	58.4
South Luzon	6	2.5
North Luzon	65	26.7

Employee turnover		
Category	**Number**	**Percentage**
By gender		
Male	135	67.2
Female	66	32.8
By age		
Under 30 years old	103	51.2
30-50 years old	76	37.8
Over 50 years old	22	10.9
By region		
National Capital Region	108	53.7
South Luzon	4	2.0
North Luzon	62	30.8
Visayas	16	8.0
Mindanao	11	5.5

All full-time employees are entitled to benefits that go beyond government requirements, including healthcare, retirement plans, and various leave options. This approach reflects our commitment to recognizing and valuing the contributions of our employees to the Company.

Key benefits include:

- Life, Accident, and Corporate Travel Insurance
- Group Healthcare Plan
- Permanent Disability Coverage
- Maternity, Paternity, and Solo Parent Leave Benefits
- Retirement Benefits

We provide parental leave in accordance with applicable laws and regulations, fostering an environment that enables employees to balance family responsibilities with professional growth.

In 2025, 131 employees availed of parental leave, all of whom returned to work. Of these, 102 employees remained with the Company 12 months after their return, resulting in a retention rate of 91.07%, an improvement from 87.72% in the previous year.

Requirements	Male	Female
Total number of employees that were entitled to parental leave	1,667	719
Total number of employees that took parental leave	90	41
Total number of employees that returned to work in the reporting period after parental leave ended	90	41
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	66	36
Total number of employees due to return to work after taking parental leave	90	41

Effective Labor Management Relations

GRI 2-30, 3-3, 402-1
Topic 11.7 Closure and rehabilitation
Topic 11.10 Employment practices

Effective labor management relations are pivotal to our operational success and contribute to fostering a productive and innovative workplace. Beyond our organization, robust labor management relations also support local economies and sustain investor confidence in the oil sector.

Recognizing human capital is a primary asset of our business, we actively cultivate a culture of trust and respect. This approach fosters productivity and innovation through open communication and meaningful employee engagement. By fostering shared responsibility across our workforce, we encourage employee participation in decision-making processes, ensuring their concerns are heard and addressed proactively, which contributes to higher job satisfaction and retention.

To maintain a harmonious and efficient work environment, we have established robust communication and grievance resolution mechanisms across our operations. These mechanisms reinforce our commitment to transparency, collaboration, and continuous improvement, aligning with labor standards set by the Department of Labor and Employment (DOLE) and adhering to global best practices in labor relations.

At the Refinery, regular labor management meetings are held to address workforce concerns collaboratively. We also organize focus group discussions (FGDs) and team-building activities to strengthen teamwork and enhance operational efficiency. Our training programs equip Refinery workers with the latest industry developments while reinforcing safety protocols, ensuring the workforce remains adaptive and prepared for future industry developments.

In our terminals, digital platforms such as PETHUB and Microsoft (MS) Teams are leveraged to disseminate operational updates, safety guidelines, and company initiatives efficiently. Regular interdepartmental meetings ensure alignment of objectives and the proactive resolution of potential issues, keeping employees connected and united in achieving operational goals.

Across our service station network, we implement community-based engagement initiatives to foster a strong sense of belonging and purpose among employees. Regular check-ins between station operators and management ensure that frontline staff concerns are promptly addressed. Additionally, we conduct training programs focused on customer service excellence and workplace safety to enhance service quality and employee well-being.

These localized efforts complement Petron's broader labor relations framework. The Company maintains collective bargaining agreements (CBAs) with three labor unions: (1) the Bataan Refiners Union of the Philippines (BRUP), affiliated with the Philippine Trade and General Workers Organization; (2) the Petron Employees Labor Union (PELU); and (3) the Petron Employees Association (PEA), affiliated with the National Association of Trade Unions. All CBAs remain in force this year and, as of December 2025, covered approximately 26% of the Company's workforce in the Philippines.

The duration of CBAs varies by provision: representation-related clauses are effective for five (5) years, while other provisions remain valid for three (3) years, in accordance with the Philippine Labor Code. Company policies continue to safeguard the rights and interests of employees not covered by CBAs.

To ensure effective communication on operational adjustments, employees covered by CBAs and their representatives receive at least 16 hours' notice prior to major changes and a minimum of seven (7) days' notice for employee transfers. The consultation and negotiation process, including these notice periods, is clearly outlined in the agreements and documented in the CBA booklet to promote transparency and compliance throughout the term of each agreement.

Beyond formal CBAs, Petron strengthens labor relations through participation in the Bataan Industrial Peace Council and the Mandaluyong City Tripartite Industrial Peace Council. Through these collaborative platforms, we work alongside government agencies, labor, and industry stakeholders in advancing shared solutions that support a stable and resilient workforce. These engagements foster dialogue and knowledge sharing, enabling the Company to stay informed of labor advisories and regulatory developments while responding effectively to the evolving needs of its workforce.

Robust Occupational Health and Safety

GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10
Topic 11.9 Occupational health and safety

Over the years, we have demonstrated that workplace safety is deeply embedded in Petron's culture and mission. We remain committed to conducting our business in a manner that prioritizes the health, safety, and security of all personnel—including employees, contractors, and partners. As we deliver quality products and services to our customers, we ensure a safe and conducive working environment and strive to send our people home safely every day.

Our robust Occupational Health and Safety (OHS) Management System is integral in continuously improving our overall safety performance. This system, which covers all employees, contractors, and workers, undergoes rigorous internal and external audits and is validated through certifications from independent third-party experts. These systems reinforce our forward-looking approach to risk management and ensure that safety remains an inclusive core pillar of operational excellence.

Regular orientations are conducted to reinforce safety awareness and emphasize the strict adherence to health and safety protocols. Our safety programs, guidelines, procedures, and policies are subject to regular review and updates. Notably, our safety manual incorporates programs designed to effectively prevent or mitigate significant occupational health and safety risks, including those arising from natural calamities. Given that our operations may encounter hazardous conditions, particularly within the Pacific Ring of Fire, we continuously enhance the emergency preparedness capabilities of our employees and contractors. Through continuous learning and collaboration across our functions, personnel are empowered to proactively identify and manage potential risks and unforeseen events, thereby ensuring a safer working environment for all.

We implement our OHS management systems company-wide to ensure consistent compliance with applicable government and international standards, including but not limited to the following:

- Philippine Occupational Safety and Health Standards
- Department Order 252-25 Revised Implementing Rules and Regulations of RA No. 11058 entitled "An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof"
- R.A. No. 9514 or The Fire Code of the Philippines
- Department of Energy's (DOE) Philippine National Standards on Petroleum

- Philippine Mechanical Engineering Code
- Philippine Electrical Code
- National Oil Spill Contingency Plan (NOSCOP)
- Occupational Safety and Health Administration (OSHA) Standards
- National Fire Protection Association (NFPA) Standards
- American Petroleum Institute (API) Standards
- American National Standards Institute (ANSI) Standards
- International Safety Guide for Oil Tankers and Terminals (ISGOTT)

Beyond full compliance, we actively advance a safety-driven culture through various programs, measures, and initiatives. We provide opportunities for OSH-related consultations and promote a safety-conscious workplace. Our key programs include:

- Health and Safety Advisories
- KamOSHtahan sa Terminal
- Townhall Meetings
- Petron Safety Council Meetings
- SMC HOC Safety Committee Meetings
- SMC Safety Council Meetings
- HSE Coordination Meetings
- Toolbox Meetings
- Contractor Safety Meetings

Our assessment identified the following main types of work-related injuries among our employees and workers:

Main Types of Work-Related Injury for Employees and Workers
Exposure to or contact with extreme temperatures
Exposure to or contact with harmful substances or radiations
Fall Accident (different levels)
Slips, trips, & fall (same levels)
Stepping on, striking against or struck by objects (excluding falling objects)
Caught in or between objects

In identifying and describing causes of injury, we also include incident investigation, root cause analysis, and corrective/preventive actions to reflect control and learning. To mitigate risks and enhance workplace safety, we implement a range of preventive measures. These include eliminating identified hazards, replacing outdated equipment, designing our facilities in accordance with applicable standards, and providing Personal Protective Equipment (PPE). The collective efforts of our employees, contractors, and safety teams help us continuously strengthen preventive measures to maintain safe and reliable operations. We also conduct training and implement programs such as the Human Organizational Performance (HOP)/Behavior-Based Safety (BBS) Integrated Loss Control System.

In the event of an incident or accident, immediate investigations are carried out by the relevant teams. In addition, our Petron Safety groups, such as CTSG Safety, OPS-HSSE, PBR Safety, Retail Engineering and Network Development Safety, Industrial Safety, Fleet Safety, and Marine Safety, conduct a separate revalidation investigation.

During the reporting period, we recorded 47 work-related injuries among our employees and workers, with 2 cases classified as high-consequence injuries among workers. These resulted from various incidents, including slips or falls and unintentional exposure to harmful substances or extreme temperatures, among others.

Work-related Injuries		
Requirements	**Employees**	**Workers who are not employees but whose work and/or workplace is controlled by the organization**
Number of fatalities as a result of work-related injury	0	0
Number of high-consequence work-related injuries	0	2
Number of recordable work-related injuries	20	27
Number of fatalities as a result of work-related ill health	0	0
Number of cases of recordable work-related ill health	0	0

Continuous Learning and Development

GRI 3-3, 404-1, 404-2, 404-3
Topic 11.7 Closure and rehabilitation
Topic 11.10 Employment practices
Topic 11.11 Non-discrimination and equal opportunity

We are dedicated to nurturing a capable and resilient workforce. By providing employees with relevant skills, knowledge, and learning opportunities, we help them adapt to evolving business challenges and pursue growth with confidence. Our commitment to continuous professional development enhances individual performance, which in turn strengthens overall organizational resilience. We have established collaborative partnerships to further develop the competencies and qualifications of our employees. Our approach begins with a structured new-hire orientation and onboarding program that enhances management, technical, and leadership skills.

We also offer both local and international training programs, which are systematically and clearly communicated to all employees through formal training agreements. These modules are designed to align with industry trends and employee needs, ensuring effectiveness and measurable outcomes.

As we continue to implement these employment facilitation programs, our Company has incorporated feedback mechanisms and conducted learning assessments. In this way, we are able to continuously evaluate the impact and relevance of these initiatives. Furthermore, these performance reviews help identify areas for professional improvement and growth.

In collaboration with our parent company, we have implemented in-house and other tailored training initiatives for employees to enhance their skills, maximize their potential, and advance their careers.

Regular transition assistance programs address specific employee needs which are offered in courses such as Essentials of Supervision and Leadership. We have initiated progression programs, including the Accelerating Leadership Potential, Labor Management, and the Ateneo Leadership Management Development Program (LMDP) for Managers and the AIM Executive Management Development Program (EMDP) for our senior managers and executives.

In complementing our efforts in talent creation especially designed for leadership development, we have established programs on coaching (i.e., Top Emerging Achievers Program) and mentoring (i.e., Petron Mentoring Program). Ensuring these programs are effective is essential to equip our workforce with the skills and capabilities needed to thrive in a dynamic business environment.

We place strong emphasis on the professional development of employees across all categories: rank-and-file, supervisory, and managerial. In 2025, we sustained a high average number of training hours across the organization, with total training hours reaching 395,287.60**,** comprising 277,994.97 hours for male employees and 117,292.63 hours for female employees**.**

The 2025 data include on-the-job training (OJT) hours for probationary employees, training hours of ERP grantees reimbursed during the reporting year, and participation in long-term leadership programs under SMC, such as the Ateneo Leadership Development Management Program (LDMP).

This policy direction fosters a fair and inclusive culture while enhancing employee well-being and strengthening overall organizational performance.

Training hours			
Category	**Total number of training hours**	**Number of employees**	**Average training hours**
By gender			
Male	277,994.97	1,667	166.76
Female	117,292.63	719	163.13
By employee category			
Rank and File	305,502.58	1,766	172.99
Supervisory	52,820.21	350	150.91
Managerial	33,672.30	270	124.71

Consistent with previous years, 100% of our employees received regular performance and career development reviews in 2025. This reinforces our continued commitment to strengthening learning initiatives and cultivating a dynamic workforce across all levels of the organization.

Our dedication to raising the bar in training and education is anchored on our goal to develop a workforce equipped with the competencies and tools needed to align talent and skills with evolving industry and market demands, ensuring organizational agility and sustained capacity building.

Basic Training	Supervisory	Managerial
Petron 101	Basics of Management and Supervision	Accelerating Leadership Potential
Petron Ambassadors Program	Essentials of Supervision and Leadership	7 Habits of Highly Effective People
Developing Effective Presenters	CELEMI Decision Base	Labor Management Relations Workshop
Effective Business Communication	Communication Edge	Finance for Non-Finance Managers
Effective and Assertive Communication	Labor Management Relations Workshop	Ateneo Leadership + Management Development Program
Tactical Negotiation		AIM Executive Management Development Program
KT Problem-Solving and Decision Making		Coach Training for Career Coaches
MS Basic and Advance		
Raise the Bar		

Additionally, Petron regularly conducts training to enhance HSSE-related competencies such as safety orientation, incident investigation, risk assessment, and emergency response among the workforce across all units. These provide more opportunities for personnel to develop operational risk and safety capability.

Feature Story: Sustaining Excellence through Innovation: Refinery Technical Forum

Following the inaugural launch of the Refinery Technical Forum (RTF) in 2024, the Petron Bataan Refinery conducted its second run this year, focusing on advancing innovative, implemented solutions across the Refinery with the theme Breakthrough Innovations: Driving Refinery Competitiveness through Implemented and Emerging Solutions. The RTF serves as an internal platform to promote continuous innovation in addressing and anticipating economic, technical, and regulatory challenges, such as market volatility, the growing energy transition, aging equipment, and skilled workforce shortages. It enables the Refinery to implement initiatives that increase productivity and efficiency, lower production and operating costs, and drive long-term profitability.

Participation in the RTF goes beyond individual engineering capability—it fosters collaborative synergy through an integrated, cross-functional approach that leverages diverse skills, knowledge, and perspectives to achieve meaningful outcomes. The forum also showcases the importance of teamwork, emphasizing that successful projects require a multidisciplinary approach and cannot be accomplished singlehandedly.

Out of 29 valid entries this year, 10 reached the final round, where they presented to a panel of judges composed of internal experts from various Petron divisions. In 2025, the categories were further refined to target key areas critical to the Refinery: Operational Efficiency, Plant Reliability Solutions, Environmental Stewardship, and Process Safety Management. All entries were assessed based on impact, sustainability, innovation, and teamwork.

Below are some exemplary winning entries from 2024 and 2025:

Redesign for Results: Installation of Tie-In Line to Separate Polymer Source and Enhance Wastewater Flocculation and Sludge Dewatering

The uncontrolled discharge of untreated wastewater into water bodies poses significant risks to human health and the environment. These challenges often involve complex and heterogeneous pollutants that require advanced and highly efficient treatment technologies to meet stringent regulatory water quality standards. At Petron, a clear and compliant final effluent in its wastewater treatment process is a non-negotiable commitment to environmental protection.

At Petron's Bataan Refinery Production B Wastewater Treatment Plant- 2 (WWTP-2), polymers are utilized in the Biological Dissolved Air Flotation (Bio DAF) unit to facilitate solid-liquid separation, ensuring a solid-free final effluent in compliance with Department of Environment and Natural Resources (DENR) regulations. In addition, polymers support the production of a drier sludge cake at the Bio Sludge Centrifuge facility, helping reduce third-party hauling and treatment costs.

Previously, the polymer used for both the Bio DAF and Bio Sludge Centrifuge was prepared and diluted in a single tank. During centrifuge operations, demand for diluted polymer increased significantly. Process analysis indicated that two preparation tanks were necessary to consistently meet the required polymer volume.

Although the interim approach maintained continuous operations, operators supplemented the preparation tank with additional plant water to sustain supply. This practice led to over-dilution of the polymer, resulting in inefficient solid-liquid separation and suboptimal sludge dewatering. Consequently, the Refinery experienced non-compliant final effluent, wetter sludge cakes, turbid centrate, increased sludge volume and weight, excessive polymer consumption, and higher hauling and treatment costs.

To address the identified process challenges, the Oily Centrifuge Polymer Preparation Tank at WWTP-2 previously designated for the oily sludge centrifuge and seldom utilized was repurposed. Since both the oily and bio sludge centrifuges use the same polymer type, a tie-in line was installed to reroute diluted polymer from the Oily Sludge Polymer Preparation Tank to the suction side of the Bio Centrifuge Polymer Dosing Pump.

The tie-in line was successfully installed in May 2025, delivering the following operational improvements:

- The Bio DAF polymer preparation tank is now dedicated exclusively to the Refinery's Bio DAF unit, ensuring a stable and properly concentrated polymer supply.
- No instances of non-compliant final effluent due to inefficient solid–liquid separation were recorded during simultaneous operation of the Bio DAF and Bio Sludge Centrifuge.
- The Bio Sludge Centrifuge produced clearer centrate and a drier sludge cake, while increasing its feed rate from 5 m^3/hr to 8 m^3/hr, with no observed operational constraints such as elevated temperature or excessive vibration.

While the installation of a tie-in line and pump rerouting for polymer separation may appear to be a straightforward technical modification, the results have delivered substantial operational cost efficiencies and environmental benefits. Key outcomes include:

- Reduced sludge hauling and treatment costs: Improved sludge dryness enabled the facility to avoid third-party hauling and treatment of approximately 15,800 kg of sludge cake per month**,** translating to monthly savings of Php 110,600. Since implementation, the project has generated total savings of Php 660,485**.**
- Optimization of polymer use: Through the isolation of the centrifuge system, 3,500 kg of unused legacy polymer were fully utilized, eliminating the need to purchase an equivalent volume of new polymer and resulting in one-time savings of Php 1,057,000**.**
- Greenhouse gas (GHG) emission reduction: Since implementation in May 2025, the process has avoided approximately 65.22 metric tons of CO_2**,** with projected annual reductions of 132 metric tons**.** These reductions stem from decreased sludge volume and improved dryness, which lower hauling, treatment, stabilization, and post-landfill degradation requirements handled by third-party contractors.

Air Ring Modification Sustained DFAH Operations in FCC-2

The Fluidized Catalytic Cracking-2 (FCC-2) unit converts heavy gas oil into more valuable petroleum products. A key component is the regenerator, where coke deposited on the catalyst is burned using air supplied by a blower. Between the blower and the regenerator is a Direct Fired Air Heater (DFAH), which preheats air during start-up and shutdown operations.

Ideally, the DFAH is turned off during normal operations. However, operational limitations require the heater to remain in use, increasing fuel consumption and carbon footprint. One major issue is afterburning, characterized by elevated temperatures in the regenerator.

Air entering the regenerator is distributed through three concentric air rings—inner, middle, and outer—and should ideally be uniform. Based on the study, it has shown air maldistribution, with higher airflow in the inner and middle rings and lower airflow in the outer ring, contributing to afterburning.

In this regard, the objective of the project was to mitigate afterburning and decommission the DFAH to eliminate its fuel gas consumption. After testing and consultations with experts, the most practical and cost-efficient solution was to plug the inner and middle air rings and install additional nozzles in the outer ring to achieve balanced air distribution.

Following project implementation, the unit was started up at low capacity with the DFAH turned off. The unit was subsequently operated twice at maximum capacity, and the operating conditions remained acceptable even without the DFAH. To date, the DFAH remains decommissioned—an important milestone, as this had never been achieved since its commissioning in 2014.

The project delivered several operational benefits, including the elimination of fuel gas consumption and mitigation of afterburning, thereby reducing the Refinery's carbon footprint. It also improved equipment reliability and created opportunities to optimize utility use, resulting in lower operating costs.

The RTF drives continuous operational improvement while reinforcing collaborative ways of working. It encourages innovation beyond standard practices, driving ongoing improvements across the Company. For employees, it fosters engagement and a sense of contribution to Petron's enduring legacy, supporting the Company's commitment to excellence and sustainable practices built over 90 years.

Supporting Local Communities

GRI 3-3, 413-1, 413-2
Topic 11.15 Local communities

As a leader in the local oil industry, Petron goes beyond sustaining financial and operational excellence. Even amid evolving market conditions and external challenges, we remain resilient and committed to contributing to nation-building through community welfare and environmental stewardship. We strive to create meaningful and lasting impact in the lives of Filipinos by championing inclusivity and social well-being, beginning with the cultivation of strong and enduring relationships with the communities where we operate. Through active collaboration with host communities near our facilities, we work together with stakeholders toward shared goals and ensure that our programs, services, and products respond to their evolving needs.

Our CSR arm, Petron Foundation, plays an integral role in implementing nationwide initiatives focused on education, environmental sustainability, health, human services, livelihood, and advocacy. To ensure seamless coordination from planning to execution, we partner with schools, local government units (LGUs), and community organizations. Volunteerism is also significant in our initiatives, as demonstrated by the active participation of stakeholders in our program such as Brigada Eskwela. We have also built Petron schools, and since 2002, we have constructed 108 schools with 258 classrooms, benefiting over 100,000 students by providing essential facilities such as chairs, toilets, and water systems.

We aim to alleviate poverty through education and employment. Our Tulong Aral ng Petron (TAP) is a long-term scholarship program that supports academically deserving children from economically disadvantaged families in Petron's fenceline communities, enabling them to pursue their education in public schools. Under this program, scholars receive meal allowances, school supplies, uniforms, shoes, and school bags. TAP is structured into four (4) progressive phases designed to support scholars from basic education to employment. In Phase 1, children from underserved areas in Petron's host communities are provided scholarships for elementary education. In Phase 2, outstanding TAP elementary graduates receive high school scholarships. In Phase 3, high-performing TAP high school graduates are awarded college scholarships in engineering and business-related fields, as well as access to technical-vocational programs. Finally, in Phase 4, scholars are supported in securing employment opportunities within Petron and other organizations. Overall, this framework reflects Petron's commitment to education as a pathway to opportunity and its dedication to sharing these benefits with local communities. For the 2025 to 2026 school year, TAP has a total of 2,344 scholars.

Given the nature of our business, environmental stewardship remains one of our core commitments and is embedded in our operations through initiatives such as Petron Ecowatch and SMC's Water for All program. We proactively monitor and manage environmental impacts—including water consumption, emissions, and waste generation—through a robust risk management framework. We also ensure compliance with local and international regulations through close collaboration with LGUs, DENR, and non-governmental organizations. These efforts reflect our belief that environmental protection is a shared responsibility, strengthened through partnerships with relevant stakeholders. In addition, a Multipartite Monitoring Team (MMT) and certified environmental officers oversee adherence to high environmental standards across all service stations.

Our Puno ng Buhay program has further strengthened our environmental initiatives, with over 1 million trees planted since 2000 and 55 hectares of mangrove reforestation areas adopted across

the country. These achievements highlight the collective efforts and teamwork of our employees and partners, with 100% volunteer participation from our terminals during Earth Month, Environment Month, and International Coastal Cleanup Day.

We also implement a wide range of livelihood programs in our host communities to support local economic resilience and sustainable sources of income. For instance, in Rosario, Cavite, the mothers of our TAP scholars were trained in rag making and eventually established their own cooperative. In 2018, a dressmaking training program was launched as an additional initiative. We also conducted a Financial Literacy Workshop for our TAP Rosario Livelihood group. In Limay, Bataan, members of Sulong Alangan at Lamao para sa Pag-unlad Inc. (SALAPI) exclusively supply rags to the Refinery, earning between PHP 2,000 and PHP 4,000 per month while producing an average of 750 kilograms.

Moreover, PFI revived the Petron Automotive Care Education (ACE) program as another avenue to advance its mission of alleviating poverty through education. In 2024, a total of 29 graduates completed the seven-day program in partnership with Don Bosco, with participants coming from National Capital Region, Davao City, Iloilo City, Surigao City, and Bacolod City.

In summary, the table below presents the range of CSR programs of Petron led by PFI.

Education	Environment
• Tulong Aral ng Petron • Elementary • High School • College Scholarship • Petron School/Brigada Eskwela	• Puno ng Buhay Reforestation Program • Bataan Integrated Coastal Management Program (BICMP) • Environment Programs of Refinery and Terminal Operations
Entrepreneurship and Livelihood	**Health and Social Services**
• Community-based Programs for Bataan; Pandacan, Manila; and Rosario, Cavite • Petron Automotive Care Education (ACE) Program	• Health and Nutrition Programs • Petron clinic • Disaster Management • Sagip Alalay (i.e., disaster response)

To continuously improve our approach, we establish performance metrics and conduct regular site visits to evaluate effectiveness, refine strategies, mitigate risks, and enhance the safety and well-being of local communities. We also remain forward-looking and continue strengthening collaboration with stakeholders to ensure our programs remain responsive to evolving community needs.

Our strengthened community engagement strategy is creating meaningful change by transforming stakeholders into active partners and fostering a collective sense of ownership and responsibility. This participatory approach enables us to tailor initiatives to the unique needs of each community, ensuring measurable benefits while upholding the highest standards of ethical practice.

Feature Story: Empowering the Future through Education

Education has long been a cornerstone of Petron's social development initiatives. Through the Tulong Aral ng Petron (TAP) program and the Petron Engineering Scholarship Program, the Company continues to invest in education as a pathway to empowerment, creating opportunities for young learners while strengthening the communities where it operates.

At the heart of TAP is a holistic approach to supporting students throughout their educational journey. The program begins by providing children from underserved communities, particularly those in Petron's host communities, with access to elementary education. Outstanding graduates are then given opportunities to continue through high school, while those who demonstrate strong academic performance may qualify for college scholarships in fields such as engineering and business. For TAP graduates who aspire to join the workforce, Petron also provides employment opportunities across its facilities, allowing them to apply their knowledge and skills in a professional environment.

Complementing this initiative is the Petron Engineering Scholarship Program, implemented in partnership with Bataan Peninsula State University (BPSU). The program provides financial assistance to engineering students, including allowances that help support their academic needs. Scholars also benefit from board exam assistance, which provides financial support for licensure examination reviews. In addition, scholars gain valuable industry exposure through on-the-job training and mentorship from Petron's experienced engineers, helping bridge academic learning with real-world industry practice.

For scholars like Lanz Rodnee, a fourth-year Mechanical Engineering student at BPSU, the scholarship represents both opportunity and responsibility. Lanz recalled the highly competitive selection process, where more than 30 of his classmates applied for the program. He was among the few selected scholars from the Mechanical and Electrical Engineering departments.

Engineering studies are demanding, but Lanz remains motivated by the opportunity entrusted to him. Reflecting on his journey, he shared: *"The scholarship was not merely an obligation to succeed, but an inspiration for me to view self-doubt as a signal to build strength and clarity of purpose."* His family also recognizes the impact of the program. As he explains, *"My family looks up to Petron as a well-known company in our community that provides opportunities for personal and professional growth."*

The impact of the program extends beyond scholars to the families who support them. At F. Bangoy Central Elementary School in Davao City and Culasi Elementary School in Roxas City, parents of TAP scholars expressed their gratitude for the opportunities provided to their children. For many families, the scholarship program has helped ease financial burdens while strengthening their hopes for their children's future.

Lea Buanghug, a single mother working as an on-call condominium cleaner, shared that the assistance provided by Petron helps supplement her modest and unsteady income to support her child's education. Another parent, Teresa Magbanua, noted that Petron's scholarship program recognizes not only academic performance but also the importance of good character among its scholars.

The success of the scholarship programs is also made possible through Petron's partnerships with academic institutions and community stakeholders. BPSU has long been a key partner in the Petron Engineering Scholarship Program. According to Ms. Khristina Anne A. Dimarucut-Ama, Director of Student Affairs and Services at BPSU, the partnership helps the university develop graduates who

are equipped with the skills needed by local industries.

Through this collaboration, graduates are given opportunities to pursue careers within Bataan rather than seeking employment elsewhere. This strengthens the province's workforce while supporting local economic growth. Ms. Dimarucut-Ama also shared that Petron's reputation provides scholars with valuable industry exposure through plant visits and on-the-job training, helping them gain practical experience in their chosen fields.

Beyond career development, Ms. Dimarucut-Ama highlighted the broader social value of nurturing a strong local workforce. By creating opportunities within the province, graduates are able to remain close to their families while building their professional paths. She also noted Petron's unique approach in involving parents in scholarship-related activities, recognizing the important role of family support in motivating students and guiding them through the challenges of their academic journey.

Petron's efforts are further strengthened through collaboration with corporate partners who share the same vision of supporting education. For many years, SM has partnered with Petron to organize annual school supply distribution activities for TAP scholars. Held at SM Malls, the activity allows students to select school supplies, bags, and shoes in preparation for the upcoming school year.

In Roxas City, the event has become a much-anticipated tradition. According to Ms. Reina Donesa, Branch Manager of SM Roxas, the initiative is guided by a simple goal: to bring joy to the children. "We want to see the happy faces, the sparkle in the children's eyes as they hold a new pair of shoes or a school bag. That feeling is priceless," she shared.

For SM employees, the activity is more than a routine event. It is an opportunity to take part in an initiative that creates meaningful experiences for young learners and their families. As Ms. Donesa noted, the partnership between SM and Petron goes beyond business considerations, reflecting a shared commitment to supporting communities and empowering the next generation.

Through these collective efforts, uniting scholars, families, academic institutions, and corporate partners, Petron continues to deliver on its commitment to expand access to education and create pathways to opportunity. By investing in learning and skills development, the Company helps nurture future professionals who will contribute to their communities and carry forward the shared vision of progress and empowerment.

Ensuring Customer Health and Safety

GRI 3-3, 416-1, 416-2
Topic 11.3 Air emissions

Given the high-risk nature of our industry, particularly in relation to fuel handling and storage, we prioritize the health and safety of our customers in all our operations. We implement stringent safeguards throughout our value chain and continuously enhance our practices to improve customer health and safety. While we actively adopt evolving regulatory requirements and integrate innovative safety solutions, we also strive to surpass compliance and elevate industry benchmarks. As the leading oil company in the Philippines, Petron is committed not only to delivering reliable products and services nationwide, but also to fostering a secure and dependable environment for customers and communities through rigorous management systems, proactive initiatives, and sustained stakeholder engagement, allowing us to remain resilient and responsive amid evolving industry challenges.

Our comprehensive risk management approach upholds the highest safety standards while ensuring full regulatory compliance. This is supported by a robust Corporate Safety Management System (CSMS), aligned with international standards such as those of the International Organization for Standardization (ISO 45001:2018). Through this system, we systematically manage safety protocols across all operational phases, strengthening protection for stakeholders while maintaining regulatory excellence. Furthermore, continuous monitoring and proactive risk assessments enable us to identify and mitigate potential hazards before they escalate, reinforcing our preventive approach to safety management.

We implement a comprehensive range of initiatives to safeguard the health and safety of our customers across our operations. Our safety protocols are not only embedded in employee practices but are also extended to customers through educational programs and engagement initiatives. In addition to enforcing strict safety procedures at our retail outlets, including comprehensive employee training on product handling and operational procedures, we actively promote the safe use of fuels and responsible practices at service stations. This layered approach protects our culture of safety beyond our organization and into the communities we serve.

Safety remains a central priority across our operational facilities. At the Refinery, extensive safety audits and hazard analyses are conducted to maintain strict adherence to industry-leading standards. Regular environmental assessments, covering air quality, noise levels, and other potential health impacts, further support a safe operating environment. Meanwhile, our terminals are equipped with advanced fire detection systems and supported by routine safety training to ensure full compliance with fire safety regulations. This layered approach protects our customers, employees, and surrounding communities.

Site assessments are also an important component of our safety protocols, enabling the timely identification and resolution of potential risks. Our Corporate Safety team collaborates with technical specialists to conduct both virtual and on-site inspections, ensuring compliance with health and safety requirements while continuously strengthening our preventive measures.

Furthermore, customer feedback remains an essential component of our health and safety strategy, as it provides us with valuable insights that drive continuous improvement. We actively listen to customer concerns to build trust and enhance our services based on real-world experiences. In 2025, we received close to 1.2 million customer feedback submissions—both voice and non-voice—through our communication platforms, including the Petron Customer Interaction Center, Petron Talk2Us, Petron Gasul Express Delivery (PGED), and our Social Media Community Management

(SMCM) group. Reflecting its growing role, SMCM transactions were included as a new reporting category for Petron Customer Care in 2024, further bolstering our customer-centered engagement approach.

We also take pride in our Lakbay Alalay program, which provides free vehicle check-ups and roadside assistance. This initiative reflects our strong focus on customer safety and reinforces our role as a responsive and service-oriented provider. Likewise, we expanded our Car Care Center Free Safety Check initiative from 41 centers to a broader network. This month-long campaign offered complimentary inspections and exclusive service discounts to encourage proactive vehicle maintenance.

As part of our collaborative efforts, we continue to strengthen our advocacy for the proper implementation of the LPG Law (R.A. No. 11592) in collaboration with the DOE and industry partners through regulatory discussions and educational forums. In addition, we actively raise public awareness about the dangers of illegally refilled LPG cylinders, emphasizing the importance of choosing legitimate Petron LPG products that comply with the Department of Trade and Industry (DTI) safety and quality standards. Customers may also access detailed safety guidelines through our website.

With safety as our top priority, we evaluated 100% of health and safety impacts across all facilities during this reporting period, consistent with our standard annual practice. This initiative supports our commitment to risk mitigation and the protection of our customers, employees, communities, and other stakeholders. For the year, we recorded zero incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products and services. Likewise, we maintained our record of zero non-compliance with voluntary codes, reaffirming our commitment to upholding and exceeding safety standards.

However, during the reporting period, one of our service stations received a Notice to Comply (NTC) from the Bureau of Fire Protection (BFP) for non-compliance with the required Oil-Water Separator.

While we recognize opportunities for continuous improvement, we take pride in our sustained commitment to safety and regulatory compliance. Moving forward, we will continue refining our processes, strengthening safety programs, and collaborating closely with regulatory bodies to ensure the highest level of protection for our stakeholders. We remain dedicated to enhancing health and safety outcomes for our customers and the communities we serve through sustained innovation, proactive risk management, and ongoing stakeholder engagement.

Incidents of non-compliance concerning the health and safety impacts of products and services									
Requirements	2025			2024			2023		
	Refinery	Terminals	Service Stations	Refinery	Terminals	Service Stations	Refinery	Terminals	Service Stations
Incidents of non-compliance with regulations resulting in a fine or penalty	0	0	0	0	0	0	0	0	0
Incidents of non-compliance with regulations resulting in a warning	0	0	1	0	0	2	0	1	0
Incidents of non-compliance with voluntary codes	0	0	0	0	0	0	0	0	0

Responsible Marketing and Labeling

GRI 3-3, 417-1, 417-2, 417-3

In alignment with our dedication to our customers as their reliable fuel source, our Company ensures that all products are marketed and labeled responsibly. We furnish comprehensive, accurate, and readily accessible information to empower our customers and stakeholders to make informed decisions with confidence. From the moment our products are produced at the Refinery until they reach the market, we maintain consistent labeling and communication practices that embody our accountability and commitment to consumer safety. Through transparency, we fortify customer trust, accentuate the genuine quality and value of our products, and contribute to fostering a culture of responsibility within the industry.

At Petron, we acknowledge the significance of supporting the nation's international commitments. As the Philippines is a member of the Asia-Pacific Economic Cooperation (APEC), we fully support and adhere to the country's pledge to implement the Globally Harmonized System of Classification and Labeling of Chemicals (GHS). This system promotes the uniform classification of chemicals based on their hazards and provides standardized hazard communication tools such as labels and safety data sheets.

To enhance product stewardship and workplace safety, our products are meticulously labeled and supported by Material Safety Data Sheets (MSDS). These MSDS provide comprehensive guidance on the appropriate handling and utilization of materials, including detailed information on physical properties, toxicity, potential health consequences, first aid protocols, chemical reactivity, storage and disposal requirements, and spill-response procedures. Through these measures, we contribute to safeguarding our workforce and reinforce our commitment to responsible operations.

All fuels sold at Petron service stations adhere to Department of Energy (DOE) regulations, including the conspicuous display of octane ratings and other mandated product information. We also ensure product quality and performance by conforming to internationally recognized standards. Our lubricants meet specifications established by the American Petroleum Institute (API), the Society of

Automotive Engineers (SAE), and the International Organization for Standardization (ISO), encompassing viscosity grades and service classifications. Similarly, our grease products conform to National Lubricating Grease Institute (NLGI) standards to guarantee suitability across diverse industrial and automotive applications.

In line with our commitment to transparency and customer trust, we strictly adhere to established labeling protocols. All LPG products are supplied in cylinders and distributed in the local market in full compliance with applicable laws and regulations. In 2025, we achieved 100% compliance with product and service information requirements, as well as labeling and marketing communication standards.

Launched in 2024, the “Tapat Sa’yo” campaign continues to shape our customer engagement initiatives and reinforce our commitment to responsible and transparent service. The campaign is anchored on five core principles that reflect our operational standards: affordability, product and service quality, fair and accurate fueling practices, customer rewards and promotional programs, and reliable service delivery.

Throughout 2025, we implemented a range of promotional activities under the “Tapat Sa’yo” campaign. These initiatives provided customers with opportunities to participate in raffles and rewards programs, offering prizes such as cash incentives, motorcycles, one year of free fuel, and other promotional items, further strengthening customer engagement and brand trust.

These initiatives underscore our commitment to responsible marketing and labeling practices. By upholding transparency and providing accurate product information, we strengthen regulatory compliance, support workplace safety, and reinforce public trust in our brand. Through clear and responsible communication, we empower customers and stakeholders to fully appreciate the quality, reliability, and value for which our products have long been known.

Feature Story: Soaring High with Petron's Tapat Sa'yo Seal of Service



When it comes to family-owned dealerships, few exemplify excellence like Petron's top-performing dealer in Tarlac City. Mr. Conrado G. Ong, the family patriarch and a former commercial pilot, once traded the cockpit for entrepreneurship, establishing his first gasoline station, then operating under then Petrophil in Camiling, Tarlac. His background in aviation, grounded in precision, efficiency, and the balance between safety and performance, proved invaluable in building and sustaining the business.

The journey, however, was not without turbulence. In 1990, a devastating earthquake destroyed the family's first service station. After rebuilding, the business faced intense competition that challenged its sales and customer base. Yet through resilience and determination, Mr. Ong stayed the course, expanding operations and opening new service stations in nearby communities.

Today, the Ong family operates five service stations across Tarlac Province. Each is managed by his sons, who uphold the values and standards of excellence instilled by their father. In 2025, Petron honored Conrado with its prestigious Golden Nozzle Dealer of the Year Award, recognizing his outstanding performance in sales and service.

According to his eldest son, who manages the Tarlac City station, their father's leadership extends beyond financial performance to sustainability and long-term stewardship. In retail operations, he emphasizes doing business the "traditional way", consistently delivering quality service and genuine value to customers. The family fully embraces Petron's Tapat Sa'yo campaign, reflecting their commitment to reliability, transparency, and customer satisfaction.

Trust and service excellence remain central to their approach. The family resides near their service stations in Camiling, San Clemente, and Tarlac City, enabling hands-on management and swift decision-making to maintain operational efficiency and responsive customer care.

Commitment to Compliance and Sustainability

Compliance and sustainability are integral to the management of the family's service stations. They strictly adhere to regulatory requirements, particularly those of the DENR, covering proper waste disposal and water management. Green initiatives have also been implemented, including LED lighting, energy-efficient technologies, spill and leakage containment systems, and strengthened operational controls.

Employee roles and training are managed without discrimination. While fueling functions are traditionally male-dominated, female employees are equally trained and given opportunities to perform these roles. Performance is regularly monitored, and adjustments particularly in customer relations, are made based on feedback and evolving customer needs.

All service stations are equipped with CCTV systems to reinforce safety and security protocols across their facilities.

Community Engagement and Enduring Purpose

Beyond operations, the family is committed to giving back to the community. Their annual corporate social responsibility initiative includes donations of school supplies and educational assistance to Tarlac National High School. This longstanding partnership has strengthened their relationship with the school and the broader community, fostering a shared sense of purpose.

Beyond Recognition and Awards

While industry recognition celebrates the Company's strong performance, the family views alignment with Petron's sustainability initiatives as its deeper motivation particularly during challenging times. The patriarch's enduring legacy is anchored on trust, integrity, and positive community engagement, values that have sustained the business for decades.

Safeguarding Customer Data

GRI 3-3, 418-1

Protecting customer privacy remains a paramount priority for Petron, particularly in the current digital landscape. This year, we have further fortified our data governance and information security practices in response to evolving digital risks. We firmly believe that safeguarding personal information is essential for operational integrity and customer trust.

Our Data Privacy Policy, approved by the Board of Directors in May 2017, serves as the overarching framework for the responsible handling of personal data. Grounded on the principles of transparency, legitimate purpose, and proportionality, the Policy ensures that personal information is collected solely for specified and lawful purposes. Transparent privacy notices are disseminated across our platforms, and consent is obtained prior to data processing. All public-facing platforms of the Company, from company-owned stores and service stations to our official social media channels and website, carry the Seal of Registration of the National Privacy Commission (NPC) – a trust mark that signifies Petron's registration as a personal information controller and the Company's commitment to ensure the continuous data protection of the public through the annual submission of its data processing systems to the NPC. Implementation and oversight are overseen by our Data Protection Officer (DPO), supported by the Customer Relations Group and Corporate Affairs Department, to ensure consistent compliance and the timely resolution of privacy-related concerns.

To enhance protection and provide stakeholders with valuable information, we regularly conduct public awareness campaigns across our official social media platforms. These campaigns serve as cautionary measures, discouraging customers from engaging in fraudulent activities and scams that exploit the company's name. Additionally, we maintain a dedicated cyber protection page on our website, offering guidance on how customers can safeguard themselves against cybercrime. Furthermore, all feedback channels, including Talk2Us and customer survey forms, mandate that respondents review our data privacy statements prior to submitting their information, reinforcing transparency and informed consent.

In 2025, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data.

Through these sustained efforts, we have cultivated a culture of accountability, vigilance, and responsible data management throughout our organization.

Driving Economic Growth for the Future

Our commitment is anchored in loyalty and transparency toward our customers, encompassing both pricing and the exceptional quality of service we deliver. Despite external challenges, we have successfully maintained the profitability of our operations. Our ability to navigate market fluctuations, respond to evolving demand, and operate efficiently enables us to generate long-term value for our stakeholders. Looking ahead, we are focused on driving sustainable economic growth, supporting local employment, and providing educational opportunities for our communities. Through these endeavors, we serve our stakeholders while fostering growth and progress for our customers and the broader economy.

Economic Value

GRI 3-3, 201-1, 201-2, 201-3, 201-4
Topic 11.2 Climate adaptation, resilience, and transition
Topic 11.14 Economic impacts
Topic 11.21 Payments to governments

We acknowledge that our economic performance is directly proportional to the value we create for our stakeholders and the broader economic system. As the sole refiner and a domestically owned oil company, we contribute to the economy through revenue generation, tax contributions, and royalty payments, while supporting industries and communities that rely on our products.

Despite a challenging international oil market marked by geopolitical tensions, shifting policies, and fluctuating supply cuts, we sustained our financial resilience. Our strategic marketing initiatives enabled us to capture local demand growth which demonstrates the strength of the Petron brand across different customers and industries. We achieved a combined sales volume of about 138 million barrels from both local and international operations, as strong sales allowed us to optimize our refineries and benefit from more favorable economics. Operating income reached PHP 37.3 billion, 24% better than last year, while net income growth further showcases our ability to navigate market headwinds and sustain profitability. In 2025, Petron has received tax relief and credits from the government that amounts to PHP 200 million from duties, VAT, excise tax exemption, and Income Tax Holiday for BOI-registered project.

We strategically diversify our operations across regional markets within the Asia-Pacific by participating in the export of petrochemicals and other non-fuel commodities. This strategy reinforces our position as a leading player in the oil industry, both domestically and internationally.

Direct economic value generated and distributed			
Requirements	**2025 (in million PHP)**	**2024 (in million PHP)**	**2023 (in million PHP)**
I. Direct economic value generated			
Total revenue	813,030	870,892	803,929
II. Economic value distributed	785,712	857,406	788,908
Operating costs	693,375	778,705	677,483
Employee wages and benefits	8,283	6,653	5,731
Payments to providers of capital	22,118	26,742	26,097
Payments to government	61,875	45,254	79,545
Community investments	61	52	52
III. Economic value retained (calculated as 'Direct economic value generated' less 'Economic value distributed')	27,318	13,486	15,021

We also ensure to go beyond regulatory compliance by implementing proactive risk management strategies to address financial, physical, and environmental risks, including natural calamities and market volatility. These risks include:

1. Financial Risks: Changes in government regulations concerning fuels or oil markets, such as pricing, taxation, and business practices, can impact our organization.
2. Physical Risks: Natural calamities have the potential to damage our facilities and disrupt operations.
3. Climate-related Developments: The shift towards renewables and the growing demand for sustainable energy pose risks, such as reduced demand and sales, and increased expenses.

To mitigate these risks posed by climate change, we have established insurance mechanisms and conduct proactive measures to prepare for calamities that could affect our operations.

In addition, our economic success is driven by our dedicated employees, and we prioritize their well-being and financial security. We support government-mandated programs such as SSS, Pag-IBIG, and PhilHealth, ensuring employees receive retirement benefits upon separation.

We also provide partial contributions to the retirement fund throughout the year, based on our financial capacity and the fund's payout requirements. Petron offers a Savings Plan that allows employees to contribute a portion of their salaries, matched by the Company. Together, these initiatives form a comprehensive retirement package that supports both daily financial needs and long-term retirement planning, while also strengthening employee retention.

Defined benefit plan obligations and other retirement plans			
Requirements	**2025**	**2024**	**2023**
If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities	2,376,179,637	1,980,784,001.58	2,447,064,510.75
The extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them	Actuarial valuation done last December 31, 2025	Actuarial valuation done last December 31, 2024	Actuarial valuation done last December 31, 2023
The basis on which that estimate has been arrived at			
When that estimate was made			

Market Presence

GRI 3-3, 202-1, 202-2
Topic 11.11 Non-discrimination and equal opportunity
Topic 11.14 Economic impacts

Our extensive geographical presence allows us to engage a diverse talent pool across the nation. With a robust presence in multiple regions, we generate employment opportunities that support families and contribute to the strengthening of local economies. We adhere to stringent qualification standards to develop skills and expertise that benefit both individuals and the broader community. To maintain competitiveness within the industry and attract and retain top-tier professionals, we offer salaries that exceed the minimum wage, complemented by a comprehensive benefits package that safeguards employees' financial security and overall well- being.

Our scholarship programs also align with our commitment to nurturing local talent. This initiative is driven by our aspiration to support the educational aspirations of our stakeholders, fostering hope towards their desired career trajectory. As scholars, they are also provided with opportunities to join Petron upon graduation.

At the same time, local employment strengthens our connection to the markets we serve. Employees with deep local knowledge enable us to deliver products and services that are responsive, reliable, and aligned with customer needs. While no senior management employees were hired from local communities in our significant locations of operation, we actively invest in local talent to develop a skilled workforce and support local economic growth, reinforcing our presence in key markets.

In terms of compensation, all employees, including rank-and-file personnel, receive monthly salaries, and none are classified as minimum wage earners. Our structured salary framework, anchored on role, qualifications, and experience, enhances our industry competitiveness and strengthens our ability to attract, retain, and develop talent across our operations, while ensuring equal opportunity for all employees.

Indirect Economic Contributions

GRI 3-3, 203-1, 203-2

Topic 11.14 Economic impacts

Our core business significantly contributes to enhancing the lives of local communities and addressing socioeconomic and environmental challenges. Our strategic presence in terminals and extensive network of service stations not only stimulates commerce but also expands our vision for sustainable development. We take pride in establishing extensive economic, social, and environmental linkages and programs that have generated substantial socioeconomic benefits across both national and local economies.

These programs are primarily driven by PFI which integrates our social and environmental agenda that effectively fuel indirect economic contributions. Through a diverse range of programs matched with strategic partnerships and targeted interventions, we ensure that our initiatives lead to shared economic value creation and sustainable development. We reckon that these programs are economically impactful and embedded in our company's broader sustainability goals.

Our flagship advocacy initiative, Fuel HOPE, embodies our commitment to establishing a blueprint for inclusive and sustainable transformation. Our Company recognizes that resources are strategically allocated to marginalized sectors to improve living conditions and strengthen community resilience. By focusing on education, economic empowerment, environmental sustainability, and other relevant advocacies, Fuel HOPE serves as a catalyst for nation building.

Aligned with Fuel HOPE's objectives, we prioritize key thrusts on education, livelihood, health & human services, and community engagement. Our TAP program provides educational assistance to thousands of less privileged students, giving them access to cultivate their full potential. We provide scholarship programs to formal education in all educational levels. We provide the platform to upgrade their skills and opportunities to become part of the Company.

A similar initiative, the Refinery Engineering Scholarship program, specifically aligns Petron's agenda of producing quality members for its workforce with helping the youth of its host province, Bataan, attain their Engineering degrees from the Bataan Peninsula State University (BPSU). A total of 215 or 67% of all the Petron scholars who graduated eventually found employment at the Petron Bataan Refinery, where 78 remain with Petron.

Our livelihood programs have consistently demonstrated our commitment to improving the lives and communities we serve. Community-based initiatives, such as rag-making, dressmaking, and other income-generating activities, foster economic self-sufficiency.

Upholding Transparency and Integrity

GRI 3-3, 205-1, 205-2, 205-3, 206-1
Topic 11.19 Anti-competitive Behavior
Topic 11.20 Anti-corruption

We adhere to the highest standards of integrity, transparency, and ethical conduct in all our business endeavors. We are resolute in our commitment to eradicating corruption, bribery, and any form of anti-competitive conduct, recognizing the paramount significance of ethical practices in preserving stakeholder trust and fostering a fair and competitive marketplace.

Our governance framework is firmly grounded in our Code of Conduct and Ethical Business Policy, which serve as guiding principles for employees in conducting business with integrity. These standards are consistently communicated and integrated into our daily operations to ensure accountability at every level. In 2025, directors and officers of the Company attended a corporate governance seminar facilitated by SGV & Co. which included a training on anti-bribery and anti-corruption. Furthermore, all newly hired employees were oriented on our Code of Conduct, Ethical Business Policy, and Policy on Anti-Corruption, Anti-Money Laundering, and Sanctions Compliance.

To reinforce compliance, we provide regular training sessions and maintain transparent reporting mechanisms that allow employees to raise concerns or report suspected violations without apprehension of retaliation. Suspected instances of corruption are promptly investigated by the Internal Audit or relevant department, and disciplinary actions are taken as necessary, reflecting our zero- tolerance approach to unethical conduct.

Over the years, there have been no confirmed incidents of corruption, nor any legal actions related to anti-competitive behavior, anti-trust, or monopoly practices. By upholding these standards, we foster a transparent, accountable, and competitive business environment, strengthening our position within the industry.

Tax Compliance

GRI 3-3, 207-1, 207-2, 207-3, 207-4
Topic 11.21 Payments to governments

Taxes are the lifeblood of government, generating catalytic effects on the economy by enabling the delivery of essential social and economic programs. Through these contributions, taxes support national development and strengthen public service delivery.

As an oil company, our tax compliance requires navigating complex, jurisdiction-specific regulations that govern excise taxes, corporate income taxes, value-added taxes, and other national and local taxes, licenses, and permit fees. These obligations include real property taxes and other statutory charges that are reflected in our cost of sales, cost of services, shipping and loading costs, and general and administrative expenses, as well as withholding taxes. In addition, royalties applicable to specific areas of our operations are paid on top of taxes, further reinforcing our contribution to government revenues and our catalytic role in economic development.

Over the years, Petron has consistently ranked as the highest contributor to the government's Fuel Marking Program, mandated by Republic Act 10963 and implemented in 2019. This program requires injecting a molecular marker into imported and locally refined gasoline, diesel, and kerosene to ensure tax compliance. The program aims to curb smuggling, adulteration, and dilution of petroleum products.

Our active participation and compliance to this program underscore our commitment to fair market practices in the oil industry. Furthermore, we uphold transparency through comprehensive tax disclosures, strengthening public trust and reaffirming our role as a responsible corporate citizen. For purposes of consistency with our declared reporting boundaries, comprehensive tax disclosures have been limited to our Philippine operations in this report.

List all tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes.	i. Names of the resident entities;	ii. Primary activities of the organization;	iii. Number of employees, and the basis of calculation of this number;	iv. Revenues from third-party sales;	v. Revenues from intra-group transactions with other tax jurisdictions;	vi. Profit/loss before tax;	vii. Tangible assets other than cash and cash equivalents;	viii. Corporate income tax paid on a cash basis;	ix. Corporate income tax accrued on profit/loss;	x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax.
Philippines	Petron Corporation	Refining and marketing/distribution of petroleum products	2,386	444,517	23,438	13,799	202,448	3,644	945	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting
Philippines	Petron Marketing Corporation	Trading, wholesale and retail, distribution of petroleum products, and operation of retail outlets.	-	13	-	13	-	3	3	-
Philippines	Petron Freeport Corporation	Retailing of petroleum and related products with affiliate businesses	4	816	-	33	100	6	6	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting
Philippines	New Ventures Realty Corp.	Acquiring, investing and leasing of land and real properties	-	106	262	252	4,996	29	53	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting
Philippines	Las Lucas Construction and Development Corp.	Leasing of real properties and general construction activities	-	1	20	17	521	3	3	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting
Philippines	South Luzon Prime Holdings Incorporated	Acquiring, investing and leasing of land and real properties	-	-	13	5	67	1	1	Permanent and temporary differences with respect to different methods of accounting for financial

										reporting and tax accounting
Philippines	Parkville Estates Development Corp.	Acquiring, investing and leasing of land and real properties	-	-	9	8	-	1	1	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting
Philippines	Abreco Realty Corp.	Acquiring, investing and leasing of land and real properties	-	-	1	1	-	-	-	-
Philippines	Mariveles Landco Corporation	Acquiring, investing and leasing of land and real properties	-	1	11	2	41	1	-	-
Philippines	Philippine Polypropylene, Inc.	Manufacturing and marketing of polypropylene and petrochemicals	-	2	-	2	-	-	-	-
Philippines	Mema Holdings, Inc.	Holding company	-	-	-	-	-	-	-	-
Philippines	Weldon Offshore Strategic Limited, Inc.	Holding company	-	6	-	6	-	1	1	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting
Philippines	Petrofuel Logistics Inc.	Providing logistics and freight forwarding services	1,442	3	1,944	205	3,827	39	47	Permanent and temporary differences with respect to different methods of accounting for financial reporting and tax accounting

Moving Forward: Shaping the Future We Want

The past 93 years have seen Petron grow steadily in the Philippine energy sector and firmly establish its leadership in the industry. Amid tough competition, stringent regulations, global market uncertainties and geopolitical issues, as well as the growing threats of a changing climate, the task of not only being resilient but staying ahead of the game becomes a daunting challenge.

We remain optimistic of our ability to surmount these challenges, even as we are clear-eyed of shaping the future we want for our company, our workforce, our communities, and our nation. We maintain that our actions not only in this past year but those we have taken in the years before show that we remain on track towards shaping the future we want: one that endures while helping both our shareholders and stakeholders to grow as we grow.

We continue to be a work in progress, and we acknowledge that we have some ways to go. Yet we are staying vigilant of our commitment to make sustainability a conscious mindset, a necessary habit, and a way of life throughout our organization. As we have often said: we know that we can do more and be better.

- We will continue to measure our economic, environmental, and social performance against the targets we set at the start of each year as well as the respective sustainability roadmaps developed by our business units. We will likewise continue to align our efforts to help attain the goals indicated in the San Miguel Corporation blueprint – doing what is good for the planet, good for people, and good for progress.
- With the Philippine SEC mandating the use of new International Sustainability Standards Board (ISSB), we will scale up our preparation to transition to the new reporting standards. While we have initially provided members of Petron's ESG Technical Working Group training on the rudiments of the IFRS S1 (sustainability-related risks and opportunities and S2 (climate-related disclosures), we will endeavor to give them a deeper understanding of the new standards to ensure a seamless transition from the Global Reporting Initiative (GRI) standards. In the interim, we will continue to use GRI as our basis for sustainability reporting, while also referencing our modest contributions to the UN Sustainable Development Goals and the Philippine Development Plan.
- We will scale up energy management initiatives through improvements in energy and process efficiencies and reducing/recovering waste heat in the Refinery, while also continuing to transition to more energy efficient LED lighting and solar panels in facilities of the refinery, terminals and service stations, upgrading to inverter AC units and heightened practice of basic emergency conservation measures, even as we assess relevant environmentally sound technologies for possible adoption.
- We will continue to expand the size and scope of our reforestation efforts under our Puno ng Buhay program to both intensify our efforts to sequester carbon as well as protect biodiversity, guided by the science-based assessment of carbon sequestration and avoided emissions by experts from the UPLB College of Forestry and Natural Resources. Side by side with this, we will explore and help create opportunities for our partner communities to attain economic success.
- We will further widen the practice of circularity in our business processes in alignment with our support to the Extended Producers Responsibility (EPR) law. We will endeavor to generate greater participation among our Petron Dealers Association, as well as other business partners and members of our workforce.

- We will build upon learning platforms such as the Refinery Technical Forum (RTF) and Terminal Ecowatch that encourage innovation and out-of-the-box thinking among our employees to find new or unique pathways to grow the business sustainably. Both the RTF and Ecowatch foster teamwork among the participants to ensure a broad appreciation of the challenges facing the Refinery and Terminals and collectively propose innovative and lasting solutions.
- By integrating ESG initiatives into our regular business planning process and making them form part of capital expenditure proposals for budget approval consideration, we encourage our business units to ensure that sustainability practices and their results/impacts become a measure of the programs' success.

In shaping the future we want, we must build on the successes of the past nine decades and envision our business beyond today. We must continue to do the right things well and consistently, even as we strive to find new ways to improve our performance, enhance our systems, communicate our successes, and learn from our failures. We must consistently measure, monitor, and report the progress of our sustainability performance through our sustainability reports and use this to anchor our strategic decisions moving forward, as we shape the future we want for our Company, our customers, our colleagues, our communities, and our country.

Awards and Recognition

- **TIME's 2025 Top 500 Asia-Pacific Companies**

- **Asean Corporate Governance Scorecard's (AGCS) Golden Arrow Awards 2025**
  - 3-Arrow Recognition

- **Sinag ng Bataan**
  - Top Real Property Taxpayer, Industrial Business Category

- **Gawad Manileño Award 2025**
  - Top Real Property Taxpayer

- **Plaques of Recognition and Appreciation from Bureau of Customs**
  - Top Importer for 2024 based on over-all duties and taxes paid
  - Top 4 Importer at the Port of Manila for 2024 in terms of revenue contribution
  - Top Importer for 2024 in terms of duties and taxes paid in Limay, Bataan
  - Top 2 Importer in Region X for Petron Tagoloan Terminal/PHIVIDEC

- **Awards for Petron Corp US$475M PerpNC3 Offering and Liability Management**
  - Best Bond Deal in the Philippines at Finance Asia Achievement Awards 2025
  - Best Capital Markets Deal in the Philippines at International Financing Review Asia Awards 2025
  - Best Liability Management transaction for the Philippines in the Asset's Triple A Awards 2025

- **Workplace Advocates on Safety in the Philippines, Inc. (WASPI) Safety Excellence Award**
  - Petron Terminal in Amlan, Bacolod, Batangas, Bawing, Davao, Iligan, Iloilo, Jimenez, JOCASP, Legazpi, Limay, Mactan, Mandaue, Manufacturing Lube Oil Blending Plant, Nasipit, Navotas, New Lube Oil Blending Plant, Ormoc, Palawan, Pasacao, Pasig, Poro, Rosario, Roxas, San Fernando, Tacloban, Tagbilaran, Tagoloan, Zamboanga

GRI Content Index

Statement of use	Petron Corporation has reported in accordance with the GRI Standards for the period January 1, 2025 to December 31, 2025.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI 11: Oil and Gas Sector 2021

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	ANSWER	OMISSION			GRI SECTOR STANDARD REF. NO.
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures							
GRI 2: General Disclosures 2021	2-1 Organizational details	pp. 7-9					
	2-2 Entities included in the organization's sustainability reporting	pp. 3-4					
	2-3 Reporting period, frequency and contact point		January 1 to December 31, 2025 Annually Publication date: April 15, 2026 Contact person: Ramon S. Ang President and CEO				
	2-4 Restatements of information		None for the previous reporting period (2024)				
	2-5 External assurance		The report has not been externally assured.				
	2-6 Activities, value chain and other business relationships	pp. 7-9					
	2-7 Employees	p. 52					
	2-8 Workers who are not employees	p. 53					
	2-9 Governance structure and composition	pp. 12-13					
	2-10 Nomination and selection of the highest governance body	p. 13					
	2-11 Chair of the highest governance body		Mr. Ramon Ang, President and CEO of Petron, acts as the chairman in the meetings of the Board. The Company's Manual on Corporate Governance of our Company sets				

			out the functions of the Chairman and the CEO to clearly define roles and responsibilities. In matters where the interests of the CEO and the Chairman may conflict such as those relating to directors' remuneration and the independence of the Audit Committee in reviewing the controls in the operations of the Company, we have mechanisms in place such as the power of the Board Corporate Governance Committee (headed by an ID and majority of the members of which are also IDs) to review directors' fees and the Audit Committee being headed by an ID and whose members include all the IDs of the Company.				
	2-12 Role of the highest governance body in overseeing the management of impacts	pp. 12-13					
	2-13 Delegation of responsibility for managing impacts	pp. 14-15					
	2-14 Role of the highest governance body in sustainability reporting	pp. 14-15					
	2-15 Conflicts of interest		Petron Corporation Definitive Information Statement on SEC Form 20-IS for the 2026 annual stockholders' meeting containing disclosures on related party transactions and the review and approval by the Board Related Party Transactions Committee of material related party transactions for 2025 pages 77 and 78.)				
	2-16 Communication of critical concerns		We rolled out the Revised Whistle-blowing and Non-Retaliation Policy of the Petron Group, expanding 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. The Company also has an Internal Audit Department that assists in matters relating to risk management, control and governance process. Its head directly reports to the Board Audit Committee.				
	2-17 Collective knowledge of the highest governance body		The Company annually engages service providers to conduct training to its directors and executive officers. In September 2025, the training for the directors and key officers of the Company included topics on 1) Sustainability; 2) Anti-Bribery and Anti-Corruption; and 3) AI Risk and Governance, which was conducted by SGV.				
	2-18 Evaluation of the performance of the highest governance body		The directors accomplished their annual evaluation of their performance for 2025, with the coverage and results of the				

			evaluation reported in the Petron Corporation Definitive Information Statement on SEC Form 20-IS for the 2026 annual stockholders' meeting page 107.)				
	2-19 Remuneration policies	p. 15					
	2-20 Process to determine remuneration	p. 15					
	2-21 Annual total compensation ratio			Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees	Confidentiality constraints	Our Company considers many factors in fixing the salaries of employees. The requested information on the ratio on the pay difference may be taken out of context when the determinants used by Petron in setting the salaries are not considered by the person receiving the ratio information.	
	2-22 Statement on sustainable development strategy	pp. 5-6, 19					
	2-23 Policy commitments	pp. 16-19					
	2-24 Embedding policy commitments		The compliance with the Company's policies is an obligation of all directors, officers and employees. Policies have their respective procedures for implementation (including the obligation of employees, directors, and officers to report suspected violations) and a failure to comply with such policies may subject the				

			concerned employee to disciplinary measures (including counseling, reprimand, suspension and/or termination, in addition to any civil or criminal liability under existing laws and regulations).				
	2-25 Processes to remediate negative impacts		We comply with DOLE requirements and procedures and cooperate in mediation meetings (if any). We observe the Labor Code proviso on Grievance Machinery in general and have entered CBAs with the employee bargaining units who actively participated in the design, review, operation, and improvement of the processes for redress of any grievance. The escalating procedure is intended to provide multi-level opportunities for clarification and settlement of disputes. An annual report is provided to Management which includes (as necessary) the handling, result and effectiveness of the grievance mechanisms and other remediation processes.				
	2-26 Mechanisms for seeking advice and raising concerns		Employees can directly coordinate or inquire with HR personnel handling Labor Relations through email, phone calls, SMS, and online platforms such as PETHUB and MyESS. Employees covered by the CBA can raise/discuss concerns and inquiries through Labor Management Cooperation Meetings facilitated by Labor Relations personnel.				
	2-27 Compliance with laws and regulations		There has been no significant instance of non-compliance with laws and regulations in 2025, with significance being based on a material effect on the operations and/or financial condition of the Company.				
	2-28 Membership associations		▪ Association of Foundations				

			▪ Association of Petrochemical Manufacturers of the Philippines ▪ Business for Sustainable Development ▪ Employers Confederation of the Philippines ▪ Federation of Philippine Industries ▪ Makati Business Club ▪ People Management Association of the Philippines ▪ Petroleum Institute of the Philippines ▪ Philippine Association of National Advertisers ▪ Philippine Business for Social Progress ▪ Philippine Chamber of Commerce and Industry ▪ Philippine Council for NGO Certification ▪ Philippine Institute of Petroleum ▪ The Wallace Business Forum ▪ Workplace Advocate on Safety in the Philippines, Inc.				
	2-29 Approach to stakeholder engagement	pp. 24-25					
	2-30 Collective bargaining agreements	p. 55-56					
Material topics							
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 25					
	3-2 List of material topics	pp. 26-28					
Economic Performance							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 76-77					11.2.1 11.14.1 11.21.1
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	p. 76					11.14.2 11.21.2
	201-2 Financial implications and	p. 77					11.2.2

	other risks and opportunities due to climate change						
	201-3 Defined benefit plan obligations and other retirement plans	p. 77					
	201-4 Financial assistance received from government	p. 76					11.21.3
Market Presence							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 78					11.11.1 11.14.1
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	p. 78					
	202-2 Proportion of senior management hired from the local community	p. 78					11.11.2 11.14.3
Indirect Economic Impacts							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 79					11.14.1
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	p. 79					11.14.4
	203-2 Significant indirect economic impacts	p. 79					11.14.5
Anti-corruption							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 80					11.20.1
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 80					11.20.2
	205-2 Communication and training about anti-corruption policies and procedures	p. 80					11.20.3
	205-3 Confirmed incidents of corruption and actions taken	p. 80					11.20.4
Anti-competitive Behavior							

GRI 3: Material Topics 2021	3-3 Management of material topics	p. 80					11.19.1
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 80					11.19.2
Tax							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 81					11.21.1
GRI 207: Tax 2019	207-1 Approach to tax	p. 81					11.21.4
	207-2 Tax governance, control, and risk management	p. 81					11.21.5
	207-3 Stakeholder engagement and management of concerns related to tax	p. 81					11.21.6
	207-4 Country-by-country reporting	pp. 82-83					11.21.7
Materials							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 35-36					
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p. 35					
	301-2 Recycled input materials used	p. 36					
	301-3 Reclaimed products and their packaging materials	p. 36					
Energy							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 37-38					11.1.1
GRI 302: Energy 2016	302-1 Energy consumption within the organization	pp. 37-38					11.1.2
	302-2 Energy consumption outside of the organization			Energy consumption outside of the organization	Information unavailable	Data not monitored	11.1.3
	302-3 Energy intensity	p. 38					11.1.4
	302-4 Reduction of energy consumption	p. 38					
	302-5 Reductions in energy requirements			Reductions in energy	Information unavailable	Data not monitored	

	of products and services			requirements of sold products and services achieved during the reporting period			
Water and Effluents							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 39-41					11.6.1
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	pp. 39-41					11.6.2
	303-2 Management of water discharge-related impacts	pp. 39-41					11.6.3
	303-3 Water withdrawal	pp. 39-40					11.6.4
	303-4 Water discharge	p. 40					11.6.5
	303-5 Water consumption	p. 41					11.6.6
Biodiversity							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 42-44					11.4.1
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	pp. 42-44					
	101-2 Management of biodiversity impacts	pp. 42-44					
	101-3 Access and benefit-sharing				Not applicable		
	101-4 Identification of biodiversity impacts				Not applicable		
	101-5 Locations with biodiversity impacts				Not applicable	Please note that Petron facilities and/or operations in its supply chain are of considerable distance from the adopted Puno ng Buhay reforestation sites and pose no significant impact on the biodiversity of the said areas.	

	101-6 Direct drivers of biodiversity loss				Not applicable		
	101-7 Changes to the state of biodiversity				Not applicable		
	101-8 Ecosystem services				Not applicable		
Emissions							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 44-47					11.1.1 11.2.1 11.3.1
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	pp. 44-45					11.1.5
	305-2 Energy indirect (Scope 2) GHG emissions	pp. 44-45					11.1.6
	305-3 Other indirect (Scope 3) GHG emissions			Gross other indirect (Scope 3) GHG Emissions	Information Unavailable	Scope 3 not included in the 2025 report	11.1.7
	305-4 GHG emissions intensity	p. 46					11.1.8
	305-5 Reduction of GHG emissions	pp. 44-46					11.2.3
	305-6 Emissions of ozone-depleting substances (ODS)	pp. 46-47					
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	pp. 46-47					11.3.2
Waste							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 47-50					11.5.1 11.8.1
GRI 306: Effluents and Waste 2016	306-3 Significant spills		While we recognize critical incidents as a potential risk due to the nature of our industry, we have an Enterprise-Wide Risk Management Framework in place that addresses such risks to ensure business continuity while at the same time preventing, if not mitigating, negative impacts to our community and the public in general. For preventive and preparatory measures, we have in place contingency plans, standard				11.8.2

			operating procedures and manuals, regular drills and practices, regular inspections by authorities, insurers, consultants, and constant training of personnel. We are focused on the risk of oil spills, a risk that is considered to have a high impact, but a low probability of occurrence. For 2025, we have no incidents of significant oil spills.				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	pp. 47-50					11.5.2
	306-2 Management of significant waste-related impacts	pp. 47-50					11.5.3
	306-3 Waste generated	p. 49					11.5.4
	306-4 Waste diverted from disposal	p. 49					11.5.5
	306-5 Waste directed to disposal	pp. 49-50					11.5.6
Employment							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 52-54					11.10.1 11.11.1
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p. 53					11.10.2
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 54					11.10.3
	401-3 Parental leave	p. 54					11.10.4 11.11.3
Labor/Management Relations							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 55-56					11.7.1 11.10.1
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	pp. 55-56					11.7.2 11.10.5
Occupational Health and Safety							

GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 56-58					11.9.1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	pp. 56-58					11.9.2
	403-2 Hazard identification, risk assessment, and incident investigation	pp. 56-58					11.9.3
	403-3 Occupational health services	pp. 56-58					11.9.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	pp. 56-58					11.9.5
	403-5 Worker training on occupational health and safety	pp. 56-58					11.9.6
	403-6 Promotion of worker health	pp. 56-58					11.9.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	pp. 56-58					11.9.8
	403-8 Workers covered by an occupational health and safety management system	pp. 56-58					11.9.9
	403-9 Work-related injuries	pp. 57-58					11.9.10
	403-10 Work-related ill health	pp. 57-58					11.9.11
Training and Education							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 58-60					11.7.1 11.10.1 11.11.1
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	p. 59					11.10.6 11.11.4
	404-2 Programs for upgrading employee	p. 60					11.7.3 11.10.7

	skills and transition assistance programs						
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 59					
Local Communities							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 64-65					11.15.1
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	pp. 64-65					11.15.2
	413-2 Operations with significant actual and potential negative impacts on local communities	pp. 64-65					11.15.3
Customer Health and Safety							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 68-70					11.3.1
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	pp. 68-70					11.3.3
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	p. 70					
Marketing and Labeling							
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 70-71					
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	pp. 70-71					
	417-2 Incidents of non-compliance concerning product and service information and labeling	pp. 70-71					

	417-3 Incidents of non-compliance concerning marketing communications	pp. 70-71					
Customer Privacy							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 74					
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 74					

Topics in the applicable GRI Sector Standards determined as not material

GRI 11: Oil and Gas Sector	
Topic	**Explanation**
Topic 11.12 Forced labor and modern slavery	Not applicable. We always aim to conduct our business responsibly and ethically. We respect international human rights principles aimed at promoting and protecting human rights, including the United Nations Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. By embracing these international principles as well as faithfully complying with Philippine labor laws, Petron is committed to policies and practices that enrich the workplace. As a result, the Company has not had incidents related to human rights abuses, labor discrimination, child labor, and forced labor.
Topic 11.13 Freedom of association and collective bargaining	Not identified as material based on the materiality assessment process. Petron upholds collective bargaining agreements (CBAs) with three labor unions: (1) Bataan Refiners Union of the Philippines (BRUP), affiliated with the Philippine Trade and General Workers Organization; (2) Petron Employees Labor Union (PELU); and (3) Petron Employees Association (PEA), affiliated with the National Association of Trade Unions. It also has a structured 'Grievance Machinery' in the CBA to address any

	issues or concerns even as regular Labor Management Meetings between Management Representatives and Union Officers are regularly conducted.
Topic 11.16 Land and resource rights	For 2025, there were no material developments related to this topic.
Topic 11.17 Rights of indigenous peoples	Not applicable. Petron's operations do not involve nor infringe on the rights of any IP community
Topic 11.18 Conflict and security	Not identified as material based on the materiality assessment process. However, we recognize this as a potential risk and has systems in place in all our facilities and operations nationwide.
Topic 11.22 Public policy	Not identified as material based on the materiality assessment process. But as an acknowledged industry leader, Petron recognizes the value of our public policy positions on issues relevant to our business. Thus, we communicate our views constantly to government officials, providing business solutions to social and environmental concerns. We aid legislations, policies, and voluntary agreements, particularly those that relate to the oil industry, and how economic and social growth can be advanced through our sector.