


SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17 (2)(b) THEREUNDER

1. For the quarterly period ended March 31, 2025.
2. SEC Identification Number 31171
3. BIR Tax Identification No. 000-168-801
4. Exact name of registrant as specified in its charter PETRON CORPORATION
5. Philippines
Province, Country or other jurisdiction of incorporation or organization
6.  (SEC Use Only)
Industry Classification Code:
7. Mandaluyong City, 40 San Miguel Avenue, 1550
Address of principal office Postal Code
8. (632) 8-884-9200
Registrant's telephone number, including area code
9. N/A
(Former name, former address, and former fiscal year, 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

Title of Each Class	Number of Shares of Common and Preferred Stock Outstanding and Amount of Debt Outstanding (As of March 31, 2025)	
Common Stock	8,915,948,400	Shares
Preferred Stock Series 3B	6,597,000	Shares
Preferred Stock Series 4A	5,000,000	Shares
Preferred Stock Series 4B	2,995,000	Shares
Preferred Stock Series 4C	6,005,000	Shares
Preferred Stock Series 4D	8,500,000	Shares
Preferred Stock Series 4E	8,330,000	Shares
Series D Bonds Due 2025	P6,800	Million
Series E Bonds Due 2025	P9,000	Million
Series F Bonds Due 2027	P9,000	Million
Total Debt	P243,729	Million

11. Are any or all of these securities listed on the Philippine Stock Exchange.

Yes ☒ No ☐

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

Philippine Stock Exchange
Philippine Dealing & Exchange Corp.

Common and Preferred Shares
Series D, E, and F Bonds

12. Indicate by check mark whether the Registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 12 months (or for such shorter period the registrant was required to file such reports).

Yes ☒ No ☐

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

Yes ☒ No ☐


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SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: **PETRON CORPORATION**

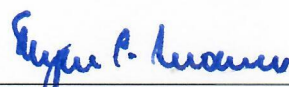
Signature and Title:


JOHANNA JASMINE M. JAVIER-ELACIO
VP, General Counsel, Corporate Secretary
and Compliance Officer

Date: May 9, 2025

Principal Financial/Accounting Officer/Controller

Signature and Title:


MYRNA C. GERONIMO
Vice President - Controllers

Date: May 9, 2025

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

	<i>Note</i>	Unaudited March 31 2025	Audited December 31 2024
ASSETS			
Current Assets			
Cash and cash equivalents	8, 9	P37,860	P30,389
Financial assets at fair value	8, 9	2,434	1,044
Trade and other receivables - net	6, 8, 9	69,467	82,762
Inventories - net		84,197	90,570
Other current assets	6	48,402	51,108
Total Current Assets		242,360	255,873
Noncurrent Assets			
Investment in shares of stock of an associate and joint ventures		1,215	1,165
Property, plant and equipment - net	4, 5	168,179	169,302
Right-of-use assets - net		2,832	2,925
Investment property - net		27,774	28,243
Deferred tax assets - net		550	560
Goodwill - net		8,687	8,731
Other noncurrent assets - net	8, 9	2,012	2,003
Total Noncurrent Assets		211,249	212,929
		P453,609	P468,802
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term loans	6, 7, 8, 9	P123,627	P138,906
Liabilities for crude oil and petroleum products	8, 9	45,298	51,625
Trade and other payables	6, 8, 9	29,933	29,012
Lease liabilities - current portion	8, 9	1,350	1,295
Derivative liabilities	8, 9	2,542	1,699
Income tax payable		378	304
Current portion of long-term debt - net	8, 9	32,097	29,418
Total Current Liabilities		235,225	252,259

Forward



		Unaudited March 31 2025	Audited December 31 2024
	Note		
Noncurrent Liabilities			
Long-term debt - net of current portion	8, 9	P88,005	P88,025
Retirement benefits liability - net		3,594	3,661
Deferred tax liabilities - net		7,289	6,719
Lease liabilities - net of current portion	8, 9	11,950	12,120
Asset retirement obligation		1,331	1,321
Other noncurrent liabilities	8, 9	487	487
Total Noncurrent Liabilities		112,656	112,333
Total Liabilities		347,881	364,592
Equity Attributable to Equity Holders of the Parent Company			
Capital stock		9,502	9,502
Additional paid-in capital		57,698	57,698
Capital securities		34,555	34,555
Retained earnings		36,429	33,715
Equity reserves		(19,664)	(19,350)
Treasury stock		(22,122)	(21,003)
Total Equity Attributable to Equity Holders of the Parent Company		96,398	95,117
Non-controlling Interests		9,330	9,093
Total Equity		105,728	104,210
		P453,609	P468,802

See accompanying Management's Discussion and Analysis and Selected Notes to the Consolidated Interim Financial Statements.

Certified by:


MYRNA C. GERONIMO
 Vice President – Controllers 

PETRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENTS OF INCOME
(UNAUDITED)

(Amounts in Million Pesos, Except Per Share Data)

		For the Three Months Ended March 31	
	<i>Note</i>	2025	2024 (As restated)
SALES	4	P194,376	P227,637
COST OF GOODS SOLD		180,880	213,471
GROSS PROFIT		13,496	14,166
SELLING AND ADMINISTRATIVE EXPENSES		(4,476)	(4,383)
OTHER OPERATING INCOME		452	427
INTEREST EXPENSE AND OTHER FINANCING CHARGES	4	(4,802)	(5,086)
INTEREST INCOME	4	280	274
SHARE IN NET INCOME OF AN ASSOCIATE AND JOINT VENTURES		45	36
OTHER INCOME (EXPENSES) - Net		161	(301)
		(8,340)	(9,033)
INCOME BEFORE INCOME TAX		5,156	5,133
INCOME TAX EXPENSE	4	1,131	1,184
NET INCOME		4,025	P3,949
Attributable to:			
Equity holders of the Parent Company		P3,741	P3,730
Non-controlling interests		284	219
		P4,025	P3,949
BASIC/DILUTED EARNINGS PER COMMON SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	11	P0.39	P0.39

Certified by:



MYRNA C. GERONIMO
Vice President – Controllers 

PETRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENTS OF
COMPREHENSIVE INCOME
(UNAUDITED)
(Amounts in Million Pesos)

**For the Three Months Ended
March 31**

	2025	2024 (As restated)
NET INCOME	P4,025	P3,949
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS		
Exchange differences on translation of foreign operations	(365)	(377)
Share in other comprehensive income of an associate and joint ventures	4	2
	(361)	(375)
OTHER COMPREHENSIVE LOSS - Net of tax	(361)	(375)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD - Net of tax	P3,664	P3,574
Attributable to:		
Equity holders of the Parent Company	P3,427	P3,439
Non-controlling interests	237	135
	P3,664	P3,574

Certified by:


MYRNA C. GERONIMO
Vice President – Controllers 

PETRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)
(Amounts in Million Pesos)

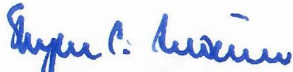
	Note	Equity Attributable to Equity Holders of the Parent Company										
		Capital Stock	Additional Paid-in Capital	Capital Securities	Retained Earnings		Equity Reserves			Non- controlling Interests	Total Equity	
					Appro- priated	Unappro- priated	Reserve for Retirement Plan	Other Reserves	Treasury Stock			
As of January 1, 2025 (Audited)		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		-	-	-	-	-	-	(318)	-	(318)	(47)	(365)
Share in other comprehensive income of an associate and joint ventures		-	-	-	-	-	-	4	-	4	-	4
Other comprehensive loss for the period		-	-	-	-	-	-	(314)	-	(314)	(47)	(361)
Net income for the period		-	-	-	-	3,741	-	-	-	3,741	284	4,025
Total comprehensive income (loss) for the period		-	-	-	-	3,741	-	(314)	-	3,427	237	3,664
Cash dividends	12	-	-	-	-	(938)	-	-	-	(938)	-	(938)
Distributions paid	12	-	-	-	-	(89)	-	-	-	(89)	-	(89)
Acquisition of common treasury shares	10	-	-	-	-	-	-	-	(1,119)	(1,119)	-	(1,119)
Transactions with owners		-	-	-	-	(1,027)	-	-	(1,119)	(2,146)	-	(2,146)
As of March 31, 2025 (Unaudited)		P9,502	P57,698	P34,555	P3	P36,426	(P7,670)	(P11,994)	(P22,122)	P96,398	P9,330	P105,728

Forward

	Note	Equity Attributable to Equity Holders of the Parent Company									Non-controlling Interests	Total Equity
		Capital Stock	Additional Paid-in Capital	Capital Securities	Retained Earnings		Equity Reserves		Treasury Stock	Total		
					Appropriated	Unappropriated	Reserve for Retirement Plan	Other Reserves				
As of January 1, 2024, as previously reported		P9,485	P40,985	P37,529	P3	P31,831	(P6,466)	(P14,786)	(P7,600)	P90,981	P8,654	P99,635
Effect of prior period adjustments		-	-	-	-	13	-	(8)	-	5	20	25
As of January 1, 2024, audited and as restated		9,485	40,985	37,529	3	31,844	(6,466)	(14,794)	(7,600)	90,986	8,674	99,660
Exchange differences on translation of foreign operations		-	-	-	-	-	-	(293)	-	(293)	(84)	(377)
Share in other comprehensive income of an associate and joint ventures		-	-	-	-	-	-	2	-	2	-	2
Other comprehensive loss for the period		-	-	-	-	-	-	(291)	-	(291)	(84)	(375)
Net income for the period (as restated)		-	-	-	-	3,730	-	-	-	3,730	219	3,949
Total comprehensive income (loss) for the period		-	-	-	-	3,730	-	(291)	-	3,439	135	3,574
Cash dividends	12	-	-	-	-	(938)	-	-	-	(938)	-	(938)
Distributions paid	12	-	-	-	-	(117)	-	-	-	(117)	-	(117)
Transactions with owners		-	-	-	-	(1,055)	-	-	-	(1,055)	-	(1,055)
As of March 31, 2024 (Unaudited)		P9,485	P40,985	P37,529	P3	P34,519	(P6,466)	(P15,085)	(P7,600)	P93,370	P8,809	P102,179

See accompanying Management's Discussion and Analysis and Selected Notes to the Consolidated Interim Financial Statements.

Certified by:



MYRNA C. GERONIMO
Vice President - Controllers



PETRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Amounts in Million Pesos)

For the Three Months Ended			
March 31			
	<i>Note</i>	2025	2024 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P5,156	P5,133
Adjustments for:			
Share in net income of an associate and joint ventures		(45)	(36)
Depreciation and amortization		3,577	3,534
Interest expense and other financing charges	4	4,802	5,086
Retirement benefits costs		97	76
Interest income	4	(280)	(274)
Unrealized foreign exchange losses - net		50	950
Allowance for impairment/(net reversal) of receivables and inventories		1	(44)
Other (gains) losses – net		103	(298)
Operating income before working capital changes		13,461	14,127
Changes in noncash assets, certain current liabilities and others		15,701	4,256
Cash generated from operations		29,162	18,383
Contributions to retirement fund		(100)	-
Interest paid		(4,634)	(4,826)
Income taxes paid		(233)	(239)
Interest received		288	260
Net cash flows provided by operating activities		24,483	13,578
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	5	(1,710)	(2,223)
Proceeds from sale of property and equipment		1	-
Additions to investment property		(48)	(81)
Net cash flows used in investing activities		(1,757)	(2,304)

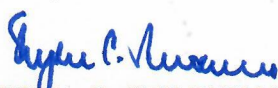

Forward



For the Three Months Ended March 31			
	<i>Note</i>	2025	2024 (As restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of loans and advances	7	P85,739	P85,792
Payments of:			
Loans	7	(98,029)	(92,552)
Lease liabilities		(714)	(1,092)
Cash dividends and distributions	12	(726)	(907)
Acquisition of common treasury shares		(1,119)	-
Net cash flows used in financing activities		(14,849)	(8,759)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		(406)	416
NET INCREASE IN CASH AND CASH EQUIVALENTS		7,471	2,931
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		30,389	27,519
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P37,860	P30,450

See accompanying Management's Discussion and Analysis and Selected Notes to the Consolidated Interim Financial Statements.

Certified by:


MYRNA C. GERONIMO
 Vice President - Controllers 

PETRON CORPORATION AND SUBSIDIARIES

SELECTED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

1. Reporting Entity

Petron Corporation (the “Parent Company” or “Petron”) was incorporated under the laws of the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 22, 1966. On September 13, 2013, the SEC approved the extension of the Parent Company’s corporate term to December 22, 2066. Under its Articles of Incorporation (AOI), the Parent Company’s 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.

The Parent Company is a public company under Section 17.2 of Securities Regulation Code and its shares of stock are listed for trading at the Philippine Stock Exchange (PSE).

The accompanying consolidated interim financial statements comprise the financial statements of Petron Corporation and Subsidiaries (collectively referred to as the “Group”) and the Group’s interests in an associate and joint ventures.

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

As of March 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”) (52.68%), PCD Nominee Corporation - Filipino (21.18%), and SMC (19.10%). SEA Refinery is wholly-owned by SMC. SMC thus holds an aggregate of 71.78% 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. Summary of Material Accounting Policy Information

The interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting* and do not include all the information required in the annual consolidated financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements as at December 31, 2024.

The consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on May 6, 2025.

The consolidated financial statements are presented in Philippine Peso and all financial information are rounded off to the nearest million (P000,000), except when otherwise indicated.

The principal accounting policies adopted in preparing the interim consolidated financial statements of the Group are consistent with those followed in the most recent annual audited consolidated financial statements, except for the changes in accounting policies as explained below.

Adoption of Amended Standards

The Financial and Sustainability Reporting Standards Council (FSRSC) approved the adoption of a number of new and amendments to standards as part of Philippine Financial Reporting Standards (PFRS).

Adoption of Amendments to Standards in 2025

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 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 interim consolidated financial statements.

New and Amendments to 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 interim consolidated financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the interim consolidated financial statements.

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

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

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

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

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

- 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 two standards:
 - 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 profit or loss; 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*, replaces PAS 1, *Presentation of Financial Statements*. The new standard introduces the following key requirements:
 - Entities are required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, income tax, and discontinued operations. Subtotals and

totals are presented in the statement of income for operating profit or loss, profit or loss before financing and income taxes, and profit or loss;

- Management-defined performance measures are disclosed in a single note to the financial statements; and
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit or loss subtotal as the starting point for the statement of cash flows when presenting cash flows from operating activities under the indirect method.

PFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with retrospective application required. Early adoption is permitted.

- 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 model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and simplified approach (the premium allocation approach) mainly for short-duration contracts.

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

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 interim consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the interim consolidated financial statements when these amendments are adopted.

3. Use of Judgments and Estimates

In preparing these consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as of and for the year ended December 31, 2024.

4. 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 Chief Executive Officer (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. Lease of acquired real estate properties and equipment for petroleum, refining, storage and distribution facilities, gasoline service stations and other related structures.
- c. Sales on wholesale or retail and operation of service stations, retail outlets, convenience stores and the like.
- d. Export sales of various petroleum and non-fuel products to other countries such as China, Indonesia, India, Taiwan, Vietnam and Singapore.

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 recognizes 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, depreciation 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 periods ended March 31, 2025, December 31, 2024 and March 31, 2024:

	Petroleum	Leasing**	Marketing	Elimination/ Others**	Total
March 31, 2025					
Revenue:					
External sales	P193,644	P294	P200	P238	P194,376
Inter-segment sales	97,529	81	-	(97,610)	-
Operating income	9,252	57	5	158	9,472
Net income	3,821	31	6	167	4,025
Assets and liabilities:					
Segment assets*	511,722	7,271	643	(66,577)	453,059
Segment liabilities*	374,238	2,006	64	(35,716)	340,592
Other segment information:					
Property, plant and equipment - net	164,334	-	70	3,775	168,179
Depreciation and amortization	3,523	2	3	49	3,577
Interest expense	4,838	17	-	(53)	4,802
Interest income	282	1	5	(8)	280
Income tax expense	1,108	10	2	11	1,131

*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
December 31, 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 and amortization	13,286	121	12	37	13,456
Interest expense	21,116	320	1	(476)	20,961
Interest income	1,207	281	16	(303)	1,201
Income tax expense	4,449	(33)	8	99	4,523

*excluding deferred tax assets and liabilities

**revenues from the use of loaned equipment are presented as part of "Leasing" while revenues from provisions of technical support are presented as part of "Others".

	Petroleum	Leasing**	Marketing	Elimination/ Others**	Total
March 31, 2024 (As Restated)					
Revenue:					
External sales	226,851	288	324	174	227,637
Inter-segment sales	81,978	107	-	(82,085)	-
Operating income	10,123	55	8	24	10,210
Net income	4,012	33	12	(108)	3,949
Assets and liabilities:					
Segment assets*	490,949	9,863	670	(53,403)	448,079
Segment liabilities*	355,821	4,377	122	(22,046)	338,274
Other segment information:					
Property, plant and equipment	164,096	-	79	3,311	167,486
Depreciation and amortization	3,497	21	3	12	3,534
Interest expense	5,118	67	-	(99)	5,086
Interest income	274	56	4	(60)	274
Income tax expense	1,174	10	2	(2)	1,184

*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 P97,610, P373,256 and P82,085 for the periods ended March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

The following table presents additional information on the petroleum business segment of the Group as of and for the periods ended March 31, 2025, December 31, 2024, and March 31, 2024:

	Retail	Lube	Gasul	Industrial	Others	Total
March 31, 2025						
Revenue	P90,841	P1,645	P10,034	P41,745	P49,379	P193,644
Property, plant and equipment	8,179	260	2,903	83	152,909	164,334
Capital expenditures	946	220	16	61	3,541	4,784
December 31, 2024						
Revenue	P379,864	P7,452	P38,568	P161,268	P277,613	P864,765
Property, plant and equipment	8,176	223	2,685	79	154,640	165,803
Capital expenditures	1,086	185	16	56	5,578	6,921
March 31, 2024 (As Restated)						
Revenue	P95,362	P1,813	P9,542	P40,989	P79,145	P226,851
Property, plant and equipment	8,268	85	2,208	64	153,471	164,096
Capital expenditures	1,253	52	10	43	4,727	6,085

Geographical Segments

The following table presents segment assets of the Group as of March 31, 2025, December 31, 2024, and March 31, 2024:

	March 31, 2025	December 31, 2024	March 31, 2024 (As Restated)
Local	P352,278	P360,469	P339,257
International	100,781	107,773	108,822
	P453,059	P468,242	P448,079

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 periods ended March 31, 2025, December 31, 2024, and March 31, 2024:

	Petroleum	Leasing*	Marketing	Elimination/ Others*	Total
March 31, 2025					
Local	P113,360	P375	P200	(P177)	P113,758
Export/international	177,813	-	-	(97,195)	80,618
December 31, 2024					
Local	P437,246	P1,306	P1,163	(P815)	P438,900
Export/international	800,698	-	-	(371,632)	429,066
March 31, 2024					
Local	P122,872	P395	P324	(P348)	P123,243
Export/international	185,957	-	-	(81,563)	104,394

*Revenues from the use of loaned equipment are presented as part of leasing while revenues from consumer loyalty program and provisions of technical support are presented as part of others.

5. Property, Plant and Equipment

The movements and balances as of and for the periods ended March 31, 2025 and December 31, 2024 follow:

	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, as restated	P27,968	P222,890	P22,759	P9,103	P4,741	P5,057	P292,518
Additions	264	970	1,783	928	151	6,064	10,160
Disposals/reclassifications	619	3,307	(1,337)	(41)	137	(4,286)	(1,601)
Reclassification to/from investment property	(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	61	132	358	432	28	729	1,740
Disposals/reclassifications	118	2,475	59	(25)	44	(2,862)	(191)
Currency translation adjustment	(67)	(144)	(55)	(13)	(11)	(5)	(295)
March 31, 2025	29,074	231,593	24,292	10,581	4,440	4,885	304,865
Accumulated Depreciation:							
January 1, 2024, as restated	16,549	84,168	16,354	5,922	1,538	-	124,531
Depreciation	970	7,926	1,028	412	120	-	10,456
Disposals/reclassifications	(241)	(34)	(1,395)	(54)	1	-	(1,723)
Reclassification to/from investment property	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	207	2,273	240	116	30	-	2,866
Disposals/reclassifications	(299)	-	-	(33)	(1)	-	(333)
Currency translation adjustment	(44)	(68)	(33)	(11)	-	-	(156)
March 31, 2025	17,489	95,185	16,591	6,506	915	-	136,686
Carrying Amount:							
December 31, 2024	P11,337	P136,150	P7,546	P3,753	P3,493	P7,023	P169,302
March 31, 2025	P11,585	P136,408	P7,701	P4,075	P3,525	P4,885	P168,179

Certain fully depreciated property, plant and equipment with aggregate costs of P37,246 and P36,040 as of March 31, 2025 and December 31, 2024, respectively, are still being used in the Group's operations.

Capital Commitments

As of March 31, 2025 and December 31, 2024, the Group has outstanding commitments to acquire property, plant and equipment amounting to P9,412 and P6,880, respectively.

6. Related Party Disclosures

The Parent Company, certain subsidiaries, associate, joint ventures and SMC and its subsidiaries, in the normal course of business, purchase products and services from one another. Transactions with related parties are made at market prices and terms. Amounts owed by/owed to related parties are collectible/to be settled in cash.

The balances and transactions with related parties as of and for the periods ended March 31, 2025 and December 31, 2024 follow:

	<i>Note</i>	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Retirement Plan	<i>a</i>	2025 2024	P10 45	P - -	P - 894	P - -	On demand; interest bearing	Unsecured; no impairment
	<i>a</i>	2025 2024	- -	- -	- 88	46 -	On demand; non-interest bearing	Unsecured; no impairment
Intermediate Parent	<i>b,e,f,h,i</i>	2025 2024	3 18	55 235	10 15	633 418	On demand; non-interest bearing	Unsecured; no impairment
Under Common Control	<i>k</i>	2025 2024	- -	79 321	- -	5,721 5,785	On demand; interest bearing	Unsecured; no impairment
	<i>b,c,d, h,i,j,k</i>	2025 2024	2,250 9,513	2,414 6,664	3,442 3,992	3,084 2,767	On demand; non-interest bearing	Unsecured; no impairment
Associate	<i>b,h,i</i>	2025 2024	87 280	76 296	187 81	343 203	On demand; non-interest bearing	Unsecured no impairment
Joint Ventures	<i>c,g,h</i>	2025 2024	- -	19 74	- -	4 4	On demand; non-interest bearing	Unsecured no impairment
Associates and Joint Ventures under Common Control	<i>l</i>	2025 2024	- -	16 41	- -	1,100 1,100	Short-term; interest bearing	Unsecured no impairment
	<i>b,h,i,l</i>	2025 2024	91 331	- -	55 54	1 1	On demand; non-interest bearing	Unsecured no impairment
		2025	P2,441	P2,659	P3,694	P10,932		
		2024	P10,187	P7,631	P5,124	P10,278		

- a. The Parent Company has interest bearing advances to Petron Corporation Employees' Retirement Plan (PCERP), included as part of "Trade and other receivables - net" account in the consolidated interim statements of financial position, for some investment opportunities. The outstanding balance was fully settled on March 20, 2025.

- b. Sales pertain to the Parent Company's supply agreements with the Intermediate Parent, various SMC subsidiaries, and an associate. Under these agreements, the Parent Company supplies diesel fuel, gasoline and lube requirements of selected SMC plants and subsidiaries.
- c. Purchases relate to purchase of goods and services such as power, construction, information technology, shipping and terminalling from a joint venture, associate and various SMC subsidiaries.
- d. The Parent Company entered into various lease agreements with San Miguel Properties, Inc. for its office space and certain parcels of land where service stations are located.
- e. The Parent Company has existing lease agreements with SMC covering certain parcels of land where service stations are located.
- f. The Parent Company also pays SMC for its share in common expenses such as utilities and management fees.
- g. Terminal Bersama Sdn Bhd (TBSB), an operator of Liquefied Petroleum Gas (LPG) bottling plant, provides bottling services to Petron Fuel International Sdn Bhd (PFISB) and another venturer.
- h. Amounts owed by related parties consist of trade, non-trade receivables, advances and prepaid expenses.
- i. Amounts owed to related parties consist of trade and non-trade payables.
- j. New Ventures Realty Corporation (NVRC) leases out certain parcels of its land to SMC Consolidated Power Corporation for a period of 25 years.
- k. Amounts owed to entities under common control include interest-bearing advances from San Miguel Insurance Company Ltd.
- l. Amounts owed to associate of entities under common control include interest bearing short-term loans payable to Bank of Commerce.

7. Loans and Borrowings

Short-term Loans

The movements of short-term loans for the three months ended March 31, 2025 follow:

Balance as of January 1, 2025	P138,906
Loan availments	80,777
Loan repayments	(96,271)
Currency translation adjustment	215
Balance as of March 31, 2025	P123,627

This account pertains to unsecured Philippine peso, US dollar and Malaysian ringgit-denominated loans obtained from various banks with maturities ranging from 4 to 119 days and annual interest ranging from 3.99% to 7.05% for the period ended March 31, 2025 and 3 to 178 days and annual interest ranging 3.96% to 8.00% for the period ended December 31, 2024. These loans are intended to fund the importation of crude oil and petroleum products and working capital requirements.

Long-term Loans

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

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

As of March 31, 2025 and December 31, 2024 the Group has complied with the provisions of its debt agreements.

8. Financial Risk Management Objectives and Policies

The Group's principal financial instruments include cash and cash equivalents, debt and 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 Board of Directors (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 are 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 Treasurers Department, which is in charge of foreign currency hedging transactions.
- c. The Transaction Management Unit of Controllers Department, which provides backroom support for all

hedging transactions.

- d. The Corporate Technical and Engineering Services Group, which oversees strict adherence to safety and environmental mandates across all facilities.
- e. The Internal Audit Department, which has been tasked with the implementation of a risk-based auditing.
- f. The Commodity Risk Management Department (CRMD), which sets new and updates existing hedging policies by the BOD, provides the strategic targets and recommends corporate hedging strategy to the Commodity Risk Management Committee and Steering Committee.
- g. Petron Singapore Trading Pte. Ltd. (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 period. 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:

	March 31, 2025		December 31, 2024	
	US dollar (in millions)	Philippine peso Equivalent	US dollar (in millions)	Philippine peso Equivalent
Assets				
Cash and cash equivalents	512	29,267	403	23,324
Trade and other receivables	431	24,677	646	37,341
Other assets	45	2,571	20	1,184
	988	56,515	1,069	61,849
Liabilities				
Short-term loans	134	7,677	277	16,006
Liabilities for crude oil and petroleum products	730	41,764	814	47,135
Long-term debt (including current maturities)	1,157	66,192	1,171	67,717
Other liabilities	324	18,541	179	10,340
	2,345	134,174	2,441	141,198
Net foreign currency -denominated monetary liabilities	(1,357)	(77,659)	(1,372)	(79,349)

The Group incurred net foreign currency exchange gains of P931 and losses of (P692) for the periods ended March 31, 2025 and March 31, 2024, respectively, which were mainly countered by mark-to-market and hedging gains or losses (Note 9). The foreign currency rates from Philippine peso (PHP) to US dollar (US\$) as of reporting dates are shown in the following table:

	PHP to US\$
March 31, 2025	57.210
December 31, 2024	57.845
March 31, 2024	56.240

Management of foreign currency risk is also supplemented by monitoring the sensitivity of the financial instruments to various foreign currency exchange rate scenarios. Foreign currency movements affect reported equity through the retained earnings 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 March 31, 2025 and December 31, 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
March 31, 2025				
Cash and cash equivalents	(P277)	(P442)	P277	P442
Trade and other receivables	(106)	(422)	106	422
Other assets	(35)	(36)	35	36
	(418)	(900)	418	900
Short-term loans	-	134	-	(134)
Liabilities for crude oil and petroleum products	367	1,005	(367)	(1,005)
Long-term debts (including current maturities)	1,157	868	(1,157)	(868)
Other liabilities	40	317	(40)	(317)
	1,564	2,324	(1,564)	(2,324)
	P1,146	P1,424	(P1,146)	(P1,424)

	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
December 31, 2024				
Cash and cash equivalents	(P264)	(P337)	P264	P337
Trade and other receivables	(178)	(639)	178	639
Other assets	(10)	(18)	10	18
	(452)	(994)	452	994
Short-term loans	-	277	-	(277)
Liabilities for crude oil and petroleum products	461	1,161	(461)	(1,161)
Long-term debts (including current maturities)	1,171	878	(1,171)	(878)
Other liabilities	22	173	(22)	(173)
	1,654	2,489	(1,654)	(2,489)
	P1,202	P1,495	(P1,202)	(P1,495)

Exposures to foreign currency rates vary during the period depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign 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 interim 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 in consolidated interim 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 P190 and P727 for the period ended March 31, 2025 and for the year ended December 31, 2024, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect.

Interest Rate Risk Table

As of March 31, 2025 and December 31, 2024, the terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

March 31, 2025	<1 Year	1-<2 Years	2-<3 Years	3-<4 Years	4-<5 Years	>5 Years	Total
Fixed Rate							
Philippine peso denominated	P23,113	P5,000	P15,125	P2,000	P -	P -	P45,238
Interest rate	3.4% - 8.1%	7.2% - 7.5%	4.3% - 7.5%	7.5%			
Floating Rate							
Philippine peso denominated	1,000	1,833	2,667	2,667	1,833	-	10,000
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)	8,361	22,786	22,786	8,173	4,086	-	66,192
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		
	P32,474	P29,619	P40,578	P12,840	P5,919	P -	P121,430

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

December 31, 2024	<1 Year	1 - <2 Years	2 - <3 Years	3 - <4 Years	4 - <5 Years	>5 Years	Total
Fixed Rate Philippine peso denominated	P22,425	P5,000	P15,750	P2,000	P1,000	P -	P46,175
Interest rate	3.4% - 8.1%	7.2% - 7.5%	4.3% - 7.5%	7.5%	7.5%	-	-
Floating Rate Philippine peso denominated	-	833	1,667	1,667	833	-	5,000
Interest rate		6 mos. BVAL + margin	6 mos. BVAL + margin	6 mos. BVAL + margin	6 mos. BVAL + margin		
US\$ denominated (expressed in Php)	6,595	18,907	23,039	10,123	8,263	-	66,927
Interest rate*	1, 3, 6 mos. SOFR + margin	1, 3, 6 mos. SOFR + margin	1, 3, 6 mos. SOFR + margin	1, 3, 6 mos. SOFR + margin	1, 3, 6 mos. SOFR + margin		
JPY denominated (expressed in Php)	790	-	-	-	-	-	790
Interest rate*	1, 3, 6 mos. TONA + margin						
	P29,810	P24,740	P40,456	P13,790	P10,096	P -	P118,892

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

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In effectively managing credit risk, the Group regulates and extends credit only to qualified and credit-worthy customers and counterparties, consistent with established Group credit policies, guidelines and credit verification procedures. Requests for credit facilities from trade customers undergo stages of review by Trade Sales and Finance Divisions. Approvals, which are based on amounts of credit lines requested, are vested among line managers and top management that include the President and the Chairman.

Generally, the maximum credit risk exposure of financial assets is the total carrying amount of the financial assets as shown on the face of the consolidated interim statements of financial position or in the notes to the consolidated interim financial statements, as summarized below:

	March 31, 2025	December 31, 2024
Cash in banks and cash equivalents	P36,033	P28,177
Derivative assets	2,434	1,044
Trade and other receivables - net	69,467	82,762
Noncurrent deposits	138	141
	P108,072	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 Expected Credit Loss (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 4.

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 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*” refer 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.

Collaterals. To the extent practicable, the Group also requires collateral as security for a credit facility to mitigate credit risk in trade receivables. Among the collaterals held are letters of credit, bank guarantees, real estate mortgages, cash bonds, cash deposits and corporate guarantees valued at P6,370 and P6,021 as of March 31, 2025 and December 31, 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 tables below present the summary of the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

March 31, 2025					
	Financial Assets at Amortized Cost			Financial Assets at Fair Value Through Profit or Loss (FVPL)	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired		
Cash in banks and cash equivalents	P36,033	P -	P -	P -	P36,033
Trade and other receivables	-	69,467	893	-	70,360
Derivative assets not designated as cash flow hedge	-	-	-	2,434	2,434
Long-term receivables	-	-	11	-	11
Noncurrent deposits	138	-	-	-	138
	P36,171	P69,467	P904	P2,434	P108,976

December 31, 2024					
	Financial Assets at Amortized Cost			Financial Assets at Fair Value Through Profit or Loss (FVPL)	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired		
Cash in banks and cash equivalents	P28,177	P -	P -	P -	P28,177
Trade and other receivables	-	82,762	894	-	83,656
Derivative assets not designated as cash flow hedge	-	-	-	1,044	1,044
Long-term receivables	-	-	333	-	333
Noncurrent deposits	141	-	-	-	141
	P28,318	P82,762	P1,227	P1,044	P113,351

Liquidity Risk

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

The Group's objectives in managing its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps or surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

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

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted payments used for liquidity management as of March 31, 2025 and December 31, 2024.

March 31, 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	P37,860	P37,860	P37,860	P -	P -	P -
Trade and other receivables - net	69,467	69,467	69,467	-	-	-
Derivative assets (including non-current portion)	2,434	2,434	2,434	-	-	-
Proprietary membership shares	457	457	-	-	-	457
Noncurrent deposits	138	138	-	-	4	134
Financial Liabilities						
Short-term loans	123,627	124,442	124,442	-	-	-
Liabilities for crude oil and petroleum products	45,298	45,298	45,298	-	-	-
Trade and other payables*	16,705	16,705	16,705	-	-	-
Cylinder deposits	3,612	3,612	3,612	-	-	-
Derivative liabilities (including noncurrent portion)	2,542	2,542	2,542	-	-	-
Long-term debts (including current maturities)	120,102	136,604	39,202	34,504	62,898	-
Lease liability (including current portion)	13,300	20,878	2,135	2,083	5,562	11,098
Cash bonds	428	428	-	412	16	-
"Others" under other noncurrent liabilities	61	61	-	41	20	-

**excluding specific taxes and other taxes payable, retirement benefits liability, deferred income, advances from customers, cylinder deposits and others*

December 31, 2024	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P30,389	P30,389	P30,389	P -	P -	P -
Trade and other receivables	82,762	82,762	82,762	-	-	-
Derivative assets (including non-current portion)	1,044	1,044	1,044	-	-	-
Proprietary membership shares	458	458	-	-	-	458
Noncurrent deposits	141	141	-	-	4	137
Financial Liabilities						
Short-term loans	138,906	140,027	140,027	-	-	-
Liabilities for crude oil and petroleum products	51,625	51,625	51,625	-	-	-
Trade and other payables*	17,060	17,060	17,060	-	-	-
Derivative liabilities	1,699	1,699	1,699	-	-	-
Long-term debts (including current maturities)	117,443	135,521	37,024	29,823	68,674	-
Lease liability (including current portion)	13,415	21,215	2,055	2,042	5,529	11,589
Cash bonds	426	426	-	411	15	-
Cylinder deposits	3,432	3,432	3,432	-	-	-
“Others” under other noncurrent liabilities	61	61	-	25	25	11

*excluding specific taxes and other taxes payable, retirement benefits liability, deferred income, advances from customers, cylinder deposits and others

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 costs and preserving margins. For consumer (buy) hedging transactions, if prices go down, hedge positions may show mark-to-market losses; however, any loss in the mark-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 mark-to-market gains; however, any gain in the mark-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 interim statements of financial position. The Group's capital for the covered reporting period is summarized below:

	March 31, 2025	December 31, 2024
Total assets	P453,609	P468,802
Total liabilities	347,881	364,592
Total equity	105,728	104,210
Debt to equity ratio	3.3:1	3.5:1
Assets to equity ratio	4.3:1	4.5:1

There were no changes in the Group's approach to capital management during the period.

The Group is not subject to externally imposed capital requirements.

9. Financial Assets and Financial Liabilities

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 interim 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 whose objective is to hold 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 consolidated interim statements of income when the financial assets are derecognized, modified or impaired.

The Group's cash and cash equivalents, trade and other receivables, certain investments in debt instruments at amortized cost, noncurrent receivables and deposits and restricted cash are included under this category.

Financial Assets at FVPL. All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. This includes derivative assets 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 be 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 consolidated interim statements of income as incurred. Changes in fair value and realized gains or losses are recognized in consolidated interim statements of 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 accounted as at FVPL is recognized in consolidated interim statements of income. Any dividend income from investment in equity instrument classified as at FVPL is recognized in consolidated interim 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 investment.

The Group's derivative assets 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 consolidated interim statements of income. Fair value changes from derivatives accounted for as part of an effective accounting hedge are recognized in OCI and presented in the consolidated interim statements of changes in equity. Any interest expense incurred is recognized as part of "Interest expense and other financing charges" account in consolidated interim statements of income.

The Group's derivative liabilities 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 consolidated interim statements of income. Gains and losses are recognized in consolidated interim 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 consolidated interim statements of income.

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

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

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, 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 consolidated interim 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 ECL 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 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;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or

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

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

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

Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component

on the date of issue.

The table below presents a comparison by category of carrying amounts and fair values of the Group's financial instruments as of March 31, 2025 and December 31, 2024:

	March 31, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets (FA):				
Cash and cash equivalents	P37,860	P37,860	P30,389	P30,389
Trade and other receivables – net	69,467	69,467	82,762	82,762
Noncurrent deposits	138	138	141	141
FA at amortized cost	107,465	107,465	113,292	113,292
Proprietary membership shares	457	457	458	458
Derivative assets not designated as cash flow hedge	2,434	2,434	1,044	1,044
FA at FVPL	2,891	2,891	1,502	1,502
Total Financial Assets	P110,356	P110,356	P114,794	P114,794
Financial liabilities (FL):				
Short-term loans	P123,627	P123,627	P138,906	P138,906
Liabilities for crude oil and petroleum products	45,298	45,298	51,625	51,625
Trade and other payables*	16,705	16,705	17,060	17,060
Long-term debts including current portion	120,102	120,102	117,443	117,443
Cash bonds	428	428	426	426
Cylinder deposits	3,612	3,612	3,432	3,432
Other noncurrent liabilities	61	61	61	61
Other FL	309,833	309,833	328,953	328,953
Derivative liabilities not designated as cash flow hedge	2,542	2,542	1,699	1,699
Total Financial Liabilities	P312,375	P312,375	P330,652	P330,652

*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, Trade and Other Receivables and Noncurrent Deposits. 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 noncurrent deposits, 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. Mark-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 amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

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 used as of March 31, 2025 and December 31, 2024 is 9.39%.

Short-term Loans, Liabilities for Crude Oil and Petroleum Products, Trade and Other Payables and Cylinder Deposits. The carrying amount of short-term loans, liabilities for crude oil and petroleum products and trade and other payables approximates fair value primarily due to the relatively short-term maturities of these financial instruments.

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 fair value of derivatives that are not designated as hedging instruments are recognized in the consolidated interim 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.

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 Hedges

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 accumulated in the “Hedging reserve” account in the consolidated interim 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 consolidated interim 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 OCI. The cost of hedging is removed from OCI and recognized in the consolidated interim statements of income, either over the period of the hedge if the hedge is time related, or when the hedged transaction consolidated interim 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 consolidated interim statements of income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect consolidated interim 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 consolidated interim statements of income as a reclassification adjustment in the same period or periods as the hedged cash flows affect consolidated interim 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 interim statements of income.

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 recognized directly in consolidated interim statements of income.

Freestanding Derivatives

Freestanding derivatives consist of interest rate, foreign currency and commodity derivative contracts entered into by the Group.

Currency Forwards. As of March 31, 2025 and December 31, 2024, the Group has outstanding foreign currency forward contracts with aggregate notional amount of US\$1,468 and US\$1,214 million, respectively, and with various maturities. As of March 31, 2025 and December 31, 2024, the net negative fair value of these currency forwards amounted to P561 and P977, respectively.

Commodity Swaps. The Group has outstanding swap agreements covering its oil requirements, with various maturities. 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 66.7 million barrels and 100.6 million barrels as of March 31, 2025 and December 31, 2024, respectively. The estimated net receipts for these transactions amounted to P453 and P322 as of March 31, 2025 and December 31, 2024, respectively.

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 purchases contracts, the peso equivalent is determined using the average Philippine Dealing System rate on the month preceding the month of delivery.

As of March 31, 2025 and December 31, 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 March 31, 2025 and December 31, 2024, the net fair value of these embedded currency forwards is minimal.

For the periods ended March 31, 2025 and December 31, 2024, the Group recognized mark-to-market gains (losses) from freestanding and embedded derivatives amounting to (P835) and P986, respectively.

Fair Value Measurements

The Group measures a number of 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 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 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 interim 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 interim 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 disclosure, the Group has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

The table below analyzes financial instruments carried at fair value, by valuation method, as of March 31, 2025 and December 31, 2024.

	Level 2	
	March 31, 2025	December 31, 2024
Financial Assets:		
FVPL	P457	P458
Derivative assets	2,434	1,044
Financial Liabilities:		
Derivative liabilities	(2,542)	(1,699)

The Group has no financial instruments valued based on Level 1 and Level 3 as of March 31, 2025 and December 31, 2024. During the period, there were no transfers between, into and out of Level 1 and Level 2 fair value measurements.

10. Significant Transactions During the Period

a. Loan Drawdown

On February 28, 2025, the Parent Company drew P5,000 from a P5,000 term loan facility which was signed and executed on February 26, 2025. The facility is amortized over 5 years with 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. This facility is subject to a financial covenant ratio of consolidated gross debt to consolidated net worth, which must not exceed 2.75x.

b. Acquisition of Common Treasury Shares

On March 17, 2025, the Parent Company repurchased all of the 459.16 million common shares held by Petron Corporation Employees' Retirement Plan (PCERP) via a block sale based on the simple average of the three-day close prior to the execution date aggregating to P1,119.

11. Basic and Diluted Earnings -per Share

Basic and diluted earnings per share amounts for the three months ended March 31, 2025 and 2024 are computed as follows:

	2025	2024
Net income attributable to equity holders of the Parent Company	P3,741	P3,730
Dividends on preferred shares for the period	-	-
Distributions to the holders of capital securities for the period	(89)	(117)
Net income attributable to common shareholders of the Parent Company (a)	P3,652	P3,613
Weighted average number of common shares outstanding (in millions) (b)	9,303	9,375
Basic/diluted earnings (loss) per common share attributable to equity holders of the Parent Company (a/b)	P0.39	P0.39

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

12. Cash Dividends and Distributions

Dividends

The BOD of the Parent Company approved the declaration of cash dividends for common, Series 3, and Series 4 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
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

Distributions

Senior Perpetual Capital Securities (SPCS)

Payments of distributions pertaining to SPCS were made on the following dates: October 18, 2024 (P1,258) and April 18, 2024 (P1,246).

Redeemable Perpetual Securities (RPS)

Payment of distributions pertaining to RPS were made on March 22, 2025 (P36), February 10, 2025 (P53) December 23, 2024 (P37), November 11, 2024 (P53), October 2, 2024 (P1), September 23 and 25, 2024 (P66), August 12, 2024 (P52), June 21, 2024 (P69), May 10, 2024 (P52), March 22, 2024 (P66), and February 10, 2024 (P51).

13. Commitments and Contingencies

Supply and Lease 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), Iraq Oil Marketing Company (SOMO), 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. Meanwhile, the contract with KPC and SOMO are from January 1, 2025 to December 31, 2025. Lastly, the contract with Chevron is from December 1, 2024 to November 30, 2025 and the contract with SIETCO is for three (3) years from November 6, 2023.

Petron Malaysia Refining & Marketing Bhd (PMRMB) acquires crude oil and condensate for its Port Dickson Refinery from various sources through a combination of term purchase contracts and spot market purchases. PMRMB has a term supply contract for Tapis crude oil and Terengganu condensate with Exxon Mobile Exploration and Production Malaysia Inc. ("EMEPMI") for a period of 2 years until March 2026 supplemented by other short-term supply contracts and spot crude purchases. As of March 31, 2025, about 48% of the crude and condensate volume is sourced from EMEPMI, while the balance from other term and spot purchases. Pricing is determined through a formula that is linked to international industry benchmarks. 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 March 31, 2025 and December 31, 2024.

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 for its refinery, commencing on January 1, 2010 and ending on December 31, 2039. Under the terms of the lease agreement, a reappraisal shall be conducted every 5-years by a third-party appraiser to determine the lease rate for the succeeding years. As of December 31, 2024, the 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 cancelled with the Supreme Court's ruling in favor of Petron (Note 15). As of March 31, 2025 and December 31, 2024, Petron leases other parcels of land from PNOC for its pipeline right-of-way and service stations.

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 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 Petron, which are charterers.

Complaints for damages and non-payment of compensation for the clean-up operations during the oil spill were filed with the RTC of Guimaras by a total of 1,063 plaintiffs who allegedly did not receive any payment of their claims for damages arising from the oil spill. The total claims amounted to P292. The cases were pending as at March 31, 2025. In the course of plaintiffs' presentation of evidence in two cases, the plaintiffs moved for trial by commissioner, which was denied by the trial court. The plaintiffs elevated the matter by way of a petition for certiorari to the 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 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 to date. On September 25, 2024, the CA denied the motion for reconsideration of another respondent International Oil Pollution Compensation Funds ("IOPC Funds") and directed IOPC Funds 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. As of March 31, 2025 and December 31, 2024, the Parent Company has not set up any provision related to this case because while the case is still pending, the Parent Company believes the resolution will be in its favor.

Unused Letters of Credit and Outstanding Standby Letters of Credit

The Group has unused letters of credit totaling approximately P28,215 and P41,164 as of March 31, 2025 and December 31, 2024, respectively.

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.

14. Events After the Reporting Period

a. Partial Repurchase of Redeemable Perpetual Securities (RPS)

On April 4, 2025, the Parent Company repurchased US\$10 million RPS. Related distributions amounting to US\$13.09 thousand (P0.74) were also settled.

b. Dividends

On May 6, 2025, 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	P17.84575	June 2, 2025	June 25, 2025
Series 4A	16.76975	June 16, 2025	July 7, 2025
Series 4B	16.99300	June 16, 2025	July 7, 2025
Series 4C	17.71525	June 16, 2025	July 7, 2025
Series 4D	17.09100	May 29, 2025	June 23, 2025
Series 4E	17.75800	May 29, 2025	June 23, 2025

15. 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. As of March 4, 2025, the Parent Company has not received any notice from the Supreme Court on its action on PNOC's second motion for reconsideration.

Given the finality of the Supreme Courts's ruling, the Group recognized in its books the reversal of the conveyance of the land declared as property dividends in 1993 at P143 equivalent to the net book value of the land at the time of dividend declaration, and, instead recognized a liability for cash dividends to PNOC of the same amount plus legal interest of P267 computed from 1993 to 2024. The landholdings were recognized as part of "Property, plant and equipment" and "Investment property" at P110 and P33, respectively. 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, asset retirement obligation (ARO) of P2,600 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 recognized previously were reversed which resulted in the recognition of gain on lease termination of P3,509.

- b. On August 9, 2024, Petron Marketing Corporation secured the approval from the Securities and Exchange Commission to shorten its corporate life until December 31, 2025.
- c. There were no seasonal aspects that had a material effect on the financial position or financial performance of the Group.
- d. There were no material off-statements of financial position items, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period, except for the notional values of outstanding derivative transactions entered by the Group as of and for the period ended March 31, 2025.
- e. Known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity.

Gross Domestic Product (GDP)

The PH economy grew 5.4% in the first quarter of 2025, slower compared to the 5.9% growth recorded in the same period in 2024. The country's economic growth was driven primarily by strong government expenditure and improved household consumption, though it was tempered by global headwinds from weaker external demand and tight financial conditions.

Economic growth (<i>in percentage</i>)	1Q 2025	1Q 2024
GDP	5.4	5.9
<i>By Expenditure</i>		
Household Consumption	5.3	4.7
Government Consumption	18.7	2.6
Capital Formation	4.0	0.8
Exports	6.2	8.1
Imports	9.9	2.2
<i>By Industry</i>		
Agriculture	2.2	0.5
Industry	4.5	5.2
Services	6.3	7.0

On the demand side, growth was primarily driven by government spending, which surged by 18.7% as infrastructure disbursements accelerated ahead of the midterm election-related spending ban. Household consumption rose by 5.3%, up from 4.7% a year ago, supported by slowing inflation and improved consumer confidence. Capital formation increased by 4.0%, driven mainly by modest gains in public infrastructure construction. Meanwhile, export growth slowed to 6.2% amid weaker global trade, while imports climbed by 9.9%, driven by higher demand for raw materials, capital goods, and consumer products, with tariffs and rising import costs contributing to a widening trade deficit in a high-interest-rate environment.

On the supply side, all of the major economic sectors posted positive growth continued to be led by the Services sector with a 6.3% expansion, driven by strong performance in wholesale and retail trade, and financial services. Industry grew by 4.5%, underpinned by a steady performance in manufacturing. Agriculture expanded by 2.2%, marking a recovery as improved farm output was supported by favorable weather conditions.

91-Day Treasury-Bill (T-bill) Rate

The average rate for 91-day T-Bill rates stood at 5.3% in 1Q 2025, slightly lower compared to 5.5% in the same quarter last year. Meanwhile, the Bangko Sentral ng Pilipinas sustained its policy stance, maintaining the reverse repurchase rate steady at 5.75%, the level held since 4Q 2024, due to global trade uncertainties.

Peso-Dollar Exchange Rate

The peso averaged P58.0/\$ in 1Q 2025, representing a 3.4% depreciation from P56.0/\$ in the same period last year. The peso depreciation was driven by the United States (US) tariffs, which strengthened the US dollar, as well as the Philippines' widening current account deficit.

Inflation

Inflation for goods and services moderated to 2.3% in 1Q 2025, down from 3.3% in the same period of the previous year. This deceleration was primarily driven by reduced price pressures in food and non-alcoholic beverages, transport, and restaurant and accommodation services sectors. However, prices of meat and electricity continued to experience upward pressure.

Industry Oil Demand

Oil demand in the country increased by 6.1% to 91,771 thousand barrels (MB) in the first half of 2024, up from 86,502 MB in the same period of 2023. This growth was driven by the continued expansion of economic activities following the pandemic.

Oil Market

Year-on-year prices of Dubai declined by 5.4% to \$76.9/bbl in 1Q 2025 vs. \$81.3/bbl in the same period last year due to the increased global oil supply, ongoing trade tensions, and weakening demand concerns. Meanwhile, 1Q 2025 product cracks weakened with gasoline cracks declining from \$17.9/bbl in 1Q 2024 to \$7.7/bbl in 1Q 2025, diesel cracks from \$23.1/bbl to \$14.3/bbl, and kero-jet cracks from \$21.1/bbl to \$13.2/bbl.

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). 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 industry in the Philippines. The promotion of the purchase and use of electric vehicles may impact oil industry demand.

- *Department Circular 2021-07-0023.* The DOE issued this circular on July 2, 2021 providing for a framework for the adoption and development and E-vehicles ("EVs") and electric charging stations ("EVCS") in the Philippines, including installation of EVCs in retail stations.

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, 2021, and on January 1, 2021, for non-resident foreign corporations. Domestic corporations and resident foreign corporations no longer have an option to be taxed at 15% on gross income and the rate of the minimum corporate income tax (MCIT) was lowered to 1% from July 1, 2021 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 (i) any law to the contrary notwithstanding, the importation of petroleum products by any person will be subject to the payment of applicable duties and taxes under the Customs Modernization and Tariff Act and the National Internal Revenue Code, respectively, upon importation into the Philippine customs territory and/or into free zones (as defined in the Customs Modernization and Tariff Act), subject to the right of the importer to file claims for refund of duties and taxes under applicable law; and (ii) the importation of crude oil that is intended to be refined at a local refinery, including the volumes that are lost and not converted to petroleum products when the crude oil actually undergoes the refining process, will be exempt from payment of applicable duties and taxes, provided the applicable duties and taxes on the refined petroleum products shall be paid upon the lifting of the petroleum products produced from the imported crude oil in accordance with the rules and regulations that may be prescribed by the Bureau of Customs and the Bureau of Internal Revenue.

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.

Under the tax regime prior to the effectivity of the CREATE Act, domestic refiners are disadvantaged because they are made to pay VAT upon importation of crude oil which they cannot recover until the finished products refined from them are sold. Compared to non-refiners, which pay VAT upon importation of finished products, domestic refiners are unable to recover the VAT for a longer period. The Company believes that the CREATE Act allows it to be more competitive as domestic petroleum refineries are now taxed on finished products, similar to importers of refined fuel which only pay after-sales tax.

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

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

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

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

LPG Industry Regulation Act. Republic Act No. 11592 or the “LPG Industry Regulation Act”, enacted into law on October 14, 2021, aims to ensure health, safety, security, environmental and quality standards in the LPG industry by instituting reforms in the existing standards and practices. The law defines prohibited acts such as engaging in LPG industry activities without the required licenses, certificates, and permits; selling, fabricating, or refilling unfilled LPG cylinders without the approval of the trademark owner; selling, exchanging, possessing empty LPG cylinders that belong to another trademark owner; and non-compliance with standards such as those relating to safety, materials, and markings. It also provides for the establishment of an LPG Cylinder Exchange and Swapping Program for the exchange, swapping, or buyback of LPG cylinders among industry participants and the establishment of accredited swapping centers. As of March 31, 2025, various circulars are in their implementation stage, including the application guidelines for License to Operate (DOE DC 2022-11-037), establishment of LPG Cylinder Exchange and Swapping Program (DOE DC 2022-11-0002), and Guidelines for the Recognition of LPG Training Institutions (DC 2023-08-0025)

Tax Reform for Acceleration and Inclusion (the “TRAIN Law”). Republic Act No. 10963 or the TRAIN Law, which took effect on January 1, 2018, imposed a phased increase in excise taxes on petroleum products from 2018 to 2020. The schedule of increase for this three (3)-year period was P2.65-P2-P1 per liter (“/li”) per year for gasoline, P2.50-P2-P1.50/li for diesel and fuel oil, P1-P1-P1/kg for LPG, and P0.33-P0-P0/li for jet fuel. The incremental excise tax is further subject to 12% VAT. Higher excise taxes can potentially constrain demand growth, especially for LPG given there are substitutes such as charcoal, kerosene, electricity, 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 the illicit trading of fuel products. While the cost for the fuel marker would be shouldered by the government in the initial year of implementation, this cost was eventually passed on to oil companies beginning in 2020 which resulted in higher fuel prices.

Biofuels Act of 2006 (the “Biofuels Act”). The Biofuels Act and its implementing circulars mandate that gasoline and diesel volumes contain 10% bioethanol and 2% biodiesel/coco methyl ester (“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 its Circular No. 2015-06-0005 entitled “Amending Department Circular No. 2011-02-0001 entitled Mandatory Use of Biofuel Blend” which 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, 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 with regard to the utilization of biofuels, including compliance to local monthly allocation for ethanol.

- *Department Circular no. 2024-05-0014.* Signed on May 7, 2024, the circular mandates all oil industry players to implement a 3% coco methyl ester (CME) blend, from current B2, beginning October 1, 2024. Further, this percentage will gradually increase to 4% by October 1, 2025, and to 5% by October 1, 2026. The circular also provides for the shift to E20 from E10, but on a voluntary basis. The current ethanol blend for gasoline has remained at 10% since 2012, while the CME blending last increased to 2% in 2007. This move aims to decrease dependence on imported fuels, reduce greenhouse gas emissions, and bolster the local biodiesel and bioethanol sectors. To ensure a smooth and timely transition to higher biofuel blend

percentages, the downstream oil industry must maintain sufficient storage capacity, blending facilities, transport systems, and dedicated storage tanks and dispensing pumps.

Renewable Energy Act of 2008 (the “Renewable Energy Act”). The Renewable Energy Act aims to promote the development and commercialization of renewable and environment-friendly energy resources (e.g., biomass, solar, wind, hydro, geothermal) through various tax incentives such as seven (7)-year income tax holidays and duty-free importation of renewable energy equipment and machinery. The sale of power generated from these sources is also exempt from value-added tax under the TRAIN Law. The growth in renewable energy may displace or reduce the use of oil-based power plants affecting the Company’s sales to the power sector.

Clean Air Act of 1999 (the “Clean Air Act”). The Clean Air Act established air quality guidelines and emission standards for stationery and mobile equipment. It also included the required specifications for gasoline, diesel, and IFO to allow the attainment of emission standards. Petron invested in a gasoil hydrotreater plant and an isomerization plant to enable it to produce diesel and gasoline compliant with the standards set by law.

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

Compliance with Euro 4 Standards. In September 2010, the DENR issued Administrative Order 2010-23 mandating that by 2016, all new motor vehicles that would be introduced in the market shall comply with Euro 4 emission limits, subject to Euro 4 fuel availability. In June 2015, the DOE issued Circular 2015 - 06-0004 entitled “Implementing the Corresponding Philippine National Standard Specifications (PNS) for the Euro 4/IV PH Fuels Complying with the Euro 4/IV Emissions” directing all oil companies to adopt Euro4-compliant fuels. With its RMP-2, Petron is now producing Euro 4-compliant fuels ahead of the 2016 mandate.

Laws on Oil Pollution. To address issues on marine pollution and oil spillage, the Maritime Industry Authority (“MARINA”) mandated the use of double-hull vessels for transporting black products beginning in 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 (IMO) on Marine Fuel Specifications. The Department of Energy (DOE) issued Department Circulars No. 2025-02-0002 and No. 2025-02-0003, published on February 17, 2025. These circulars provide guidelines for marine bunker fuel traders to comply with the mandatory use of the 0.50% m/m sulphur limit for all fuel used on ships for propulsion (i.e. bunkering).

Anti-Competition Law (the “Philippine Competition Act”). The Philippine Competition Act, approved in July 2015, prohibits anti-competitive agreements, abuses of dominant positions, and mergers and acquisitions that limit, prevent, and restrict competition. To implement the national competition policy and attain the objectives and purposes of the law, the Philippine Competition Commission (“PCC”) was created. Among the powers of the PCC is the review of mergers and acquisitions based on factors it may deem relevant. The PCC, after due notice and hearing, may impose administrative fines on any entity found to have violated the provisions of the law on prohibited arrangements or to have failed to provide prior notification to the PCC of certain mergers and acquisitions. The PCC is empowered to impose criminal penalties on an entity that enters into any anti-competitive agreement and, when the entities involved are juridical persons, on its officers, directors, or employees holding managerial positions who are knowingly and willfully responsible for such violation. Currently pending with the House of Representatives are two bills to amend the Philippine Competition Act to, among others, legislate competition policy, amend requirements for PCC notification, and strengthen the powers of the PCC.

Amended Price Freeze Act of 2013. RA 10623 was signed on September 6, 2013, and mandates the implementation of a 15-day price freeze of basic necessities, including LPG and kerosene, for areas declared under a state of emergency or calamity. Further to this, Senior Citizens and PWDs are entitled to a discount for LPG and kerosene as mandated by the following:

- Joint Administrative Order (JAO) 17-01. Issued on February 17, 2020, this Order provides for a 5% special discount for basic necessities, which includes household LPG and kerosene. The discount for 11 kg. can only be availed once every 5 months, while the discount for kerosene can be availed for not more than 2 liters per month.
 - An updated JAO was issued on 21 March 2024 (JAO 24-02) to include purchasing limits on other basic necessities but retains the said discount for LPG and kerosene.
- Joint Memorandum Circular (“JMC”) 24-02. Issued on 21 March 2024, this joint circular ensures that the discounts and privileges of Senior Citizens and PWDs are recognized if transactions are made online.

Executive Order 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 tariffs 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 Executive Order 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 (RA 8479). 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 for implementing the law include:

- *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. On 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”, published on November 5, 2021, requires the submission of monthly and annual reports using revised templates for DOE to monitor importation and/or production of oil companies (and for Petron as a refiner) and includes additional reportorial requirements for lubes and blending plants, with more stringent penalties for non-compliance.

Energy Regulatory Commission Resolution 17s2003. The ERC issued a resolution dated September 13, 2023, that provides for revised guidelines for the application and issuance of a Certificate of Compliance (COC) for generation facilities.

PETRON CORPORATION AND SUBSIDIARIES

RECEIVABLES**As of March 31, 2025****(Amounts in Million Pesos)**

Breakdown:

Accounts Receivable – Trade	P48,781
Accounts Receivable – Non-Trade	20,686
Total Accounts Receivable - Net	P69,467

AGING OF TRADE ACCOUNTS RECEIVABLES

Receivables	1 – 30 days	P42,398
	31 – 60 days	2,734
	61 – 90 days	1,614
	Over 90 days	2,724
Total		49,470
Allowance for doubtful accounts		(689)
Accounts Receivable – Trade		P48,781

Management's Discussion and Analysis of Financial Position and Financial Performance

Financial Performance

1Q 2025 vs 1Q 2024

Amid market challenges and uncertainties, the Group posted a consolidated net income of **₱ 4.03 billion** for the first quarter of 2025, slightly up from the **₱ 3.95 billion** it reported during the same period last year. The Group sustained its financial performance despite the lower revenue and compressed regional refining cracks during the period.

	For the Three Months Ended March 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024 As Restated (in Millions)	Amount	%	2025	2024 As Restated
Sales	194,376	227,637	(33,261)	(15%)	100%	100%
Cost of Goods Sold	(180,880)	(213,471)	(32,591)	(15%)	(93%)	(94%)
Gross Profit	13,496	14,166	(670)	(5%)	7%	6%
Selling and Administrative Expenses	(4,476)	(4,383)	93	2%	(2%)	(2%)
Other Operating Income	452	427	25	6%	0%	0%
Interest Expense and Other Financing Charges	(4,802)	(5,086)	(284)	(6%)	(2%)	(2%)
Interest Income	280	274	6	2%	0%	0%
Share in Net Income of an Associate and Joint Ventures	45	36	9	26%	0%	0%
Other Income (Expense) - net	161	(301)	462	(high)	0%	0%
Income Before Income Tax	5,156	5,133	23	0%	3%	2%
Income Tax Expense	(1,131)	(1,184)	(53)	(4%)	(2%)	(1%)
Net Income	4,025	3,949	76	2%	2%	2%
Attributable to Equity Holders of the Parent Company	3,741	3,730	11	0%	2%	2%
Attributable to Non-controlling Interests	284	219	65	30%	0%	0%
	4,025	3,949	76	2%	2%	2%
Sales Volume in Thousand Barrels	30,676	35,285	(4,609)	(13%)		

Highlights of the first quarter performance were as follows:

Consolidated Sales Volume declined by 13% to **30.68 million barrels (MMB)** from 35.29 (MMB) largely due to lower exports and trading volumes. Domestic volumes in Malaysia also dropped as demand for diesel was affected by the implementation of the new subsidy program. The decline was partly cushioned by the growth in domestic sales in the Philippines.

Net Sales slid by 15% to **₱ 194.38 billion** from **₱ 227.64 billion** traced to lower sales volume and prices. The average selling price was lower during the period following the drop in MOPS (Mean of Platts Singapore) prices of petroleum products partly compensated by the depreciation of peso against the US Dollar.

Cost of Goods Sold likewise decreased by 15% to **₱ 180.88 billion** attributable mainly to the drop in sales volume. Resulting **Gross Profit** also slipped to **₱ 13.50 billion**, 5% lower than last year's **₱ 14.17 billion**.

Selling and Administrative Expenses went up by 2% to **₱ 4.48 billion** from ₱ 4.38 billion traced to higher terminalling fees and increased number of company-operated service stations.

Other Operating Income of **₱ 452 million** rose by 6% or ₱ 25 million owing to higher rental income.

Interest Expense and Other Financing Charges decreased by 6% to **₱ 4.80 billion** following the interest rate cuts implemented during the period.

Interest Income settled at **₱ 280 million**, ₱ 6 million or 2% more than the same period last year due to higher average placement level of a subsidiary.

Share in Net Income of an Associate and Joint Ventures increased to **₱ 45 million** from last year's ₱ 36 million attributable to share in higher earnings of an associate.

Other Income - net of **₱ 161 million** was a reversal from 1Q 2024's ₱ 301 million Other Expense - net due to the unrealized gain on commodity hedges partly offset by net forex loss during the period.

Income tax expense was reduced by 4% to **₱ 1.13 billion**, owing to the income tax holiday recognized during the quarter.

1Q 2024 vs 1Q 2023

Petron earned a consolidated net income of **₱3.95 billion**, an increase of 14% from 1Q 2023's ₱ 3.45 billion owing to improved margins from incremental sales volumes which compensated for higher selling and administrative expenses as well as financing costs.

	For the Three Months Ended March 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024 As Restated	2023 As Restated (in Millions)	Amount	%	2024 As Restated	2023 As Restated
Sales	227,637	188,753	38,884	21%	100%	100%
Cost of Goods Sold	(213,471)	(176,718)	36,753	21%	(94%)	(94%)
Gross Profit	14,166	12,035	2,131	18%	6%	6%
Selling and Administrative Expenses	(4,383)	(3,939)	444	11%	(2%)	(2%)
Other Operating Income	427	394	33	8%	0%	0%
Interest Expense and Other Financing Charges	(5,086)	(4,329)	757	17%	(2%)	(2%)
Interest Income	274	322	(48)	(15%)	0%	0%
Share in Net Income of an Associate and Joint Ventures	36	21	15	74%	0%	0%
Other Income (Expense) - net	(301)	17	(318)	(high)	(0%)	0%
Income Before Income Tax	5,133	4,521	612	14%	2%	2%
Income Tax Expense	(1,184)	(1,068)	116	11%	(2%)	(1%)
Net Income	3,949	3,453	496	14%	2%	2%
Attributable to Equity Holders of the Parent Company	3,730	3,093	637	21%	2%	2%
Attributable to Non-controlling Interests	219	360	(141)	(39%)	0%	0%
	3,949	3,453	496	14%	2%	2%
Sales Volume in Thousand Barrels	35,285	28,590	6,695	23%		

The better first quarter result versus the same period last year was driven by the following:

Consolidated Sales Volume rose by 23% from 28.59 million barrels (MMB) to **35.29 MMB** with both Philippines and Malaysia registering growth across all segments. Combined Retail volume was up by 11% due to continued market recovery. Commercial sales, likewise, grew by 11% traced to larger share in the demand for LPG product and Jet fuel. Exports almost doubled on the back of higher refinery production. Its Singaporean subsidiary, PSTPL, also contributed to the overall volume growth as its trading volume jumped by 45% compared to the same period last year.

Consequently, **Net Sales** went up to **₱ 227.64 billion** from ₱ 188.75 billion, or by 21%, mainly driven by the volume growth. Compared to the same period in 2023, the average MOPS (Mean of Platts Singapore) prices of petroleum products were lower by about 2%. The reduction in regional prices was partly offset by the 2% depreciation of Peso against the US dollar from an average of ₱ 54.84 to ₱ 55.97.

Similarly, **Cost of Goods Sold** climbed by 21% to **₱ 213.47 billion** consistent with the increase in volume sold. Resulting **Gross Profit** of **₱ 14.17 billion** was an 18% improvement from last year's ₱ 12.04 billion.

Selling and Administrative Expenses inched up to **₱ 4.38 billion** from ₱ 3.94 billion in 1Q 2023 to support programs and activities which are volume related such as LPG cylinder conversion promo, advertising, rental of additional fuel storage, increased number of service stations directly managed by the Company, and maintenance and improvement of equipment and facilities at the service stations.

Other Operating Income of **₱ 427 million** was 8% or ₱ 33 million more than the previous year's first quarter on account of higher rental income of Petron Malaysia.

Interest Expense and Other Financing Charges remained elevated at **₱ 5.09 billion** or an increase of 17% owing to higher interest rates.

Interest Income decreased by ₱ 48 million or 15% to settle at **₱ 274 million** due to lower average placement level.

Share in Net Income of an Associate and Joint Ventures aggregated to **₱ 36 million**, a significant improvement from last year's ₱ 21 million traced to Petrogen Insurance Corporation.

Other Expense - net of **₱ 301 million** was a turnaround from 1Q 2023's ₱ 17 million Other Income - net due to the unrealized loss from the mark-to-market valuation of commodity hedges versus gain last year, partly offset by the favorable results on forex management this year.

Income tax expense amounted to **₱ 1.18 billion**, 11% more than last year due to higher financial income during the quarter.

Financial Position

2025 vs 2024

	Horizontal Analysis				Vertical Analysis	
	March	December	Increase (Decrease)		March	December
	31	31			31	31
	2025	2024	Amount	%	2025	2024
Cash and cash equivalents	₱ 37,860	₱ 30,389	₱ 7,471	25%	8%	6%
Financial assets at fair value	2,434	1,044	1,390	133%	1%	0%
Trade and other receivables – net	69,467	82,762	(13,295)	(16%)	15%	18%
Inventories	84,197	90,570	(6,373)	(7%)	19%	19%
Other current assets	48,402	51,108	(2,706)	(5%)	11%	11%
Total Current Assets	242,360	255,873	(13,513)	(5%)	53%	55%
Investment in shares of stock of an associate and joint ventures	1,215	1,165	50	4%	0%	0%
Property, plant and equipment – net	168,179	169,302	(1,123)	(1%)	37%	36%
Right of Use – net	2,832	2,925	(93)	(3%)	1%	1%
Investment property – net	27,774	28,243	(469)	(2%)	6%	6%
Deferred tax assets - net	550	560	(10)	(2%)	0%	0%
Goodwill – net	8,687	8,731	(44)	(1%)	2%	2%
Other noncurrent assets – net	2,012	2,003	9	0%	0%	0%
Total Noncurrent Assets	211,249	212,929	(1,680)	(1%)	47%	45%
Total Assets	₱ 453,609	₱ 468,802	(₱ 15,193)	(3%)	100%	100%

Forward

	Horizontal Analysis				Vertical Analysis	
	March 31	December 31	Increase (Decrease)		March 31	December 31
	2025	2024	Amount	%	2025	2024
Short term loans	₱ 123,627	₱ 138,906	(₱ 15,279)	(11%)	27%	30%
Liabilities for crude oil and petroleum products	45,298	51,625	(6,327)	(12%)	10%	11%
Trade and other payables	29,933	29,012	921	3%	7%	6%
Current portion of lease liability	1,350	1,295	55	4%	0%	0%
Derivative liabilities	2,542	1,699	843	50%	1%	0%
Income tax payable	378	304	74	24%	0%	0%
Current portion of long-term debt – net	32,097	29,418	2,679	9%	7%	6%
Total Current Liabilities	235,225	252,259	(17,034)	(7%)	52%	54%
Long-term debt - net of current Portion	88,005	88,025	(20)	(0%)	19%	19%
Retirement benefits liability – net	3,594	3,661	(67)	(2%)	1%	1%
Deferred tax liabilities – net	7,289	6,719	570	8%	2%	1%
Lease liability - net of current Portion	11,950	12,120	(170)	(1%)	3%	3%
Asset retirement obligation	1,331	1,321	10	1%	0%	0%
Other noncurrent liabilities	487	487	-	0%	0%	0%
Total Noncurrent Liabilities	112,656	112,333	323	0%	25%	24%
Total Liabilities	347,881	364,592	(16,711)	(5%)	77%	78%
Capital stock	9,502	9,502	-	0%	2%	2%
Additional paid-in capital	57,698	57,698	-	0%	13%	12%
Capital securities	34,555	34,555	-	0%	8%	7%
Retained earnings	36,429	33,715	2,714	8%	8%	7%
Equity Reserves	(19,664)	(19,350)	(314)	2%	(4%)	(4%)
Treasury stock	(22,122)	(21,003)	(1,119)	5%	(5%)	(4%)
Total Equity Attributable to Equity Holders of the Parent Company	96,398	95,117	1,281	1%	21%	20%
Non-controlling Interests	9,330	9,093	237	3%	2%	2%
Total Equity	105,728	104,210	1,518	1%	23%	22%
Total Liabilities and Equity	₱ 453,609	₱ 468,802	(₱ 15,193)	(3%)	100%	100%

The **Consolidated assets** of Petron Corporation and its Subsidiaries as of end March 2025 totaled **₱ 453.61 billion**, 3% or ₱ 15.19 billion lower than end-2024 balance of ₱ 468.80 billion. The decrease in total assets can be traced primarily to trade and other receivables, and inventories.

Cash and cash equivalents increased by 25% to **₱ 37.86 billion** from ₱ 30.39 billion mainly from the remaining cash generated from operations which were used to partly settle loans, cash dividends and distribution, as well as various capital projects.

Financial assets at fair value rose to **₱ 2.43 billion** from ₱ 1.04 billion due to higher gains on outstanding commodity hedges, partly offset by lower mark-to-market valuation on currency hedges.

Trade and other receivables - net declined by 16% to **₱ 69.47 billion** attributable mainly to lower trade accounts receivables and subsidy claims from the Malaysian government.

Inventories decreased by ₱ 6.37 billion to **₱ 84.20 billion** due to lower crude inventories and lower average prices of finished products.

Other current assets went down by 5% to **₱ 48.40 billion** from lower excise claims for sales to tax-exempt entities, partly offset by increase in creditable withholding taxes and input VAT.

Short-term loans declined by ₱ 15.28 billion from ₱ 138.91 billion to **₱ 123.63 billion** resulting from the net settlement of loans during the period.

Liabilities for crude oil and petroleum products ended lower at **₱ 45.30 billion** compared to end-2024 level of ₱ 51.63 billion with lower crude importation during the first quarter of 2025.

Derivative liabilities doubled to **₱ 2.54 billion** on account of the accrued commodity hedging settlements partly offset by the mark-to-market valuation on currency hedges.

Income tax payable inched up to **₱ 378 million** from ₱ 304 million as tax liabilities of foreign subsidiaries increased.

Current portion of long-term debt – net went up by 9% or **₱ 2.68 billion** mainly due to the reclassification from long-term portion.

Deferred tax liabilities – net rose to **₱ 7.29 billion** from ₱ 6.72 billion following the utilization of Net Operating Loss Carry-Over (NOLCO) by Petron Parent.

Retained earnings increased by 8% to **₱ 36.43 billion** traced to the net income recorded during the period partly reduced by the payment of cash dividends to shareholders and distributions to holders of capital securities.

Treasury stock up by 5% to **₱ 22.12 billion** as a result of the common share buyback program initiated by the Company in March 2025.

2024 vs 2023

	Horizontal Analysis				Vertical Analysis	
	March 31 2024	December 31 2023	Increase (Decrease)		March 31 2024	December 31 2023
	As restated	As restated	Amount	%	As restated	As restated
Cash and cash equivalents	₱ 30,450	₱ 27,519	2,931	11%	7%	6%
Financial assets at fair value	1,014	1,162	(148)	(13%)	0%	0%
Trade and other receivables – net	92,065	86,479	5,586	6%	21%	19%
Inventories	70,528	77,318	(6,790)	(9%)	16%	17%
Other current assets	43,562	40,529	3,033	7%	10%	9%
Total Current Assets	237,619	233,007	4,612	2%	53%	52%
Investment in shares of stock of an associate and joint ventures	1,195	1,158	37	3%	0%	0%
Property, plant and equipment – net	167,486	167,987	(501)	(0%)	37%	38%
Right of Use – net	5,134	5,286	(152)	(3%)	1%	1%
Investment property – net	26,687	27,194	(507)	(2%)	6%	6%
Deferred tax assets - net	650	1,114	(464)	(42%)	0%	0%
Goodwill – net	8,010	8,093	(83)	(1%)	2%	2%
Other noncurrent assets – net	1,948	1,930	18	1%	0%	0%
Total Noncurrent Assets	211,110	212,762	(1,652)	(1%)	47%	48%
Total Assets	₱ 448,729	₱ 445,769	2,960	1%	100%	100%
Short term loans	124,168	137,910	(13,742)	(10%)	28%	31%
Liabilities for crude oil and petroleum products	48,059	44,840	3,219	7%	11%	10%
Trade and other payables	32,075	26,454	5,621	21%	7%	6%
Current portion of lease liability	1,495	1,566	(71)	(5%)	0%	0%
Derivative liabilities	629	749	(120)	(16%)	0%	0%
Income tax payable	457	132	325	246%	0%	0%
Current portion of long-term debt – net	26,849	25,642	1,207	5%	6%	6%
Total Current Liabilities	₱ 233,732	₱ 237,293	(3,561)	(2%)	52%	53%

Forward

	Horizontal Analysis				Vertical Analysis	
	March	December	Increase (Decrease)		March	December
	31	31			31	31
	2024	2023			2024	2023
	As restated	As restated	Amount	%	As restated	As restated
Long-term debt - net of current portion	₱ 87,518	₱ 83,254	4,264	5%	20%	19%
Retirement benefits liability – net	2,724	2,621	103	4%	1%	1%
Deferred tax liabilities - net	4,424	4,456	(32)	(1%)	1%	1%
Lease liability - net of current portion	13,991	14,378	(387)	(3%)	3%	3%
Asset retirement obligation	3,666	3,612	54	1%	1%	1%
Other noncurrent liabilities	495	495	-	0%	0%	0%
Total Noncurrent Liabilities	112,818	108,816	4,002	4%	25%	24%
Total Liabilities	346,550	346,109	441	0%	77%	78%
Capital stock	9,485	9,485	-	0%	2%	2%
Additional paid-in capital	40,985	40,985	-	0%	9%	9%
Capital securities	37,529	37,529	-	0%	8%	8%
Retained earnings	34,522	31,847	2,675	8%	8%	7%
Equity Reserves	(21,551)	(21,260)	(291)	1%	(5%)	(5%)
Treasury stock	(7,600)	(7,600)	-	0%	(2%)	(2%)
Total Equity Attributable to Equity Holders of the Parent Company	93,370	90,986	2,384	3%	21%	20%
Non-controlling Interests	8,809	8,674	135	2%	2%	2%
Total Equity	102,179	99,660	2,519	3%	23%	22%
Total Liabilities and Equity	₱ 448,729	₱ 445,769	2,960	1%	100%	100%

The **Consolidated assets** of Petron Corporation and its Subsidiaries as of end-March 2024 stood at **₱ 448.73 billion**, **1%** or **₱ 2.96 billion** higher than end-2023 level of **₱ 445.77 billion**. The increase in total assets can be traced primarily to higher current assets.

Cash and cash equivalents increased by 11% to **₱ 30.45 billion** from **₱ 27.52 billion** mainly from cash generated from operations, which were used for settlement of loans, payment of leases, dividends and distributions as well as capital project spendings.

Financial assets at fair value slipped to **₱ 1.01 billion** from **₱ 1.16 billion** primarily from lower mark-to-market valuation of outstanding commodity hedges.

Trade and other receivables – net went up by 6% to **₱ 92.07 billion** attributable to higher trade accounts and government receivables.

Inventories declined by **₱ 6.79 billion** to **₱ 70.53 billion** mainly from reduced crude stock.

Other current assets rose by 7% to **₱ 43.56 billion** from additional creditable withholding taxes, input VAT and excise claims from sales to tax exempt entities.

Deferred tax assets – net went down from ₱ 1.11 billion to **₱ 650 million** owing to the temporary differences in depreciation method per tax vis-à-vis financial reporting and tax on retirement benefits, partly offset by Minimum Corporate Income Tax (MCIT) for the period.

Short-term loans declined by 10% from ₱ 137.91 billion to **₱ 124.17 billion** due to net settlement of short-term loans during the period.

Liabilities for crude oil and petroleum products stood higher at **₱ 48.06 billion** compared to end-2023 level of ₱ 44.84 billion owing primarily to the higher finished products importations during the period.

Trade and other payables jumped by 21% to **₱ 32.08 billion** due to higher outstanding liabilities to vendors and suppliers, accrued taxes, and dividends payable.

Derivative liabilities decreased to **₱ 629 million** with the decline in expected settlement on outstanding currency hedging transactions partly offset by higher outstanding commodity hedges.

Income tax payable escalated more than two-fold to **₱ 457 million** as tax liabilities of foreign subsidiaries increased.

Long-term debt including current portion went up by 5% to **₱ 114.37 billion** from ₱ 108.90 billion mainly from additional long-term loan availed, net of maturities paid during the period.

Retained earnings rose by 8% to **₱ 34.52 billion** traced to the net income realized during the period partly offset by the payment of cash dividends and distributions.

Cash Flows

2025 vs 2024

As of end-March 2025, cash and cash equivalents closed at **₱ 37.86 billion**, higher than ₱ 30.39 billion at the beginning of the year. The ₱ 29.16 billion cash generated from operations was used to pay off loans (₱ 12.29 billion), interest and taxes (₱ 4.58 billion), dividends and distributions (₱ 726 million), lease liabilities (₱ 714 million), acquisition of common treasury shares (₱ 1.12 billion), and ₱ 1.71 billion for various refinery and terminal capital projects.

In Million Pesos	March 31, 2025	March 31, 2024 As Restated	Change
Operating inflows	₱ 24,483	₱ 13,578	₱ 10,905
Investing outflows	(1,757)	(2,304)	547
Financing outflows	(14,849)	(8,759)	(6,090)

2024 vs 2023

As of end-March 2024, cash and cash equivalents stood at ₱ 30.45 billion, declining by ₱ 2.93 billion from the balance at the beginning of the year. Cash generated from operations of ₱ 18.38 billion was used to settle loans (₱ 9.0 billion), leases (₱ 1.09 billion), and dividends and distributions (₱ 907 million), while ₱ 4.81 billion was used to pay off interest and taxes. Remaining cash was used to fund various capital projects amounting to ₱ 2.22 billion.

In Million Pesos	March 31, 2024 As Restated	March 31, 2023 As Restated	Change
Operating inflows	₱ 13,578	₱ 20,295	(₱ 6,717)
Investing outflows	(2,304)	(1,795)	(509)
Financing outflows	(8,759)	(24,093)	15,334

Discussion of the company's key performance indicators:

Ratio	March 31, 2025	December 31, 2024
Current Ratio	1.0	1.0
Debt to Equity Ratio	3.3	3.5
Return on Equity (%)	8.1	8.3
Interest Rate Coverage Ratio	2.1	1.6
Assets to Equity Ratio	4.3	4.5

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

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

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

This ratio expresses the relationship between capital contributed by creditors and that contributed by owners. It 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.

PART II – OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

NONE.

PETRON CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

Financial Ratios	Formula	March 31, 2025	December 31, 2024
Liquidity			
a) Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.03	1.01
b) Quick Ratio	$\frac{\text{Current Assets less Inventories and Other Current Assets}}{\text{Current Liabilities}}$	0.47	0.45
Solvency			
c) Debt to Equity Ratio	$\frac{\text{Total Interest-bearing Liabilities}^b}{\text{Total Equity}}$	2.31	2.46
d) Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	4.29	4.50
e) Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$	2.07	1.62
Profitability			
f) Return on Average Equity	$\frac{\text{Net Income}^a}{\text{Average Total Equity}}$	8.14%	8.31%
g) Return on Average Assets	$\frac{\text{Net Income}^a}{\text{Average Total Assets}}$	3.49%	1.85%
Operating Efficiency			
h) Volume Growth	$\left(\frac{\text{Current Period Volume}}{\text{Prior Period Volume}} \right) - 1$	-13.06%	10.20%
i) Sales Growth	$\left(\frac{\text{Current Period Sales}}{\text{Prior Period Sales}} \right) - 1$	-14.61%	8.36%
j) Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Sales}}$	4.87%	3.37%

^a trailing 12 months net income

^b excludes lease liabilities and advances from a related party

PETRON CORPORATION
Proceeds from Issuance of Series E and Series F Fixed Rate Bonds
March 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	P216.79
Net Proceeds	P17,783.21

The net proceeds of the Offer shall be used for (i) the redemption of the Company's Series A Bonds, (ii) the partial financing of the Power Plant Project, and (iii) payment of existing indebtedness.

ii. Actual Gross and Net Proceeds

In P Millions	
Actual Gross Proceeds	P18,000.00
Less: Underwriting Fees, Filing and Processing Fees, Documentary Stamp	
Tax, Legal and Professional Fees and Other Expenses	227.95
Actual Net Proceeds	P17,772.05

iii. Each Expenditure Item where the Proceeds was Used

In P Millions	
Actual Net Proceeds	P17,772.05
Less: Redemption of the Series A Bonds	13,000.00
Payment for power plant project	3,103.04
Payment of long term loan amortization to:	
Bank of the Philippine Islands	697.49
BDO Unibank, Inc.	535.71
UnionBank	250.00
Total Payments	P17,586.24
Balance	P185.81

iv. Balance of the Proceeds as of the End of the Reporting Period

As of March 31, 2025, balance of proceeds amounted to P185.81 million.