

04 October 2023

Securities & Exchange Commission
7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City, 1209

Philippine Stock Exchange
Disclosure Department
6/F PSE Tower, 28th Street corner 5th Avenue,
BGC, Taguig City, Metro Manila

Attention: Hon. Vicente Graciano P. Felizmenio, Jr.
Director, Market and Securities Regulation Department
Securities & Exchange Commission

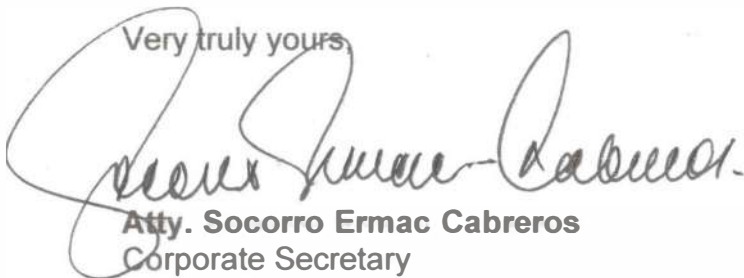
Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department
Philippine Stock Exchange

Sir and Madam:

We are herewith submitting the attached Definitive Information Statement (SEC Form 20-IS) of our company for your consideration and approval.

Thank you and warm regards.

Very truly yours,



Atty. Socorro Ermac Cabreros
Corporate Secretary

COVER SHEET

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S.E.C. Registration Number

P	H	O	E	N	I	X		P	E	T	R	O	L	E	U	M				
P	H	I	L	I	P	P	I	N	E	S		I	N	C	.					

P-H-O-E-N-I-X Petroleum Philippines, Inc.

(Company's Full Name)

S	T	E	L	L	A		H	I	Z	O	N		R	E	Y	E	S		R	D.
B	O.		P	A	M	P	A	N	G	A		L	A	N	A	N	G			
D	A	V	A	O		C	I	T	Y											

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

Socorro Ermac Cabrerros

Contact Person

(082) 235-8888

Company Telephone Number

DEFINITIVE INFORMATION STATEMENT

last Friday

1	2
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Month

3	1
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Day

SEC FORM 20-IS

FORM TYPE

4

Month

XX

Day

Fiscal Year Ending

Annual Meeting

CERTIFICATE OF PERMIT TO OFFER SECURITIES FOR SALE

Secondary License Type, if applicable

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Dept. Requiring this Doc

N/A

Amended Articles Number/Section

68

Total No. of Stockholders

X

Domestic

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Foreign

To be accomplished by SEC Personnel Concerned

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File Number

LCU

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Document I.D.

Cashier

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE



1. Check the appropriate box:

- ☐ Preliminary Information Statement
☒ Definitive Information Statement

2. Name of Company as specified in its charter: **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**

3. Country of Incorporation: **Philippines**

4. SEC Identification Number: **A200207283**

5. BIR Tax Identification Code: **006-036-274**

6. Address of principal office: **Stella Hizon Reyes Road, Bo. Pampanga**
Lanang, Davao City 8000

7. Company's telephone number, including area code: **(082) 235-8888**

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

October 26, 2023, 10:00 A.M.,
Phoenix Corporate Headquarters,
Stella Hizon Reyes Road, Bo. Pampanga, Davao City
via remote access communication, registration of which may be accessed through
<http://asm.phoenixfuels.ph/PNX2023> and posted in the Company's website (www.phoenixfuels.ph)

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **October 6, 2023.**

10. In case of Proxy Solicitations: No proxy solicitation is being made.

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the SRC:

<u>Title of Each Class</u>	<u>Number of Shares</u>
Common Shares, Php1.00 par value	1,442,216,332
Preferred Shares, Php 1.00 par value	14,500,000

12. Are any or all of Company's securities listed on a Stock Exchange?
Yes ☒ No ☐

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

Philippine Stock Exchange, 1,442,216,332 Common Shares
14,500,000 Preferred Shares

Amount of Debt Outstanding as of June 30, 2023: Php72,260,589,052.00

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

- (a) Date : **October 26, 2023**
 Time : **10:00 A.M.**
 Place : **Phoenix Corporate Headquarters, Stella Hizon Reyes Road, Bo. Pampanga, Davao City**
 via remote access communication, registration which may be accessed through
 <http://asm.phoenixfuels.ph/PNX2023>
 Mailing **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**
 Address: **Office of the Corporate Secretary**
 Phoenix Petroleum Corporate Headquarters
 Stella Hizon Reyes Road, Bo. Pampanga
 Lanang, Davao City 8000
 Email: pnx.corpsec@phoenixfuels.ph
- (b) Approximate date on which the Information Statement is first to be sent or given to security holders: **October 6, 2023.**

Item 2. Dissenter's Right of Appraisal

Procedure for the exercise of Appraisal Right

Pursuant to Section 81 of the Revised Corporation Code of the Philippines, a stockholder has the right to dissent and demand payment of the fair value of his shares in case of any amendment to the articles of incorporation that, (1) in case of an amendment to the articles of incorporation, has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (2) in case of lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code, and (3) in case of merger or consolidation. Such appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action by making a written demand on the Company within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. Failure to make the demand within such period shall be deemed a waiver of the appraisal right.

Within ten (10) days after demanding payment for his shares, a dissenting stockholder

shall submit the certificate(s) of stock representing his shares to the Company for notation thereon that such shares are dissenting shares **and proof that such dissenting shareholder has voted against the proposed corporation action in order to exercise his appraisal right.** His failure to do so shall, at the option of the Company, terminate his appraisal rights. No demand for payment as aforesaid may be withdrawn by the dissenting stockholder unless the Company consents thereto.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company and third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment: Provided, further, that upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

One corporate action is the Proposed Amendment of Section 1, of the Company's Articles of Incorporation, to allow the Company to manufacture, process, market, sell and distribute Coco Methyl Ester (CME) and its by-products to other parties. CME is an important ingredient to be blended to the fuels sold by different companies in its petroleum retail stations and for other different uses here in the Philippines.

Another corporate action is the proposed authority for management to transfer, sell, dispose of certain corporate properties, assets, and/or investments as may be necessary and required in relation and pursuant to the financial management program exercised by the Corporation as part of its debt management and funding activities.

The said proposed actions have no effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending the term of the corporation's existence.

OTHER THAN THE MATTERS RAISED ABOVE FOR CORPORATE ACTION, THERE ARE NO MATTERS THAT WILL BE PRESENTED FOR SHAREHOLDERS' APPROVAL DURING THE ANNUAL MEETING THAT MAY OCCASION THE EXERCISE OF THE RIGHT OF APPRAISAL.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) No director or officer of the Company since the beginning of the last fiscal year, nominee for election as director of the Company, nor any of their associates, have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon during the Annual Meeting, other than election to office.

- (b) No director of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company during the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

In accordance with Sections 23 and 57 of the Revised Corporation Code of the Philippines (RA 11232) and the Internal Rules Procedures outlined in Annex D of this Definitive Information Statement, the stockholders may participate in the Annual Stockholders' Meeting by registering at <http://asm.phoenixfuels.ph/PNX2023> from 10:00AM of October 12, 2023 to 3:00pm of October 25, 2023, to allow the Company some time to validate the registration. After successful validation, a copy of the link to the Annual Stockholders' Meeting shall be sent to the stockholders via email.

Any questions for the stockholders meeting or any clarificatory questions can be sent to pnx.corpsec@phoenixfuels.ph or investors@phoenixfuels.ph. Any additional questions or questions not directly addressed during the meeting shall be answered through email. Proxy and voting forms shall be available through the Company's website at <https://www.phoenixfuels.ph/annual-stockholders-meeting/>. For a more detailed discussion of the internal procedures, the stockholders' may refer to Annex D of this Definitive Information Statement.

(a) Voting Securities

As of **October 5, 2023**, the total number of shares outstanding and entitled to vote on all corporate matters to be acted upon during the Annual Meeting are 1,442,216,332 common shares.

(b) Record Date

The record date for purposes of determining the stockholders entitled to notice of and to vote at the Annual Meeting is **October 5, 2023**.

(c) Voting Rights and Trust

In the matters to be voted upon in the Annual Meeting, stockholders of record as of **October 5, 2023** shall be entitled to one vote per share in person or by proxy and shall be done *in accordance with Sections 23 and 57 of the Revised Corporation Code of the Philippines (RA 11232)*. If the stockholder will vote through a proxy, the By-Laws of the Company requires the submission of the accomplished proxy form to the Corporate Secretary for validation and authentication at least ten (10) days before the date of the Annual Meeting.

The validation of proxies chaired by the Corporate Secretary or Assistant Corporate Secretary and attended by the Stock and Transfer Agent shall be convened at least five (5) days before the Annual Meeting. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be raised during said forum and resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding upon the shareholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the Annual Meeting.

With respect to the election of the members of the Board of Directors, cumulative voting is allowed. A stockholder may vote such number of shares for as many persons as there are directors to be elected; or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares; or he may distribute these shares on the same principle among as many candidates as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the total number of directors to be elected.

(d) Security Ownership of Certain Record and Beneficial Owners and Management as of **August 31, 2023**.

(1) Security Ownership of Certain Record and Beneficial Owners

As of **August 31, 2023**, the following are the owners of the Company's common stock in excess of five percent (5%) of the total outstanding shares:

Title of Class of Securities	Name of Record Owners and Relationship with Phoenix		Name of Beneficial Owners/Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership
Common	Phoenix Holdings, Inc.	Petroleum	Record Owner is the direct beneficial owner	Filipino	588,945,630	40.84%
	Majority Shareholder					
Common	ES Consultancy Group, Inc.		Record Owner is the direct beneficial owner	Filipino	340,270,980	23.59
	Substantial Shareholder					

Common	Udenna Corporation Substantial Shareholder	Record Owner is the direct beneficial owner	Filipino	267,245,918	18.53%
Common	PCD Nominee Corporation (Filipino) Shareholder	Record Owner is the indirect beneficial owner	Filipino	151,643,1976	10.51%

As of **August 31, 2023**, there are no beneficial owners under the PCD Nominee Corp. of the Company's common stock in excess of five percent (5%) of the total outstanding shares.

There are NO voting trust agreements entered into by the Company or any of the major stockholders of the Company.

However, the persons are authorized for purposes of this annual meeting to vote for and in behalf of the following stockholders are as follows:

Name of Stockholders	Representative
1. Phoenix Petroleum Holdings, Inc.	Dennis A. Uy
2. Udenna Corporation	Cherylyn C. Uy
3. Udenna Management & Resources Corp.	Ignia S. Braga IV
4. PCD Nominees/ Trading Participants	<i>Ultimate Beneficial Owners representing the trading participants shall be made available after lapse of the Record Date and only after submission of their respective proxy forms for validation</i>

Security Ownership of Management

As of **August 31, 2023** the security ownership of management is as follows:

Common

Title of Class of Securities	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Ownership
Directors:				

Common	Dennis A. Uy*	6,081,611	Filipino	0.42%
		direct beneficial owner		
Common	Dennis A. Uy &/or Cherylyn C. Uy	1,098,099	Filipino	0.08%
		direct beneficial owner		
Common	Domingo T. Uy*	645,919	Filipino	0.04%
		direct beneficial owner		
Common	Romeo B. De Guzman	679,746	Filipino	0.05%
		direct beneficial owner		
Common	J.V. Emmanuel A. De Dios	776,891	Filipino	0.05%
		direct beneficial owner		
Common	Minoru Takeda	1	Japanese	0.00%
		direct beneficial owner		
Common	Consuelo Ynares Santiago	1	Filipino	0.00%
		direct beneficial owner		
Common	Monico V. Jacob	1	Filipino	0.00%
		direct beneficial owner		
Common	Henry Albert R. Fadullon	50,100	Filipino	0.00 %
		direct beneficial owner		
Common	Nicasio I. Alcantara	1	Filipino	0.00 %
		direct beneficial owner		
Common	Stephen T. CuUnjieng	1	Filipino	0.00 %
		direct beneficial owner		

Senior Management

Common	Socorro T. Ermac Cabrerros	167,216	Filipino	0.01%
		direct beneficial owner		
Common	Ignacia S. Braga IV	271,000	Filipino	0.00%
		direct beneficial owner		

Preferred

Title of Class of Securities	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		% of Ownership	
		Number of Shares			
Directors:		PNX3B	Total	% to total I/O shares	
Preferred	Domingo T. Uy	-	10,000	10,000	0.05%
		direct beneficial owner			

The other executive officers of the Company, Alan Raymond T. Zorrilla – Senior Vice President; Ericson Inocencio - Shareholder Representative; Roy Jimenez-Vice President for Commercial Business; Celina I. Matias - VP for Group Marketing and General Manager for FamilyMart, Celeste Marie G. Ong-VP for Human Resources; Joven Jesus G. Muijar-Asst. Vice President for Consumer Business Partnerships, Joriz B. Tenebro - General Manager for Joint Ventures, owns common shares in scripless form through the company's Employees Stock Option Plan (ESOP) as of August 31, 2023, as follows:

Names	No. of Shares
Alan Raymond T. Zorrilla	485,800
Ericson S. Inocencio	275,700
Roy O. Jimenez	192,400
Ma. Celina I. Matias	238,000
Celeste Marie G. Ong	110,000
Joven Jesus G. Muijar	274,000
Joriz B. Tenebro	125,000

However, some of the officers have disposed of their shares through their respective brokers.

The number of aggregate shares for all directors and executive officers is ELEVEN MILLION TWO HUNDRED THOUSAND HUNDRED EIGHTY-SEVEN (11,200,488) for common shares and Ten Thousand (10,000) for preferred shares.

Other than those mentioned above, there are no persons holding more than five percent (5%) of a class under a voting trust or any similar agreement as of the date of this report.

(e) Change in Control

On March 5, 2020, the Corporation received copies of SEC Form 18-A from Top Direct Investments and SEC Form 23-B from Udenna Corporation indicating their disposition and acquisition of 142,000,000 shares, respectively, through a special block sale crossed at the PSE at a price of Php15.00 per share.

As of August 31, 2023, the major stockholders of the corporation include Phoenix Petroleum Holdings, Inc., which represents around 40.84% of the total outstanding capital stock; ES Consultancy Group, Inc., which owns 23.59% of the common shares; and Udenna Corporation, which represents around 18.53% of the total outstanding capital stock.

Item 5. Directors and Executive Officers

(a) The incumbent members of the Board of Directors and the executive officers of the Company (as of the end of September 30, 2023) are as follows:

Office	Name	Age	Citizenship
Directors			
Chairman	Dennis A. Uy	49	Filipino
Director/President	Henry Albert R. Fadullon	55	Filipino
Director	Romeo B. De Guzman	73	Filipino
Director	Stephen T. CuUnjieng	63	Filipino
Director	Cherylyn C. Uy	43	Filipino
Director	Domingo T. Uy	76	Filipino
Director	Jose Victor Emmanuel A. de Dios	58	Filipino
Director	Monico V. Jacob	77	Filipino
Independent Director	Nicasio Alcantara	81	Filipino
Independent Director	Consuelo Ynares Santiago	83	Filipino
Independent Director	Minoru Takeda	69	Japanese
Corporate Secretary/Vice President for Corporate Legal	Socorro T. Ermac Cabreros	58	Filipino

Other Executive Officers			
President	Henry Albert R. Fadullon	55	Filipino
OIC-Chief Finance Officer	Ignacia S. Braga IV		Filipino
Senior Vice President	Alan Raymond T. Zorrilla	53	Filipino
Shareholder Representative	Ericson S. Inocencio	49	Filipino
Assistant Vice President for Consumer Business Partnerships	Joven Jesus G. Mular	54	Filipino
General Manager for Joint Ventures	Joriz B. Tenebro	44	Filipino
Vice President for Group Marketing and General Manager for Philippine FamilyMart	Celina I. Matias	57	Filipino
Vice President for Human Resources	Celeste Marie G. Ong	53	Filipino
General Manager for Supply Chain	Lester C. Khan	41	Filipino
Asst. Vice President for Terminal Operations and Engineering	Ignacio Raymund S. Ramos, Jr.	60	Filipino
Shareholder Representative	Rubin G. Cura	55	Filipino
Corporate Risk Officer	Hendra Nagunta	45	Indonesian
Corporate Compliance Officer	Leandro E. Abarquez	40	Filipino

Since the last Stockholders' Meeting, NO officer or director has resigned because of a disagreement with the Company on any matter relating to the Company's issuance, operations, policies or practices.

Directors

The members of the Board of Directors of the Company are elected during the annual stockholders' meeting to hold office until the next succeeding annual stockholders' meeting and until their successors have been appointed or elected and qualified. The following is the list of the incumbent members of the Board of Directors, and their business experiences during the past five (5) years:

Dennis A. Uy
Director, Chairman
of the Board, Chief Strategy Officer

Mr. Dennis A. Uy, Filipino, 49 years old, is the founder of the Company and has served as President and Chief Executive Officer since inception. He is the Chairman and President of Udenna Corporation, the parent company, which has businesses in the shipping, logistics, distribution, real estate, and service industries. Among the subsidiaries of Udenna Corporation are Phoenix Petroleum Holdings, Inc. (PPHI), Udenna Management & Resources Corp. (UMRC), Chelsea Logistics Holdings, Corp., Udenna Development Corporation (UDEVCO), Le Penseur, Udenna Trade Corporation, DITO Holdings Corp. and PH Resorts Group Holdings, Inc. The subsidiaries of Phoenix Petroleum Philippines, Inc. are Phoenix Global Mercantile, Inc., Subic Petroleum Trading &

Transport Philippines, Inc., and PFL Petroleum Management. The subsidiaries of Udenna Management & Resources Corp. (UMRC) are Global Synergy Trade and Distribution Corp., Value Leases, Inc., Udenna Capital, PNX-Udenna Insurance Brokers, Udenna Environmental Services, Udenna Energy Corporation, and F2 Logistics. Under UDEVCO are Calaca Industrial Seaport Corp.(CISC), Udenna Tower Corporation, LapuLapu Land Corp., Clark Global City Corp. and GoHotels Davao Inc. The Chelsea Logistics Corp. has the shipping businesses Chelsea Shipping Corp. and Trans-Asia Shipping Lines. Mr. Uy is also Chairman of PH Resorts Group Holdings, Inc., Phoenix Philippines Foundation, and Udenna Foundation. He also serves as independent director of Apex Mining Corp. Mr. Uy is a member of the Young Presidents Organization's Philippine chapter and the Philippine Business for Social Progress. Since November 2011, Mr. Uy has been the Honorary Consul of Kazakhstan to the Philippines. In 2016, he was appointed as the Presidential Adviser on Sports. He is a graduate of De La Salle University with a degree in Business Management.

Henry Albert R. Fadullon
Director, President

Mr. Fadullon is a Filipino, 55 years of age, and was appointed Chief Operating Officer of the Company on April 17, 2017 and was consequently named as President on June 1, 2020. Prior to this, he served Shell Shared Services (Asia) B.V. as General Manager for its global businesses. He has over 25 years of experience in the petroleum industry, having held various roles at Pilipinas Shell Petroleum Corp., a decade of which were spent overseas with postings in Malaysia, Oman, and London. He has a wealth of experience in Retail and B2B performing a variety of frontline and functional roles leading into General Management positions. He completed his BS Industrial Management Engineering, minor in Mechanical Engineering, from De La Salle University.

Domingo T. Uy
Director

Mr. Domingo T. Uy, Filipino, 76 years old, is a co-founder and has been a member of the Board of Directors of the Company since 2002. Mr. Uy was elected Chairman of the Board of Directors of the Company on February 15, 2007. He is also a Director of Granland Resources Corporation, a corporation involved in real estate development. Mr. Uy is actively involved in socio-civic programs and is a Director of the Philippine National Red Cross, Davao Chapter. He is also a Past President of the Davao City Sta. Ana Lions Club and the Kang Ha Uy Association - Davao Chapter.

Romeo B. De Guzman
Director

Mr. Romeo B. De Guzman, Filipino, 73 years old, was elected Director of the Company in 2009. He is the Vice Chairman and Senior Strategic Adviser, and previously was Chief Operating Officer of the Company, bringing over 40 years of outstanding experience in the oil industry. Before joining the Company, he was with Pilipinas Shell Petroleum Corporation, where he was Vice President for External Affairs for Asia Pacific and a member of the Board of Directors up to December 2006. He was with the said company holding various management and executive positions. Prior to that, he worked at Getty Oil Philippines Inc. for 10 years. Mr. De Guzman is also the Chairman of the Board of Directors of Mirait Philippines, Inc. He holds a Marketing Management and MBA degrees from San Sebastian College – Manila.

Atty. Jose Victor Emmanuel A. De Dios
Director

Atty. J.V. Emmanuel A. De Dios, Filipino, 58 years old, elected regular director of Phoenix Petroleum in 2018, after being an Independent Director since 2007. He is the President and CEO of Manila Water Co. He was previously the CEO of GE Philippines, and prior to that was President and CEO of Nido Petroleum Pty Ltd., an Australian Stock Exchange-listed oil and gas company. He was Managing Director of Merritt Advisory Partners, Inc. and was a member of the Board of Directors of Davies Energy Systems, Inc. He also served as Chairman of the Board of the Philippine National Oil Company Exploration Corporation and was former Undersecretary of the Philippine Department of Energy. Atty. De Dios obtained his Master of Laws degree from Harvard Law School and completed his Bachelor of Laws at the Ateneo School of Law.

Cherylyn C. Uy
Director

Ms. Cherylyn Chiong-Uy, Filipino, 43 years old, is a graduate of Business and Finance from Ateneo de Davao University. Ms. Uy is one of the pioneers/incorporators of Udenna Corporation, the ultimate parent company of Phoenix Petroleum and which has subsidiaries engaged in the petroleum, shipping, logistics, services, and real estate businesses, among others. She is the Corporate Treasurer of Udenna Corporation and a member of the Board of Director of PH Resorts Group Holdings, Inc.. Ms. Uy is also one of the Executive Directors of Phoenix Philippines Foundation, Inc., the corporate social responsibility arm of the Company. She is the Corporate Treasurer of Udenna Management and Resources Corporation, Chelsea Logistics and Infrastructure Holdings Corp. and Chelsea Shipping Corp.

Stephen T. CuUnjieng
Director

Stephen T. CuUnjieng, Filipino, 63 years old, was elected as a Director of the Company on January 15, 2018, after being a long-time adviser to the Board. He was Senior Adviser or Senior Managing Director at Evercore and Chairman at Evercore Asia Limited from 2009 to 2022. He is the Financial Adviser to a number of local and international companies. He has worked on major transactions that have been conferred Deals of the Year awards. He is part of the Executive Advisory Board for Asia of the Wharton School of Business. He is also an independent director at Century Properties Group, Golden Springs (Singapore), First Philippine Holdings. He was previously an independent director of Aboitiz Equity Ventures (2010 to 2018), an Adviser to the Board of SM Investments Corporation (2008-2017) and a director of Manila North Tollways Corporation (2008-2013). He was Vice Chairman, ASEAN of Macquarie (Hong Kong) Limited from 2007 to 2009. He is a member of the Audit Committee, Corporate Governance Committee and the Board Risk Oversight Committee of FPH. He has a Degree in Bachelor of Arts (1980) and also has a Bachelor's Degree in Law (with honors) (1984) from the Ateneo de Manila University and the Ateneo Law School. He also has a Master's Degree in Business Administration (Finance) from the Wharton School of Business (1986).

Monico V. Jacob
Director

Monico V. Jacob, Filipino, 77 years old, has been a Director of the Company since March 7, 2008. He is President and Chief Executive Officer of the STI Education Systems Holdings, Inc., a publicly listed company; of STI Education Services Group, Inc.; and of West Negros University. He is also the Chairman of Philplans First, Inc., a pre-need company; of Philippine Life Financial, Inc., a life insurance company, and of Republic Surety and Insurance Co., a non-life insurance Company. He likewise sits as an independent director of Jollibee Foods, Inc., Century Properties, Lopez Holdings, Inc. and 2GO Shipping. He sits as Director of Asian Terminals, Inc., Philhealthcare Systems, Inc., an HMO, Philippine Women's University and IAcademy.

Consuelo Yñares-Santiago
Independent Director

Ms. Consuelo Ynares-Santiago, Filipino, 83 years old, is a Retired Justice of the Philippine Supreme Court. Justice Santiago (Ret) is currently an independent director of Anchor Insurance Brokerage Corp., a leading insurance brokerage company based in New York, USA, SMC Global Power Holdings, Inc., one of the

country's leading power companies which is the power generation unit of San Miguel Corporation, South Luzon Tollway Corp., and Top Frontier Investment Holdings, Inc. She is the Chair Advisory Council of the Office of Alternative Dispute Resolution under the Department of Justice. She earned her Law Degree at the University of the Philippines. After being admitted to the bar, she started her career as a Legal Officer of the Securities and Exchange Commission (SEC). After 5 years of legal practice, she decided to enter the Judiciary and spent 36 years of her career as Municipal Judge, Metropolitan Trial Court judge, Regional Trial Court judge, and Associate Justice of Court of Appeals, before becoming an Associate Justice of the highest court of the country, the Supreme Court. During her time in the Supreme Court, she became the chairperson of the Supreme Court's 3rd Division and also joined various committees, among them the Justice on Wheels Program as Chairperson, the Foreign Travel Committee as Chairperson, the House of Representative Electoral Tribunal (HRET) as Chairperson, and member of the Presidential Electoral Tribunal. She was also a consultant of the Judicial and Bar Council (JBC) and a Bar Examiner of Labor Law and Social Legislation during the 1996 Bar Examination and Taxation Law in the 1998 Bar Examination.

Nicasio I. Alcantara
Independent Director

Nicasio I. Alcantara, Filipino, 81 years old. He re-assumed the position of Chairman of the Board of Directors and President of Alsons Consolidated Resources, Inc. (ACR) on March 1, 2021, a position he previously held from May 1995 to May 2001. He is the Chairman and President of ACR Mining Corporation, Alsons Development and Investment Corporation, Sarangani Agricultural Company, Inc., Conal Holdings Corporation, Alsons Thermal Energy Corporation, Alto Power Management Corporation and many other subsidiaries under the Alcantara Group. He is the Chairman of the Board of SITE Group International, Ltd. Mr. Alcantara serves as the Chairman of both the Corporate Governance Committee and Related Party Transactions Committee of BDO Private Bank, Inc. and a member of the Bank's Audit Committee. He is the Vice-Chairman of Aviana Development Corporation. Currently, he is a Director of Seafront Resources Corporation, The Philodrill Corporation, Enderun Colleges, Inc., Sagittarius Mines, Inc. and Phoenix Petroleum Philippines, Inc. Mr. Alcantara holds a Masters degree in Business Administration (MBA) from Sta. Clara University, California, and a Bachelor of Science degree in Business Administration from the Ateneo de Manila University.

Minoru Takeda
Independent Director

Minoru Takeda, Japanese, 69 years old is the Chairman of aNew Energy (an advisory company for Renewables/LNG), Senior Advisor of GLX LNG (LNG Trading Platform Company), Director of Oxalis Chemicals KK, and Sr. Advisor of

Uyeno Kosan KK. Mr. Takeda was with ExxonMobil for 22 years and with Royal Dutch Shell group for 14 years. He was the Chairman of the Board of Showa Shell KK, Country Chairman of Shell Group of Companies in Japan, and GM of Shell Upstream International in charge of the ASEAN/India LNG Market Development. For Mobil Oil Corporation, in addition to holding key positions in Japan, he was Director of Mobil Oil New Zealand, and has experience in Global HQ Downstream Corporate Planning. He also spent over 4 years in Deloitte, as Partner of Deloitte Tohmatsu Consulting and served as CEO of Deloitte Tohmatsu Corporate Finance. He holds BS and MS from Keio University and MS from MIT Sloan School of Management. He was a Visiting Researcher at Harvard University, Energy and Environmental Policy Center.

** Independent director – the Company is compliant with the Guidelines set forth by the Securities Regulation Code (SRC)) Rule 38 regarding the Nomination and Election of Independent Director. The Company's By-Laws incorporate the procedures for the nomination and election of independent director/s in accordance with the requirements of the said Rule.*

Period of Directorship in the Company

<u>Name</u>	<u>Period of Service</u>	<u>Term of Office</u>
Dennis A. Uy	since incorporation to present	1 year
Domingo T. Uy	since incorporation to present	1 year
Romeo B. De Guzman	since 2009 to present	1 year
J.V. Emmanuel De Dios	2007 to present	1 year
Cherylyn C. Uy	2004 to 2006, 2013 to present	1 year
Monico V. Jacob	2008 to present	1 year
Consuelo Ynares Santiago	2013 to present	1 year
Stephen T. CuUnjieng	January 15, 2018 to present	1 year
Henry Albert R. Fadullon	May 29, 2020 to present	1 year
Minoru Takeda	2019 to present	1 year
Nicasio I. Alcantara	2019 to present	1 year

Directorships in Other Reporting Companies

The following are directorships held by the directors and executive officers in other reporting companies during the last five (5) years:

Name of Director	Name of Reporting Company	Position Held
J.V. Emmanuel De Dios	Manila Water Co.	President and CEO
Monico V. Jacob	STI Education Systems Holdings, Inc.	President and CEO

Dennis A. Uy	DITO CME Holdings Corp. PH Resorts Group Holdings, Inc.; Apex Mining Co., Inc.; Chelsea Logistics and Infrastructure Holdings Corp.; 2Go Group, Inc. Atok-Big Wedge Co., Inc.	Director Director Independent Director Chairman Chairman Vice Chairman
Cherylyn C. Uy	DITO CME Holdings, Inc. PH Resorts Group Holdings, Inc.; Chelsea Logistics and Infrastructure Holdings Corp.	Director Director Treasurer

and the following Independent Directors have held directorships in other reporting companies for the last five (5) years:

Name of Director	Name of Reporting Company	Position Held
Consuelo Ynares Santiago	Top Frontier Investment Holdings, Inc.	Independent Director
Nicasio I. Alcantara	ACR Mining Corporation Alsons Consolidated Resources, Inc..	Chairman & President Chairman & President
Minoru Takeda	Showa Shell Sekiyu K.K.	Chairman

Certificate of Qualification of the Independent Directors

The Company will submit an updated Certificate of Qualification of all independent directors pursuant to the October 20, 2006 notice of the Commission on or before the Company's distribution of the Definitive Information Statement to the security holders on October 5, 2023.

Executive Officers

The following is a list of other executive officers (as of the end of September 2023) and their business experiences during the past five (5) years:

Henry Albert R. Fadullon, Filipino, 55 years of age, is the Company's President and Chief Executive Officer. Prior to this, he served Shell Shared Services (Asia) B.V. as General Manager for its global businesses. He has over 25 years of experience in the petroleum industry, having held various roles at Pilipinas Shell Petroleum Corp., a decade of which were spent overseas with postings in Malaysia, Oman, and London. He has a wealth of experience in Retail and B2B

performing a variety of frontline and functional roles leading into General Management positions. He completed his BS Industrial Management Engineering, minor in Mechanical Engineering, from De La Salle University.

Ignacia S. Braga IV, Filipino, 57 years old, is currently the Acting Chief Finance Officer. She is also the Chief Finance Officer of Chelsea Logistics and Infrastructure Holdings Corp. (CLIHC). She is also the Vice President for Finance of Udenna Corp., Udenna Management & Resources Corp. and Chelsea Shipping Corp. and its subsidiaries. She is the Treasurer of Starlite Ferries Inc. and its subsidiaries and Trans-Asia Shipping Lines, Incorporated. Ms. Braga is a Certified Public Accountant with more than thirty (30) years of corporate finance and accounting experience. Prior to joining the Company, she was formerly the Assistant Vice President – Group Controller of Lapanday Foods Corporation and former Controller of Macondray Agro-Industrial Corporation. She was the Finance Manager of RFM Tuna Corporation and the Asia Industries (Mindanao) Inc. She began her career as an auditor of Sycip, Gorres, Velayo & Co. in 1986. She is a Cum Laude graduate of Bachelor of Science Commerce Major in Accounting from Ateneo de Davao University.

Alan Raymond T. Zorrilla, Filipino, 53 years of age, is the Company's Senior Vice President. Prior to his employment with the Company, he was Chief Legal Counsel of the Unioil Group of Companies where he headed the Legal, Human Resources, and Administrative Departments. He also served as Director for Freeport Services Corporation, a 100% subsidiary of Subic Bay Metropolitan Authority and was once a Legal Consultant of the Department of Environment and Natural Resources. Atty. Zorrilla was engaged in litigation practice with Pangilinan, Britanico, Sarmiento and Franco Law Offices before he entered corporate practice. He formerly worked as Corporate Legal Counsel of publicly-listed Fil-Estate Group of Companies in its Litigation and Labor Department. Atty. Zorrilla completed his law studies at the San Beda College of Law in 1994 and was admitted to the Philippine Bar in 1995. He also took up his masteral studies at the Ateneo Graduate School of Business. He is an Army Reservist and a concurrent Commander (Lt. Colonel) of the Philippine Coast Guard Auxiliary.

Socorro T. Ermac-Cabrerros, Filipino, 58 years old, is concurrently the Vice President for Corporate Legal and Corporate Secretary of the Company. She is also the Corporate Secretary of Phoenix Petroleum Holdings, Inc. Prior to joining the Company, she was a Legal Counsel of Philippine National Bank in Davao City. She has worked for the government such as the Office of the Ombudsman for Mindanao and later as Prosecutor for the Province of Davao del Norte after engaging in the private practice of law. She finished her law degree at the Ateneo de Davao University College of Law. She was President for the Davao City Chapter of the Integrated Bar of the Philippines, Davao City Chapter from 2009-2011 and President of the Davao Lady Lawyers Association from 2000-2002.

Ericson S. Inocencio, Filipino, 49 years old, is a Shareholder Representative of the Company. Eric has more than 20 years of extensive experience in the petroleum industry. Prior to joining the Company, he was connected with Chevron Phils. where he held various positions primarily leading the Commercial and Industrial business as District Sales Manager for more than five(5) years and as concurrent National Fleet Cards Sales Manager. He has exposure in marketing support function in charge of developing and executing local & global process/programs which includes profitability modelling. He is a certified Mechanical Engineer from De La Salle University and attended his MBA at Ateneo Graduate School of Business.

Joven Jesus G. Mular, Filipino, 53 years of age, is the Asst. Vice President for Consumer Business Partnerships. He joined Phoenix last May 4, 2015. He brought with Him twelve and a half years of pure lubricant experience from a major petroleum company holding various positions in sales, business development and marketing handling both B2C and B2B. Within those years, he had 2 years assignment in the Asia Pacific Region doing Channel Development Specialist work.

Celina I. Matias, Filipino, 58 years old, is concurrently the Vice President for Group Marketing and General Manager for Philippine FamilyMart. Ms. Matias has more than 25 years of expertise on strategic marketing and client servicing. She honed her skills from Ogilvy & Mather and McCann Erickson and was a Partner at a local Ad Agency prior to joining Phoenix Petroleum. She handled over 25 local and global brands across different product categories from petroleum, telecoms, real estate, automotive, pharmaceutical and a lot more. She finished Communication Arts major in Advertising & Public Relations in Assumption College.

Celeste Marie G. Ong, Filipino, 54 years old, is currently the Vice President for Human Resources. Ms. Ong has more than 20 years of solid human resources management experience from local and multinational companies (Concrete Aggregates Inc., Van Melle Phils., Fujitsu Computer Products and Optodev, Inc.) Her expertise includes compensation management, talent acquisition, training and development, employee relations/engagement, benefits administration and HRIS. She finished A.B. Psychology from Pamantasan ng Lungsod ng Maynila and took her M.A. in Psychology at University of Santo Tomas. She completed the Essilor Management Training courses in Singapore & France.

Joriz Tenebro, Filipino, 43 years old, is the General Manager for Joint Ventures. Prior to joining Phoenix in November 2018, he had 15 years of combined business and commercial finance experience with Shell in retail, trading, upstream and integrated gas covering Asia Pacific, Middle East, and Europe. His roles include retail territory management; reporting, planning and economics; finance management; M&A and New Business Development; and internal audit.

He was based in Davao, Manila and a combined 10 years in Singapore and Dubai. Previous to Shell, he spent a total of 3 years as P&G Distributor Finance Manager and PwC Finance Auditor. Most of his key development training were in Shell Headquarters in the Netherlands and INSEAD France. He graduated from Ateneo de Davao University.

Lester C. Khan, Filipino, 42 years old, the General Manager for Aviation Business and Action.able, is a driven sales and technical professional with nearly two decades of experience in the FMCG and oil/gas industry. Previously, he served as General Manager for both Pure Essence Inc. and Margarrett Enterprise Inc., which produce biodiesel and toll-packs for major FMCG companies. He started his career in Procter & Gamble where he was recognized for leading the reformulation and process development of the company's soap brands. In between his stints in manufacturing, he worked in Pilipinas Shell Petroleum Corp., handling Retail in South Mindanao. He is a licensed Chemical Engineer from the University of the Philippines Los Baños and a Six Sigma Green Belt Certified Practitioner. He completed his MBA studies at the Ateneo Graduate School of Business with Gold Honors.

Ignacio Raymund S. Ramos, Jr., Filipino, 61 years old, is the Assistant Vice-President for Terminal Operations & Engineering, with 36 years of work experience in the oil and mining industry. Prior to joining Phoenix in 2018, he was a Consultant for Shell Eastern Petroleum Limited, Singapore, PT Alam Tri Abadi, Indonesia, PT Banten Energy LPG Terminal, Indonesia, PT Indonesia Bulk Terminal, Indonesia, PT Shell, Indonesia, Shell Guam Incorporated, Pilipinas Shell Petroleum Corporation and held various positions within Pilipinas Shell Petroleum Corporation organization. He earned a Bachelor of Science degree in Civil Engineering from the University of the Philippines.

Rubin G. Cura, Filipino, 55 years old, is a Shareholder Representative of the Company in its various Investments in Companies engaged in the ownership and operations of retail gasoline stations all over the country. He is a lawyer by profession and has 25 years of work experience in the oil and gas industry. Prior to joining PPPI in 2021, he was the Legal Counsel and the Asst. Corporate Secretary of Pilipinas Shell Petroleum Corporation and the Corporate Secretary of Pilipinas Shell Foundation, Inc. Before becoming a lawyer, he held several positions in Marketing and Sales in Pilipinas Shell and was previously the Retail Territory Manager in North Eastern Mindanao and Southern Luzon managing the operations of Shell's network of stations. He earned a Bachelor of Science in Commerce degree major in Business Management from San Beda University and earned his Bachelor of Laws degree from Arellano University School of Law.

Hendra Nagunta, Indonesian, 45 years old, based in Singapore, is the Chief Risk Officer and Group Head of Strategy, Portfolio and Planning with accumulated 24 years of work experience in pharmaceutical, chemical trading and petroleum downstream industry. Prior to joining Phoenix Petroleum in 2018

as Regional Head of Business Strategy and Portfolio handling new market entry, special projects and strategic partnership, He spent more than 16 years in Shell and Chevron across various managerial roles in B2B (Fuel and Lubricants), Retail and Supply Chain based in Indonesia, Philippines, and Singapore. He earned both Bachelor degree in Marketing and Master degree in Finance Management from the University of Surabaya, Indonesia.

Leandro E. Abarquez, Filipino, 40 years old, is the Corporate Secretary of the Company. He is also the Corporate Secretary of Dito CME Holdings Corp. (Formerly: ISM Communications Corporation). Prior to joining the Company, he was a Senior Associate at Romulo, Mabanta, Buenaventura, Sayoc & de los Angeles from 2010 to 2017, where he advised clients on various diverse matters and special projects including mergers and acquisitions, initial public offering, gaming regulatory advice, public-private partnerships, project finance, and dispute resolution matters. He received his bachelor's degree in Biology from the Ateneo de Manila University in 2004, and his juris doctor degree from the same university in 2009. He is also the Compliance Officer of CLC.

Period of Service in the Company

<u>Name</u>	<u>Period of Service</u>
Henry Albert R. Fadullon	April 17, 2017 to present
Socorro Ermac Cabrerros	July 2, 2006 to present
Alan Raymond T. Zorrilla	April 1, 2009 to present
Ericson S. Inocencio	February 15, 2014 to present
Joven Jesus Mugar	May 4, 2015 to present
Celeste Marie G. Ong	July 2, 2012 to present
Celina I. Matias	July 2, 2012 to present
Joriz B. Tenebro	November 5, 2018 to present
Lester C. Khan	February 18, 2019 to present
Ignacio Raymund S. Ramos, Jr.	January 6, 2018 to present
Rubin G. Cura	October 25, 2021 to present
Hendra Nagunta	March 14, 2022 to present
Leandro E. Abarquez	August 1, 2022 to present

There are no Directors and/or Executives working in any government agency.

Nominations of Directors and Independent Directors for the term 2023-2024

The following are the final nominees who were duly screened by the nomination committee for election to the Board of Directors for the following fiscal year 2023 at the forthcoming Annual Meeting:

1. Dennis A. Uy
2. Domingo T. Uy
3. Romeo B. De Guzman
4. J.V. Emmanuel A. de Dios
5. Minoru Takeda (Independent Director)
6. Cherylyn C. Uy
7. Nicasio I. Alcantara (Independent Director)
8. Consuelo Ynares-Santiago (Independent Director)
9. Monico V. Jacob
10. Henry Albert R. Fadullon
11. Raouf A. Kizilbash

Raouf A. Kizilbash

Raouf A. Kizilbash is a nominee director of the Company. Mr. Kizilbash is a seasoned executive with over 26 years industry experience in the Oil & Gas and Consumer Goods sectors. He has a proven track record in driving growth, mergers and acquisitions, and managing marketing, sales and planning organizations. Mr. Kizilbash joined Udenna Corporation in January 2018 as Director for Business Development, based in Singapore and has been leading its international expansion. Prior to joining Udenna, he was with Sebrina Holdings Pte Ltd in Singapore, where he played a key role at the holding company managing the oil midstream infrastructure business as President of Amity Energy, as well as the property development and venture capital portfolios. He was the head of ExxonMobil's LPG marketing and sales for Asia Pacific. Educated in the United States and graduated with a Bachelor of Economics (Magna Cum Laude) from Bowdoin College in 1990 and an MBA in Marketing and Finance (Beta Gamma Sigma) from Columbia Business School, New York in 1995.

Minoru Takeda, Nicasio I. Alcantara and Consuelo Ynares-Santiago are nominated as Independent Directors based on following qualifications:

1. They have no transaction, affiliations or relations with the Issuer/Corporation
2. Their current business activities are different from the current business activities of the Corporation. Thus, their credentials add diversity in the business backgrounds of the Board of Directors
3. They have and will maintain independent judgment and views with the Board of Directors
4. Except for the 1 share each, they do not own any shares in the Corporation
5. Prior to initially being elected as Directors of the Company, they have not, at any time, rendered any service to the Company.
6. They possess none of the disqualifications of an Independent Director.

Retired Supreme Court Justice Consuelo Ynares-Santiago was nominated as

Independent Director by Atty. J.V. Emmanuel A. de Dios. On the other hand, Mr. Nicasio I. Alcantara and Mr. Minoru Takeda were nominated by Ms. Cherylyn C. Uy. Atty. de Dios and Ms. Cherylyn C. Uy or any of the nominated directors are not related to either Retired Justice Santiago, Mr. Alcantara or Mr. Takeda by consanguinity or affinity and have no professional or business dealings with them. Retired Justice Santiago, Mr. Takeda and Mr. Alcantara are neither officers nor substantial stockholders of the Company. They possess the qualifications and none of the disqualifications of independent directors. Retired Justice Santiago, Mr. Alcantara and Mr. Takeda hold only one (1) share each in the Company. Prior to being elected as Director of the Company, they have not, at any time, rendered any service to the Company.

The members of the Nomination and Governance Committee are: Nicasio I. Alcantara (Chairman), Justice Consuelo Ynares-Santiago, Cherylyn C. Uy and Romeo B. De Guzman as members.

For the scheduled Annual Meeting, the Committee has screened and evaluated the candidates for Independent Directors based on the Rule 38 of the Securities Regulation Code ("SRC") and the Company's amended By-laws and New Code of Corporate Governance. Amendments to the By-laws of the Company incorporating the provisions of SRC Rule 38 were approved by the SEC on February 19, 2007.

(For the individual write-ups of the other nominees, please refer to item 5 of this Information statement.)

(b) Significant Employees

No single person is expected to make a significant contribution to the Company's business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance.

(c) Family Relationships

With the exception of Messrs. Domingo T. Uy and Dennis A. Uy who are related to each other by consanguinity within the first civil degree, Cherylyn C. Uy and Dennis A. Uy, who are spouses and related to each other by affinity, and Domingo T. Uy and Cherylyn C. Uy who are related to each other by affinity, there are no other family relationships either by consanguinity or affinity up to the fourth civil degree among the directors, executive officers, and persons nominated and chosen by the Company to become directors and executive officers of the Company.

(d) Involvement in Certain Legal Proceedings

The Department of Justice (DOJ) filed twenty-five (25) Informations against Dennis A. Uy, President and CEO of the Company, for alleged violations of the Tariff and Customs Code of the Philippines, twenty-two (22) of which were filed with the Regional Trial Court of Davao City, and three (3) Informations filed with the Regional Trial Court of Batangas City.

With respect to the Informations filed with the Regional Trial Court of Batangas City, upon filing by Mr. Uy on September 2, 2013 of an *Omnibus Motion for the Determination of Lack of Probable Cause*, the Regional Trial Court of Batangas City granted said motion on September 17, 2013 and DISMISSED all three (3) Informations which were filed in 2011 and 2013. The DOJ filed a *Motion for Reconsideration with Motion for Inhibition* of Judge Ruben A. Galvez, which was subsequently denied on December 6, 2013. On July 7, 2014, the Regional Trial Court of Batangas City issued a Certificate of Finality certifying that its Order dated December 6, 2013, which denied the Motion for Reconsideration and affirmed the Order dated September 17, 2013 which **dismissed** the 3 Informations filed against Mr. Uy for lack of probable cause, has already become final and executory since no appeal was filed therefrom.

With respect to the Informations filed with the Regional Trial Court of Davao City which were filed in 2011, 2013 and 2014, on October 4, 2013, the Regional Trial Court of Davao City ordered the DISMISSAL of the criminal cases against Mr. Uy. The subsequent Motion for Reconsideration of the Plaintiff, People of the Philippines, was also denied in an Order dated August 18, 2014. Hence, the People of the Philippines ("Petitioner") filed on October 27, 2014 with the Court of Appeals (CA), Cagayan de Oro City a *Petition for Certiorari* under Rule 65 of the Rules of Court docketed as **CA G.R. SP No. 06500-MINm CA, CDO, 23rd Division**. On October 24, 2016, Mr. Uy received a copy of the Decision of the CA dated October 12, 2016 **DENYING** the Petition for Certiorari. On November 10, 2016, Mr. Uy received a copy of the Motion for Reconsideration filed with the CA.

As of January 25, 2017, the Court of Appeals has **DENIED** the Petitioner's Motion for Reconsideration and upheld the decision of the Court on October 12, 2016.

On April 4, 2017, the Group received a copy of the Petition for Review on Certiorari dated March 27, 2017 filed by petitioner docketed as GR No. 229705 with the SC, Manila, 3rd Division. As of December 31, 2017, the Group is awaiting for the SC's issuance of the resolution directing the Group to file Comment to the Petition for Review.

In a "Manifestation in Lieu of Reply" filed by the Office of the Solicitor General on July 10, 2019, the SOJ has prayed that their manifestation be duly considered and to dismiss all three (3) petitions without prejudice to the possible filing, if the

Court desires, of supplemental memoranda from the parties.

On February 10, 2020, the case was set for the continuation of plaintiff's evidence. The counsel for the defendant, on the other hand, moves to defer his cross examination as they requested for an opportunity with the plaintiffs to discuss possible means of settling the case. The defendant's counsel requested for a June 2020 setting of the defendant to have ample time to exhaust this opportunity for amicable settlement, and the same was granted by the court.

The Supreme Court has finally settled all pending issues on the BOC cases and in a Decision on 10 December 2021, the Supreme Court DISMISSED the petitions for Review on Certiorari filed by the former Secretary of the Department of Justice Leila M. De Lima, Bureau of Customs and the People of the Philippines (De Lima, et. Al.), with respect to the Court of Appeals' Affirmation of the Dismissal of the charges filed against Jorlan C. Cabanes and the Company's Chairman, Mr. Dennis A. Uy for alleged violations of the Tariff and Customs Code, with G.R. Nos. 219295-96 and 229705. A copy of the decision can be read through the Supreme Court's website: <https://sc.judiciary.gov.ph/23373/> The dispositive portion of the decision reads: *"In sum, the lower courts' finding of no probable cause are supported by relevant laws and evidence on record. Mindful of these considerations, the Court of Appeals' affirmation of the dismissal of the charges is not tainted with grave abuse of discretion. Wherefore, the Petitions are DENIED. The Court of Appeals Decisions and Resolutions in CA-G.R SP No. 129740 and CA-G.R. SP No. 131702 and CA-G.R. SP No. 06500-MIN are AFFIRMED. SO ORDERED."* 2019, the SOJ has prayed that their manifestation be duly considered and to DISMISS all three (3) petitions without prejudice to the possible filing, if the Court desires, of supplemental memoranda from the parties.

Further, on March 16, 2022 and Entry of Judgment was issued by the Supreme Court affirming the lower courts' and the Court of Appeals' finding of no probable cause against Jorlan Cabanes and Dennis UY and that the Decision has become final and executory and entered in the Book of Entries of Judgments.

For the Company, other court cases typical and customary in the course of the business operations of the Company such as those, among others, involving collection, qualified theft, breach of contract and reckless imprudence, and minor labor cases have been filed by and against the Company, by and against its employees and/or third parties. The results of which will not significantly affect the financial standing of the Company. Other than the above stated, no other significant cases were filed by and against the Company and its subsidiaries.

Except for the above, to the best of the Company's knowledge there has been no occurrence during the past five (5) years up to the date of this Prospectus of any of the following events which are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer, or control person of the Company:

- Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the insolvency or within two years prior to that time;
- Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Any final and executory order, judgment, or decree or any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and
- Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the Commission, or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

There are no other pending material and significant legal cases as far as records of the Company are concerned.

(e) **Certain Relationships and Related Transactions**

The Group's related parties include the ultimate parent company, parent company, subsidiaries, stockholders, the Group's key management and others as described below.

The Company has an operating lease agreement with its ultimate parent company, Udenna Corporation, for the use of various properties for its operations and for office space. Furthermore, the Company regularly charters the use of marine tankers from its affiliate, CSC, for the hauling of its fuel products from suppliers' terminals and from its own depots to Company depots and to its customers. These contracted services are made on reasonable arms-length terms as would be obtainable from third party providers. The following are the transactions with related parties:

a.) **Rentals**

The Group has an operating lease agreement with Udenna Corporation, the ultimate parent company. The total rent expense of the Company is presented as follows:

2018	2019	2020	2021	2022	TOTALS
7,106,448.53	10,776,681.32	9,432,868.43	10,593,724.98	11,924,100	49,833,823.26

b.) **Contract of Affreightment**

The Company entered into a Contract of Affreightment with CSC, an affiliate to haul the Company's petroleum supplies for both regional and domestic markets.

c.) **Due to and Due from Related Parties**

	<u>Note</u>	<u>2022</u>	<u>2021</u>
PSPC		P 990,161	P 990,161
P-H-O-E-N-I-X Philippines Foundation, Inc. (PPFI)		634,077	624,077
FEC		520,941	520,941
UC		285,700	-
CJI		277,871	277,871
NGT		266,772	-
PNMC		-	388,159
TCQPC		-	254,278
		<u>2,975,522</u>	<u>3,055,487</u>
Allowance for impairment	4.2(b)	(<u>113,743</u>)	(<u>106,130</u>)
		<u>P 2,861,779</u>	<u>P 2,949,357</u>

Key Management Compensations.

The compensation of key management personnel are broken down as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Salaries and wages	219,957,161	219,957,161	209,483,010
13th month pay and bonuses	22,873,035	22,873,035	21,783,843
Honoraria and Allowances	13,772,969	13,772,969	13,117,113
Post-employment benefits	17,642,762	17,642,762	16,802,630
Share-based payment	3,919,008	3,919,008	3,732,389
	<u>278,164,935</u>	<u>278,164,935</u>	<u>264,918,985</u>

The Company's Directors have no self-dealing or related party transactions.

Item 6. Compensation of Directors and Executive Officers

The Company's executives are regular employees and are paid a compensation package of twelve (12)-months pay. They also receive performance bonuses similarly to those of the managerial, supervisory and technical employees.

The members of the Board of Directors who are not employees of the Company are elected for a period of one (1) year. The Company pays its non-executive directors a per diem of P30,000.00 for each regular meeting and P100,000.00 for the Annual

Stockholder's Meeting. There are no other arrangements or agreements for which the members of the Board of Directors are compensated. The following are the amounts received by each Director for their attendance in the meetings in Fiscal Year 2021:

Dennis A. Uy	Php 0	No per diem as he is an Officer of the Corporation
Henry Albert R. Fadullon	Php 0	No per diem as he is an Officer of the Corporation
Domingo T. Uy	P220,000.00	For attendance in 4 Regular BOD Meetings and 1 Annual Stockholders' Meeting
Romeo B. De Guzman	P220,000.00	For attendance in 4 Regular BOD Meetings and 1 Annual Stockholders' Meeting
Cherylyn C. Uy	P220,000.00	For attendance in 4 Regular BOD Meetings and 1 Annual Stockholders' Meeting
Stephen T. Cuunjieng	P220,000.00	For attendance in 4 Regular BOD Meetings and 1 Annual Stockholders' Meeting
J.V. Emmanuel A. De Dios	P220,000.00	For attendance in 4 Regular BOD Meetings and 1 Annual Stockholders' Meeting
Consuelo Ynares-Santiago	P220,000.00	For attendance in 4 Regular BOD Meetings and 1 Annual Stockholders' Meeting
Monico V. Jacob	P220,000.00	For attendance in 4 Regular BOD Meetings and 1 Annual Stockholders' Meeting
Minoru Takeda	P220,000.00	For attendance in 4 Regular BOD Meetings and 1 Annual Stockholders' Meeting
Nicasio Alcantara	P220,000.00	For attendance in 4 Regular BOD Meetings and 1 Annual Stockholders' Meeting

The members of the Board of Directors are elected for a period of one (1) year.

The aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the executive officers of the Company are as follows:

Summary of Projected Compensation Table

Projected Compensation of Executive Officers and Directors (in thousand Pesos)				
		Year ended December 31, 2023		
Name	Principal Position	Salaries (in P)	Bonuses / 13 th Month / Other Income (in P)	Total (in P)
Dennis A. Uy	Chairman and Chief Strategy officer	56,640	4,720	61,360
Henry Albert R. Fadullon	President			
Alan Raymond T. Zorrilla	SVP – External Affairs, Business Development and Security			
Socorro Ermac Cabreros	VP-Corporate Legal and Corporate Secretary			
Ma. Celina I. Matias	VP-Group Marketing and General Manager for Philippine FamilyMart	71,434	6,697	87,060
All other executive officers and directors as a group unnamed				

* Total projected salaries and bonuses/ 13th month and other income of the above named individuals

Compensation of Executive Officers and Directors (in thousand Pesos)				
		Year ended December 31, 2022		
Name	Principal Position	Salaries (in ₱)	Bonuses / 13 th Month / Other Income (in ₱)	Total (in ₱)
Dennis A. Uy	Chairman and Chief Strategy officer	56,640	4,720	61,360
Henry Albert R. Fadullon	President			
Ma. Concepcion F. De Claro	Chief Finance Officer			
Alan Raymond T. Zorrilla	SVP – External Affairs, Business Development and Security			
Charlie R. Valerio	Chief Digital Officer	71,434	6,697	87,060
All other executive officers and directors as a group unnamed				

Compensation of Executive Officers and Directors (in thousand Pesos)				
		Year ending December 31, 2021		
Name	Principal Position	Salaries (in ₱)	Bonuses / 13 th Month / Other Income (in ₱)	Total (in ₱)
Dennis A. Uy	President and Chief Executive Officer	56,640	4,720	61,360
Henry Albert R. Fadullon	Chief Operating Officer			
Ma. Concepcion F. De Claro	Chief Finance Officer			
Alan Raymond T. Zorrilla	SVP – External Affairs, Business Development and Security			
William M. Azarcon	VP – Business development for terminals and depots	71,434	6,697	87,060
All other executive officers and directors as a group unnamed				

The Directors and Officers of the Company hold no Outstanding Warrants and Options.

Generally, a typical employment contract executed between the Company and its named executive officers has the following terms:

1. Specification of job title, commencement date of employment, work assignment and possible need for reassignment of work or location as the need may arise;

2. A probation period of six months from commencement of employment. If the job performance is found to be satisfactory, employment shall be converted to regular basis.
3. Salary & Benefits: specifies that the executive shall receive his monthly salary and a guaranteed 13th month pay less the necessary government deductions allowed by law such as but not limited to SSS premium, Philhealth, Pag-IBIG contributions. The same section likewise provides that the executive's salary shall be subject to annual review which shall take into consideration his performance and the achievement of mutually-agreed goals.
4. Exclusivity: The employment contract provides that the executive shall render exclusive service to the Company and the prohibition to work with other companies regardless of whether such work is done outside office hours, if without the consent of the Company.
5. Confidentiality: The executive/employee is duty bound to keep all information, materials and records which he or she may access in the course of his/her employment with the Company are confidential in nature and he or she may not disclose or reproduce the same without the consent of the Company.
6. Professional Conduct: The executive concerned is expected to comply with all the policies and procedures which the Company may issue from time to time. It is specifically prohibited to accept any or all kinds of gifts from suppliers and customers without the consent of the Company

Compensation Committee (Now under the Nomination and Governance Committee)

The duties and functions of the Company's Compensation Committee has now been folded into the Nomination and Governance Committee, as such it shall be composed of at least three (3) members of the Board, at least one of whom shall be an Independent Director. The function of the Compensation Committee to be folded into the Nomination and Governance Committee includes establishing a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provides oversight over remuneration of senior management and other key personnel.

The following are the members of the Nomination and Governance Committee:

Nicasio I. Alcantara (Independent Director)	Chairperson
Consuelo Ynares-Santiago (Independent Director)	Member
Cherylyn C. Uy	Member
Romeo B. De Guzman	Member

Item 7. Independent Public Accountants

The financial statements of the Company were audited by Punongbayan & Araullo for the years ended December 31, 2022, 2021, and 2020. Said external auditor has no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, in accordance with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.

As of the moment, no recommended external auditor has been recommended for Fiscal Year 2024.

Audit Fees

The following table sets out the aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by the Company's external auditors.

Audit and Related Fees					
		Amount in Thousands Php			
Particulars	Nature	2019	2020	2021	2022
Punongbayan and Araullo	Audit of FS for the year 2018 - Parent and Subsidiaries	4,637.52			
Punongbayan and Araullo	Audit of FS for the year 2019 - Parent and Subsidiaries	3,616.54	6,036.91	169.84	
Punongbayan and Araullo	Audit of FS for the year 2020 - Parent and Subsidiaries		4,742.71	9,028.61	842.06
Punongbayan and Araullo	Audit of FS for the year 2021 - Parent and Subsidiaries			6,657.82	3,003.65
Punongbayan and Araullo	Audit of FS for the year 2022 - Parent and				3,419.83

	Subsidiaries				
Sub-total		8,254.06	10,779.62	5,856.27	7,265.55
Tax Advisory Services					
Sycip, Gorres and Velayo	Tax Consultancy	120.00	120.00		
Sub-total		120.00	120.00	-	-
All Other Fees					
Entia Accounting Office	Professional Fee for BOI Registration of Depot Facilities	2,885.80	1,445.17	1,339.41	674.38
Punongbayan and Araullo	Professional Fee for Special Audit, Transfer Pricing, tax Compliance for PLPI and Due Diligence Engagement & other services		4,216.48	-	2,038.10
Sub-total		2,885.80	5,661.65	1,339.41	2,712.48
GRAND TOTAL		8,370.77	14,035.71	17,195.68	9,978.02

Audit Committee and Policies

In accordance with the Company's By-laws and Manual of Corporate Governance, in 2007, the Company formed its Audit Committee; the primary purpose of which is to assist the Board in fulfilling its oversight responsibilities to its shareholders relative to:

- The Company's management of financial risks that affect financial reporting and the integrity of and any announcement affecting the Company's financial performance prior to its release;
- The Company's system of internal control and how management designs and implements such system;
- The Internal Audit Group's audit process, independence, and proficiency;

- d. The External Auditor's audit process, qualifications, and independence; and,
- e. The Company's process for ensuring compliance with laws and regulations and the code of conduct and ethics.

The Committee shall be composed of at least three (3) members, preferably with accounting and finance background, one of whom shall be an Independent Director and another with related audit experience or at least an adequate understanding of the Company's financial management systems and environment. The Chairman of the Audit Committee must be an Independent Director.

The following are the members of the Audit Committee: Minoru Takeda (Independent Director) as Chairman, Monico V. Jacob, Consuelo Ynares-Santiago (Independent Director), Nicasio I. Alcantara (Independent Director), and Domingo T. Uy as members.

The Board of Directors have established the internal audit role as a key component of the Company's governance framework and has set up the Internal Audit Department to provide the function and perform the assessment as to the efficiency and effectiveness of the Company's system of internal controls over processes and procedures; accuracy, completeness and validity of financial records and reports; and the Company's compliance with laws, rules, regulations, policies, and ethical standards. The Internal Audit's roles and responsibilities are defined in the Internal Audit Charter and the audit processes explained in the Internal Audit Manual approved by the Board of Directors.

Ultimately, the internal audit function helps ensure that risks are appropriately identified and managed; significant financial, managerial and operating information are accurate, reliable and timely reported; resources are used efficiently and adequately safeguarded; operations are transacted in accordance with sufficient internal controls, good business judgment and high ethical standards; and that quality and continuous improvement are fostered in the internal control processes.

Changes In and Disagreements With Accountants

The Company has not had any disagreement with its previous and current external auditor/independent public accountant on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

Item 8. Compensation Plans

No action is to be taken by the Company with respect to any compensation plans.

Employee's Stock Options Plan

On June 22, 2011, the Commission approved the application for exemption from the registration requirement of the Securities Regulations Code of the Company for the proposed issuance of 24,493,620 common shares for the Company's Employees Stock Options Plan (ESOP).

On May 14, 2014, the Philippine Stock Exchange (the Exchange) approved the listing of 24,493,620 Common shares pertaining to the Company's Employee Stock Option Plan (ESOP);

The subscription price for PNx's ESOP is based on the weighted average market price for the 30 trading days on the PSE immediately prior to the Initial Offering Date and for each subsequent Offering Dates.

On July 26, 2017, the Company, through its Stock Transfer Agent, implemented for the first time the Corporation's ESOP after its vesting period for 1 year. For the first tranche, the Company issued additional 2,160,000 PNx Common shares to qualified employees pursuant to the Employee Stock Option Plan (ESOP) in scripless form and on November 15, 2017, the company issued additional 601,000 PNx Common shares at the price of Php5.68 per share.

As of April 30, 2022, a total of 13,293,700 common shares(ESOP) have been exercised and subscribed by the company's grantees.

As of September 29, 2023, the Company's closing share price is at Php 5.25, with a market capitalization of approximately Php7,571,635,743.00.

The ESOP was granted to the following persons:

- a) Dennis A. Uy, Chief Strategy Officer
- b) other top executives
- c) all current executive officers as a group
- d) there are no directors who were granted any ESOP shares of the Corporation since ESOP shares are granted only to regular employees
- e) there are no persons who receive or is to receive 5% of the ESOP
- f) there are no current directors who are not executive officers who received or was granted any ESOP shares
- g) all other employees as a group

ESOP Grantee	No. of Shares
Top 5 Executives:	3,067,300
Other Executive Officers	1,095,600
All other qualified employees	9,130,800

TOTAL	13,293,700
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Other than the items discussed above, there are no other types of compensation plans.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There are no authorizations or issuances of securities other than for exchange for outstanding securities for the registrant.

Item 10. Modification or Exchange of Securities

No action is to be taken by the Company with respect to the modification of any class of securities of the Company or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The Management Report is attached hereto as **Annex B** and the Annual Audited Financial Statement for Period ended December 31, 2022 is attached hereto as **Annex “C”**, while the Financial Statements for the 2nd Quarter (as of June 30, 2023) is attached hereto as **Annex “C-1”**;

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no transactions to be taken up by the Company with respect to any transaction involving mergers, consolidations, acquisitions, and similar matters.

Item 13. Acquisition or Disposition of Property

One of the proposed corporate actions is the proposed authority for management to transfer, sell, dispose of certain corporate properties, assets, and/or investments as may be necessary and required in relation and pursuant to the financial management program exercised by the Corporation as part of its debt management and funding activities;

The Corporation is currently in the process of streamlining its operations and assets in order to settle its obligations and more importantly, to raise capital in order to churn the business and move towards its objective of returning to its previous levels before the pandemic. One of its projects is its Liability Management Exercise (LME) and part of this LME is the disposition of certain assets to settle its liabilities and raise capital.

One proposed step is to enter into a Sale and Lease-Back agreement with BDO

Unibank, Inc., a universal banking corporation, which aside from being a creditor of the Company, has no other relationships with it. The office address of BDO Unibank, Inc. is at BDO Towers Valero, 8741 Paseo de Roxas, Makati City, Philippines. The Sale and Lease-Back involves some of the Company's Depots, Terminals and Petroleum Retail Stations. The Company will receive around 9.345Billion Pesos for the sale, which will be applied to its current obligation with the same bank. BDO will then lease the properties back to the Company, ensuring that the Company continues its operations and moves toward its full recovery to previous levels. The proposed sale and lease-back also grants the Company the right to exclusively repurchase the assets within 3 to 5 years from the time of sale, when the Company is in a better position to repurchase the said assets.

Item 14. Reclassification of Accounts

(Please refer to Note 2 of the Notes to the Financial Statements found in the Company's Audited Financial Statements, included herein as Annex C)

D. OTHER MATTERS

Item 15. Action with Respect to Reports and Other Proposed Action

The following items are to be voted upon in the stockholders' meeting in accordance with the internal rules set forth in Annex "D" of this Definitive Information Statement:

1. Approval of the Minutes of the Annual Stockholders' Meeting held last 17 June, 2022.
2. Report of the President and Chief Executive Officer
3. Approval of the 2022 Audited Financial Statements and 2022 Annual Report
4. Corporate Actions:
 - A. Proposed Amendment of the Corporation's Articles of Incorporation Article II on Primary Purpose to include the manufacture, processing, sale, marketing and distribution of Coco Methyl Ester (CME);
 - B. Proposed authority for management to transfer, sell, dispose of certain corporate properties, assets, and/or investments as may be necessary and required in relation and pursuant to the financial management program exercised by the Corporation as part of its debt management and funding activities;
5. Ratification and Confirmation of all Acts and Resolutions of the Board and Management executed in the normal course of business covering the period of 01 May 2022 until 30 April 2023 as set forth in **Annex "A."**
6. Election of the Members of the Board of Directors.

Each of the items above shall be voted for by the Common Stockholders and shall be deemed approved upon garnering the approval of the Common Stockholders representing at least majority (more than 50%) of the outstanding Common Shares. However, for the amendment of the Corporation's Articles of Incorporation, the item shall be deemed approved upon garnering the approval of at least 2/3 of the

outstanding capital stock. For the election of the members of the Board of Directors, the nominees obtaining the top 11 most number of votes shall be elected as a Member of the Board of Directors.

A copy of the Minutes of the previous Annual Stockholders' meeting and the Company's 2022 Audited Financial Statements, as well as the 2022 Annual Report are available on the Company's website and shall be available upon request of the Stockholder. The report of the President shall be given at the Annual Stockholders' Meeting, as well as a short discussion of the Corporate Action to be voted upon. The names of the nominees for the Company's Members of the Board of Directors are found in page 21 of this Definitive Information Statement.

Aside from the Election of the Members of the Board of Directors, election and appointment of the External Auditor, Approval of the 2022 Financial Statements and Annual Report, the approval Minutes of the Minutes of the previous year's Annual Stockholders' Meeting, and the items of Corporate action mentioned above, there are no other items that was discussed and approved by the Stockholders in the 2022 Annual Stockholders' Meeting.

A copy of this Definitive Information Statement, which includes the Notice and Agenda, will be sent to stockholders of record (as of October 5, 2023) starting October 6, 2023.

Below was the agenda of the 2022 Annual Stockholders' Meeting held in the Company's Corporate Headquarters in Davao City.



NOTICE AND AGENDA

NOTICE is HEREBY GIVEN that the Annual Stockholders Meeting of PHOENIX PETROLEUM PHILIPPINES, INC. will be held on June 17, 2022, Friday, 10:00 AM at the Phoenix Petroleum Corporate Headquarters, Stella Hizon Reyes Road, Bo. Pampanga, Davao City. The meeting will be conducted virtually via remote access communications and registration for the meeting can be accessed through the link.

<http://asm.phoenixfuels.ph/PNX2022>

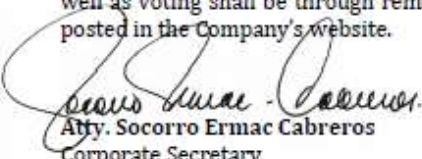
The agenda for the Meeting shall be, as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held last April 30, 2021
4. Report of the President and Chief Executive Officer
5. Approval of the 2021 Audited Financial Statements and 2020 Annual Report
6. Corporate Actions:
 - a. Proposed Amendment of the Corporation's By-Laws amending Article II Section 3 on Meetings of Stockholders particularly Place of Meeting which includes the conduct of meeting using digital or remote access communications platform;
7. Ratification and Confirmation of all Acts and Resolutions of the Board and Management executed in the normal course of business covering the period of 01 Feb 2021 until April 30, 2022
8. Election of the Members of the Board of Directors
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

All stockholders as of May 23, 2022 shall be entitled to participate and vote in the said annual meeting.

For the continued safety of the Company's stockholders, the Annual Meeting on June 17, 2022 shall be conducted via live streaming. Stockholders whose share and proxies are duly validated may attend, participate and vote by proxy or in absentia during the meeting.

Proxy Forms and Special Powers of Attorney or other Authorization Forms shall be made available in the Company's website and must be submitted to the Office of the Corporate Secretary, with address at Phoenix Petroleum Corporate Headquarters, Stella Hizon Reyes Road, Bo. Pampanga, Davao City by mail or sent by email at pnx.corpsec@phoenixfuels.ph. Validation of proxies and registration shall commence at 10:00AM of June 6, 2022 until 3:00PM of June 16, 2022. Participation in the meeting as well as voting shall be through remote communications. Procedure for voting shall be posted in the Company's website.


Atty. Socorro Ermac Cabreros
Corporate Secretary

HEAD OFFICE: Phoenix Bulk Depot, Larrang, Davao City 8020, Philippines
Toll-free: +63 (02) 235-8888
Fax: +63 (82) 233-0188

MANILA OFFICE: 25/F Fort Legend Towers, 3rd Avenue corner 21st St., Fort Bonifacio Global City, Taguig City 1634, Philippines
Toll-free: +632-403-4013
Fax: +632-403-4009

CEBU OFFICE: Phoenix Maguway Gasoline Station, M.C. Briones St., National Highway, Maguway, Marikina City, Cebu 6014, Philippines
Tel. No.: +63 (32) 236-8168 / 236-8198

Item 16. Matters Not Required to be Submitted

There are no actions to be taken with respect to any matter, which are not required to be submitted to a vote by security holders.

Item 17. Amendment of Articles of Incorporation, By-laws or Other Documents

Another proposed corporate action in the annual meeting is the amendment of the Company's By-Laws, particularly Article II, on the Primary Purpose of the Company. Below is the summary of the current version of the Company's Primary Purpose, the proposed amended version of the Primary Purpose and the reason for the amendment:

Current Primary Purpose (as currently stated in the Company's Articles of Incorporation)	Proposed Amended Primary Purpose	Reason for the proposed Amendment
To engage in, conduct and carry on the business of buying, selling, distributing, marketing at wholesale and retail insofar as may be permitted by law, all kinds of goods, commodities, wares and merchandise of every kind and description and all merchandise, supplies, materials and articles, such but not limited to petroleum, lubricants, and other chemical products, as shall be necessary or expedient in conducting the business; to enter into all kinds of contracts for the export, import, purchase, acquisition for its own account as principal or in representative capacity as manufacturer's representative,	<i>To engage in, conduct and carry on the business of <u>manufacturing, processing,</u> buying, selling, distributing, marketing at wholesale and retail insofar as may be permitted by law, all kinds of goods, commodities, wares and merchandise of every kind and description and all merchandise, supplies, materials and articles, such but not limited to petroleum, lubricants, and other chemical products, <u>including the processing of crude CNO (crude coconut oil) to manufacture and produce CME (Coco Methyl Ester) and its by-products,</u> as shall be necessary or expedient in conducting the business; to enter into all kinds of contracts for the export,</i>	The foregoing proposed amendment in Article II of the Company's Articles of Incorporation is intended to allow the Company to process, manufacture, sell and distribute Coco Methyl Ester (CME) to other parties. Originally necessitated by the lockdowns caused by the worldwide Covid pandemic, CME is a necessary ingredient for petroleum fuels sold within the country and this amendment will allow the Company to tap another potential business, which is the manufacture and sale of CME. This will add another possible income stream for the Company. This will allow the Company to avail of certain tax holidays, incentives and/or exemptions upon

merchandise broker, commission merchant, factors or agents, upon consignment of all kinds of goods, wares, merchandise or products, whether natural or artificial.	<i>import, purchase, acquisition for its own account as principal or in representative capacity as manufacturer's representative, merchandise broker, commission merchant, factors or agents, upon consignment of all kinds of goods, wares, merchandise or products, whether natural or artificial.</i>	approval of the appropriate government entities.
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Other than the item mentioned above, there are no other actions to be taken with respect to any Amendment of Articles of Incorporation, By-laws or other documents.

Item 18. Other Proposed Action

There are no other actions to be taken with respect to any other significant matter.

Item 19. Voting Procedures

Under the Corporation Code, the affirmative vote of stockholders representing at least two thirds (2/3) of the outstanding capital stock of the Company shall be necessary for the approval of the proposed amendment to the Articles of Incorporation or By-Laws and the investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

Except in cases provided above, or where the law provides otherwise, all matters subject to vote shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present.

Stockholders of record are entitled to one (1) vote per share. There is no manner of voting prescribed in the By-Laws of the Company. Hence, voting may be done by *viva voce*, raising of hands or by balloting.

The external auditor of the Company, Punongbayan & Araullo, will validate the votes when voting is done by secret ballot. Likewise, Punongbayan & Araullo will count the number of hands raised when voting by show of hands is done.

Considering that the Annual Stockholders' Meeting will be held virtually and in accordance with SEC Memorandum No. 6, series of 2021, the Company made internal procedures, attached herewith as **Annex D**, describing the steps to be taken by stockholders for the latter to cast/submit their votes online. The stockholders shall be entitled to the same number of votes as described above.

The following items will be included in the agenda for the meeting:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held last June 17, 2022
4. Report of the President and Chief Executive Officer
5. Approval of the 2022 Audited Financial Statements and 2022 Annual Report
6. Corporate Actions:
 - a. Proposed Amendment of the Corporation's Articles of Incorporation Article II on Primary Purpose to include the manufacture, processing, sale, marketing and distribution of Coco Methyl Ester (CME);
 - b. Proposed authority for management to transfer, sell, dispose of certain corporate properties, assets, and/or investments as may be necessary and required in relation and pursuant to the financial management program exercised by the Corporation as part of its debt management and funding activities;
7. Ratification and Confirmation of all Acts and Resolutions of the Board and Management executed in the normal course of business covering the period of 01 May 2022 until August 31, 2023
8. Election of the Members of the Board of Directors
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

Item 20. Participation of Shareholders by Remote Communication

In order to secure the health and safety of our stockholders, directors and officers, and to allow more stockholders to participate in its Annual Stockholders' Meeting, the Company shall hold its Annual Stockholders' Meeting through remote communication. The Annual Stockholders' Meeting shall be held purely through remote communication and the Company shall notify the stockholders, through a disclosure at the Philippine Stock Exchange if there are further developments in a physical attendance in the meeting, absence of such disclosure and announcement, stockholders shall not be allowed to physically attend the meeting and may only participate only through the means stated in "Annex D" of this Definitive Information Statement.

For the Company an opportunity to validate the details of the participants of the meeting and to identify the shareholders participating via remote communication and to record the stockholders' presence as part of the quorum, the shareholders may register through <http://asm.phoenixfuels.ph/PNX2023> starting 10:00AM of October 12, 2023 until 5:00PM of October 25, 2023, and provide the needed information. After a successful validation, a link will be sent to the stockholder indicating where he/she can access the meeting via remote communication.

Any questions for the stockholders meeting or any clarificatory questions can be sent to pnx.corpsec@phoenixfuels.ph or investors@phoenixfuels.ph. Any additional questions or questions not directly addressed during the meeting shall be answered through email. Proxy and voting forms shall be available through the Company's website at <https://www.phoenixfuels.ph/annual-stockholders-meeting/>. For a more detailed discussion of the internal procedures, the stockholders' may refer to Annex D of this Definitive Information Statement.

(signature page follows)

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.

This report was signed in Davao City on **04 October, 2023**.

P-H-O-E-N-I-X Petroleum Philippines, Inc.

By:



ATTY. SOCORRO ERMAC CABREROS
Corporate Secretary

**ACTS AND RESOLUTIONS OF THE
BOARD OF DIRECTORS
01 January 2022 to August 31, 2023**

03-Jan-2022	<ul style="list-style-type: none"> RESOLVED, that Corporation be authorized and empowered to negotiate and obtain with the Bank for the renewal and/or amendment of its P 2.00 billion Short Term Credit Line, P 2.0 billion OA/DA/DP/LC/TR Line, USD 30.00 million Standby LC Line, and existing 7-year billion term loan with original principal of P 5.00 billion, as well as any subsequent amendments or additional credit accommodations thereof which may be duly approved by the Bank; RESOLVED, FURTHER, that the Corporation is authorized to negotiate for the renewal and/or reinstatement, without change, of its Domestic Bills Purchase Line (DBPL). <ul style="list-style-type: none"> RESOLVED AS IT IS HEREBY RESOLVED, that PHOENIX PETROLEUM PHILIPPINES INC. (the Corporation) be, as it is hereby authorized and empowered to negotiate, conclude and enter into contract in connection with the sales operation of the Corporation, which includes, but not limited to contract of lease and/or Sublease for the operation of gasoline stations or other businesses and other lease arrangement, Memorandum of Agreements, Dealership Agreements or Retail Outlet Agreements for the operation of Phoenix service stations, Area Franchise Agreement and Joint Ventures. RESOLVED, as it is hereby resolved that in relation to the aforementioned transactions, the Company designates that any of the following Officers as the authorized signatories for all the transactions, agreements or contracts nationwide. <p>NAME POSITION HENRY ALBERT R. FADULLON President TRISTAN FREDERICK T. TIONGSON Head of Retail Operation ARNEL G. ALBAN General Manager for Retail Operation and Network Development</p> <ul style="list-style-type: none"> RESOLVED, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. (the "Corporation") be, as it is hereby authorized and empowered to enter into Contracts/Agreements in connection with the operation of the company's Davao Terminal Depot which includes but not limited applications and renewals of business permit, submission of reports with any government entities such as DENR-EMB, Department of Labor and Employment (DOLE), Philippine Ports Authority (PPA) and Bureau of Fire Protection (BFP); and Memorandum of Agreements with any accredited third-party supplier to haul and transact bulk and packaged petroleum/lubricant products and equipment to and from any supply point of the company and/or any designated delivery point under such terms and conditions which may be in the best interest of the Corporation. RESOLVED, FURTHER, that the Corporation's Terminal Superintendent, HALLMARK HE-CIREEL A. CARILLO, be hereby authorized and empowered to negotiate the terms of the transactions herein authorized, as well as to sign, execute, deliver, receive and receipt, for and on behalf of the Corporation, any and all contracts, documents and instruments required to carry out the foregoing resolution. <ul style="list-style-type: none"> RESOLVED, that the Corporation be, as it is hereby authorized to file its Answer/Explanation, Position Paper, motions, and/or such other pleadings as the Corporation's representative may deem appropriate in the case entitled "Arnel C. De Vera, Complainant versus Phoenix Petroleum Philippines, Inc., et al., Respondent", that is pending before the Department of Labor and Employment ("DOLE"), National Labor Relations Commission, Regional Arbitration Branch No. X, Cagayan de Oro City docketed as NLRC-CASE No. RAB-10-01-00014-2022 ("Subject Case"), and to file such action/s before any court, tribunal or agency, intertwined, interconnected or interrelated with the Subject Case; RESOLVED FURTHER, that the Corporation's Manager for Human Resources, MYLEN A. SAMONTE and/or LD & P Law Office or any of the Law Office's authorized counsel representative be as she/he/they is/are hereby authorized to represent the Corporation, to sign and execute, for and in behalf of the Corporation, the verification and
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	<p>certification on non-forum shopping appended to the Answer/Explanation, Position Paper, or other pleadings to be filed before the DOLE with respect to the Subject Case or before any court, tribunal or government agency.</p>						
	<ul style="list-style-type: none"> RESOLVED, that the Corporation be, as it is hereby, authorized and empowered to file any documents, pleadings or cases in relation to the case entitled "IN RE: VERIFIED EX PARTE PETITION FOR THE ISSUANCE OF FREEZE ORDER; REPUBLIC OF THE PHILIPPINES, represented by the ANTI-MONEY LAUNDERING COUNCIL (AMLC) docketed as CA-G.R. AMLA CASE NO. 00281; RESOLVED, FURTHER, that VICENTE MIGUEL R. JAYME, Treasury Manager of the Corporation be, as he is hereby, authorized and empowered, to cause the preparation and the filing of the case, to sign, on behalf of the Corporation, the Verification and Certification of Non-forum Shopping of the said case, to execute and deliver any and all papers necessary to implement the foregoing resolution, and to designate and appoint lawyers to represent the Corporation; RESOLVED, Finally, that the Corporation appoints, as it hereby appoints, ATTY. ROBERT LEO C. TY, ATTY. WIVINO E. BRACERO II, ATTY. JOSEPH ADRIAN A. DE LA CUESTA, and/or PONFERRADA TY LAW OFFICES or any of its lawyers and/or associates, with office address at 3169 Reposo Street, Sta. Mesa, Manila as the Corporation's authorized representative. 						
	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. (the "Corporation") as it is hereby authorized and empowered to negotiate, conclude and enter into contracts such as, Marketing Agreements, Memorandum of Agreements, Rental/Lease Agreements and other transactions relative to the operation of the Company's Brand Management Group (BMG) in Luzon, Visayas and Mindanao, for and in behalf of the Corporation; RESOLVED, as it is hereby resolved that pursuant to the foregoing transaction the Company designates its Vice President for Brand and Marketing Group, CELINA I. MATIAS, as the authorized signatories. 						
	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. (the "Corporation") as it is hereby authorized and empowered to negotiate, conclude and enter into contracts such as, Memorandum of Agreements, Non-Disclosure Agreements, Merchant Agreement and other E-Commerce/LIMITLESS Partnership-related contracts in Luzon, Visayas and Mindanao, for and in behalf of the Corporation; RESOLVED, FURTHER, that KENNETH CHARLES E. OCAMPO, Head for E-Commerce, be hereby authorized and empowered to sign, execute, deliver, receive and receipt, for and on behalf of the Corporation, any and all agreements, documents and instruments required to carry out the foregoing resolution. 						
	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. (the "Corporation") as it is hereby authorized and empowered to negotiate, conclude and enter into contracts such as, Memorandum of Agreements, Non-Disclosure Agreements, and other Consumer Business Partnership-related contracts in Luzon, Visayas and Mindanao, for and in behalf of the Corporation; RESOLVED FURTHER, that any one (1) of the following signatory/ies: <table> <tr> <td>Name</td><td>Position</td></tr> <tr> <td>HENRY ALBERT R. FADULLON</td><td>President</td></tr> <tr> <td>JOVEN JESUS G. MUJAR</td><td>AVP for Consumer Business Partnership Division</td></tr> </table> <p>be hereby authorized and empowered to sign, execute, deliver, receive and receipt, for and on behalf of the Corporation, any and all agreements, documents and instruments required to carry out the foregoing resolution.</p> 	Name	Position	HENRY ALBERT R. FADULLON	President	JOVEN JESUS G. MUJAR	AVP for Consumer Business Partnership Division
Name	Position						
HENRY ALBERT R. FADULLON	President						
JOVEN JESUS G. MUJAR	AVP for Consumer Business Partnership Division						

	<ul style="list-style-type: none"> RESOLVED, that RIZAL COMMERCIAL BANKING CORPORATION (the "Bank") and/or any of its branches, be as it hereby is designated as the depository of the moneys and funds of this Corporation and that each of the officers, agents and employees of this Corporation is hereby authorized to open, manage, maintain and deposit any of the Corporation's funds in said Bank, and said Bank is hereby authorized to pay, encash or otherwise honor and charge to this Corporation, without inquiry as to whether the same be drawn or required for the Corporation's business or benefit, any and all checks, notes, drafts, bills of exchange, acceptances, orders or other instruments for the payment of money or other withdrawal of funds, including those which may cause an overdraft, when assigned, made, drawn, accepted or endorsed on behalf of or in the name of this Corporation by its designated Officers and/or Directors. 						
	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. as it is hereby authorized and empowered to apply, transact and/or renew its corporate accounts with the following hotels nationwide and enter into any agreements and such other pertinent contracts and documents in connection with the said applications/renewals; RESOLVED as it is hereby resolved that pursuant to the foregoing transaction, the Company designates any one (1) of the following employees to be the nationwide authorized signatories: Name MYLEN A. SAMONTE CELESTE MARIE G. ONG 						
	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. as it is hereby authorized and empowered to apply and submit all pertinent documents to Bureau of Customs prior and post arrival of importations, submit and apply reports, requests and necessary permits to Bureau of Internal Revenue and Department of Energy in relation to importation. RESOLVED, as it is hereby resolved, that any of all the foregoing transactions shall be negotiated, concluded, obtained and/or contracted for, by any one (1) of the following Company Officers: <table data-bbox="422 1086 1476 1176"> <tr> <td>Name</td><td>Position</td></tr> <tr> <td>HENRY ALBERT R. FADULLON</td><td>President</td></tr> <tr> <td>RICHARD C. TIANSAY</td><td>Vice President for Supply Chain Pricing and HSE</td></tr> </table> 	Name	Position	HENRY ALBERT R. FADULLON	President	RICHARD C. TIANSAY	Vice President for Supply Chain Pricing and HSE
Name	Position						
HENRY ALBERT R. FADULLON	President						
RICHARD C. TIANSAY	Vice President for Supply Chain Pricing and HSE						
	<ul style="list-style-type: none"> RESOLVED, as it hereby resolve to authorize the Corporation to represent, execute, sign, receive, claim, and process any and all related documents pertaining to the company's properties situated within Davao Region, including lessor's permit, Certified Copies of Titles, Tax Declarations, Receipts and Clearances and other related documents with the Office of the Registry of Deeds, Assessor's and Treasurer's Office. RESOLVED FURTHER, as it is hereby resolved to authorize JHON DAVE M. RODA and/or TERESITA M. MANZO to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with said locale government unit and other private entities in order to execute and implement the foregoing authority. 						
	<ul style="list-style-type: none"> RESOLVED, to authorize the Corporation to open and maintain Peso/Dollar/Acceptable Third Currencies Savings/Current/Time Deposit Account(s) with UNIONBANK OF THE PHILIPPINES (the "Bank") and to make deposits, placements and/or investments therein and, in connection therewith, TO AUTHORIZE the following officers and/or directors of the Corporation, grouped respectively... to sign, execute and deliver any and all documents relative theret; to sign for and in behalf of the Corporation any and all the checks, drafts, bills of exchange, withdrawal slips, orders of payment and similar instruments drawn against said Account(s); to endorse checks, drafts, notes and other instruments for negotiation or payment or for deposit and collection or withdrawal from said Account(s). 						
20-Jan-2022	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, to authorize and empower management to settle and pay its unpaid subscription in Phoenix LPG Philippines, Inc. (PLPI) in the total amount of Two Hundred Ninety One Million Five Hundred Eighty Four Thousand Four Hundred Ninety Seven Pesos (PHP291,584,497.00) which amount shall be taken from the dividend declaration of PLPI on 03 December 2021; RESOLVED, LIKEWISE, to further authorize management to do whatever act and 						

	deeds necessary to implement the foregoing authorities and powers including sign, deliver, execute any other documents necessary and incidental.
03-Feb-2022	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolve to authorize the Corporation to represent, transact, request, receive, claim and process any and all related documents pertaining to the Corporation's properties including certified copies of titles, tax declaration, tax clearances and certified copies of the real property tax receipts and other related documents with Local City Assessor's Office, Office of the Registry of Deeds, City Treasurer's Offices and/or local government entities. RESOLVED FURTHER, as it is hereby resolved to authorize AMV Business Center and to further delegate any one (1) of its authorized representative: <ol style="list-style-type: none"> Cromwell M. Mallen Mary Joy M. Melitante Liza M. Manzo Mae F. Fanergo Carlo Lachica Jerriemie Madamo Alexis M. Vibandor Ricky U. Vibandor <p>by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute, sign and in behalf of the said Corporation all transactions and negotiations with said locale government unit in order to execute and implement the foregoing authority.</p>
	<ul style="list-style-type: none"> RESOLVED, as it hereby resolved to authorize the Corporation to, following full payment of the obligations under the Term Loan facility extended by the Bank of the Philippine Islands (BPI), claim from said Bank the collateral documents delivered to secure the loans including the Owner's Duplicate Copy of TCT No. T-204111 situated in Cegayan de Oro City and the Deed of Release of Real Estate Mortgage and such other related documents of the Corporation. <p>RESOLVED FURTHER, as it is hereby resolved to authorize any one (1) of the following signatories:</p> <ol style="list-style-type: none"> Henry Albert R. Fadullon Ma. Concepcion F. De Claro Vicente Miguel R. Jayme Jonarest Z. Sibog Nel Marie P. Rodriguez <p>To authorize, execute and sign in behalf of the said Corporation documents necessary in order to execute and implement the foregoing authority.</p>
	<ul style="list-style-type: none"> RESOLVED, that the Corporation be, as it is hereby authorized to file its Answer/Explanation, Position Paper, motions, and/or such other pleadings as the Corporation's representative may deem appropriate in the case entitled "Cherwin H. Lim, et al., vs. Phoenix Petroleum Philippines, Inc." that is pending before the Department of Labor and Employment ("DOLE"), National Labor Relations Commission, Regional Arbitration Branch No. X, Cagayan de Oro City docketed as NLRC-CASE No. RAB-IV-05-00664-21-B ("Subject Case"), and to file such action/s before any court, tribunal or agency, intertwined, interconnected or interrelated with the Subject Case; <p>RESOLVED FURTHER, that the Corporation's Manager for Human Resources, MYLEN A. SAMONTE and/or LD & P Law Office or any of the Law Office's authorized counsel representative be as she/he/they is/are hereby authorized to represent the Corporation, to sign and execute, for and in behalf of the Corporation, the verification and certification on non-forum shopping appended to the Answer/Explanation, Position Paper, or other pleadings to be filed before the DOLE with respect to the Subject Case or before any court, tribunal or government agency.</p>

	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. be, as it is hereby authorized and empowered to apply and submit all pertinent documents to Bureau of Customs prior and post arrival of importations, submit and apply reports, requests and necessary permits to Bureau of Internal Revenue and Department of Energy in relation to importation. RESOLVED, as it is hereby resolved, that any of all the foregoing transactions shall be negotiated, concluded, obtained and/or contracted for, by any (one) of the following Company Officers: <table data-bbox="518 414 1332 571"> <thead> <tr> <th>Name</th><th>Position</th></tr> </thead> <tbody> <tr> <td>HENRY ALBERT R. FADULLON</td><td>President</td></tr> <tr> <td>RICHARD C. TIANSAY</td><td>Vice President for Supply Chain Pricing and HSE</td></tr> </tbody> </table> <p>under such terms and conditions and stipulations as the said authorized signatory may deem advisable and desirable in the best interest of the Corporation;</p>	Name	Position	HENRY ALBERT R. FADULLON	President	RICHARD C. TIANSAY	Vice President for Supply Chain Pricing and HSE
Name	Position						
HENRY ALBERT R. FADULLON	President						
RICHARD C. TIANSAY	Vice President for Supply Chain Pricing and HSE						
	<ul style="list-style-type: none"> RESOLVED, as it hereby resolve to authorize the Corporation to represent, execute, sign, receive, claim, and process any and all related documents pertaining to the company's properties situated within Davao Region, including lessor's permit, Certified Copies of Titles, Tax Declarations, Receipts and Clearances and other related documents with the Office of the Registry of Deeds, Assessor's and Treasurer's Office. RESOLVED FURTHER, as it is hereby resolved to authorize JHON DAVE M. RODA and/or TERESITA M. MANZO to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with said locale government unit and other private entities in order to execute and implement the foregoing authority; 						
	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolve to authorize the Corporation to represent, transact, request, receive, claim and process any and all related documents pertaining to the Corporation's properties including certified copies of titles, tax declaration, tax clearances and certified copies of the real property tax receipts and other related documents with Local City Assessor's Offices, Office of the Registry of Deeds, City Treasurer's Offices and/or local government entities. RESOLVED FURTHER, as it is hereby resolved to authorize CERACRUZ PROPERTY MANAGEMENT CORP. and to further delegate any one (1) of its authorized representative: <ol style="list-style-type: none"> JOENELITO B. DACER MARILYN R. DACER MARC KLEIN R. DACER BERNARDO LOUIZE A. MALAGA JR. <p>by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute, sign and in behalf of the said Corporation all transactions and negotiations with said locale government unit in order to execute and implement the foregoing authority;</p> 						
	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolve to authorize its Controller and or Manager to sign all related documents pertaining to the Corporation's properties including sworn declaration, application for tax declaration and other related documents with Local City Assessor's Offices, Office of the Registry of Deeds, City Treasurer's Offices and/or local government entities. RESOLVED FURTHER, as it is hereby resolved that pursuant to the foregoing transaction, the company designates any one (1) of the following officer to be the authorized signatory; <table data-bbox="590 1780 1428 1848"> <tbody> <tr> <td>1. Jonarest Z. Sibog</td><td>VP-Controller</td></tr> <tr> <td>2. Adrian Christian P. Radovan</td><td>Tax & Compliance Manager</td></tr> </tbody> </table> <p>by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute, sign and in behalf of the said Corporation all transactions and negotiations with said locale government unit in order to execute and implement the foregoing authority;</p> 	1. Jonarest Z. Sibog	VP-Controller	2. Adrian Christian P. Radovan	Tax & Compliance Manager		
1. Jonarest Z. Sibog	VP-Controller						
2. Adrian Christian P. Radovan	Tax & Compliance Manager						

	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolve to authorize the Corporation to represent, transact, request, receive, claim and process any and all related documents pertaining to the Corporation's properties including certified copies of titles, tax declaration, tax clearances and certified copies of the real property tax receipts and other related documents with Local City Assessor's Offices, Office of the Registry of Deeds, City Treasurer's Offices and/or local government entities. <p>RESOLVED FURTHER, as it is hereby resolved to authorize ENTIA ACCOUNTING FIRM and to further delegate any one (1) of its authorized representative:</p> <ol style="list-style-type: none"> Emily B. Mendoza Abello M. Cabanes Loraine A. Estremos Rossana A. Manuawan <p>by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute, sign and in behalf of the said Corporation all transactions and negotiations with said locale government unit in order to execute and implement the foregoing authority;</p>				
	<ul style="list-style-type: none"> RESOLVED, That the Corporation be, as it is hereby authorized to file its Answer/Explanation, Position Paper, motions, and/or such other pleadings as the Corporation's representative may deem appropriate in the case entitled '<i>Arniel C. De Vera, Complainant versus Phoenix Petroleum Philippines, Inc., et al., Respondent</i>' that is pending before the Department of Labor and Employment ('DOLE'), National Labor Relations Commission, Regional Arbitration Branch No. X, Cagayan de Oro City docketed as NLRC-CASE No. RAB-10-01-00014-2022 ('Subject Case'), and to file such action/s before any court, tribunal or agency, intertwined, interconnected or interrelated with the Subject Case; <p>RESOLVED FURTHER, That the Corporation's Manager for Human Resources, MYLEN A. SAMONTE and/or LD & P Law Office or any of the Law Office's authorized counsel representative be as she/he/they is/are hereby authorized to represent the Corporation, to sign and execute, for and in behalf of the Corporation, the verification and certification on non-forum-shopping appended to the Answer/Explanation, Position Paper, or other pleadings to be filed before the DOLE with respect to the Subject Case or before any court, tribunal or government agency, initiatory, appellate and special civil actions, in behalf of the Corporation.</p>				
3-Mar-2022	<ul style="list-style-type: none"> RESOLVED, that the Corporation be, as it is hereby, authorized to enter into transaction and/or avail of products or facilities of, or brokered by, through the intermediation of the Depository Banks/BPI, including but not limited to, cash management services, phone/electronic / internet banking facilities, safety deposit boxes, deposit pick-up arrangements, placements and/or purchase of debt papers, negotiable instruments, trust placements and similar transactions as the Corporation may deem reasonable, beneficial and in the furtherance of the interests of the Corporation. <p>RESOLVED, that the Corporation's Authorized Signatories be, as they are hereby authorized to sign, for and in behalf of the Corporation any documents, papers, instruments, instructions, enrollment forms, agreements, or contracts as may be appropriate and/or required for the implementation of the powers/transactions authorized above. The Authorized Signatories are likewise authorized to designate the Corporation's encoder and approver (collectively the "System Administrators") for online banking facilities via a signed enrollment form, or to effect any modification thereof via a signed letter of instruction applicable to the Bank.</p>				
	<ul style="list-style-type: none"> RESOLVED, that Phoenix be, as it hereby is, authorized to participate in the Procurement of Fuel, Lubricants and Oil for Philrice Midsayap (RCEF) for the year 2022 under PB MES 22-02-03 that if awarded the tender shall enter into a contract with the PhilRice, Midsayap Experiment Station, Bual Norte, Midsayap, Cotabato; and in connection therewith hereby appoint <u>any one (1)</u> of the following officers of the company; <table> <thead> <tr> <th>Name</th><th>Designation</th></tr> </thead> <tbody> <tr> <td>HENRY ALBERT R. FADULLON</td><td>Chief Operating Officer</td></tr> </tbody> </table>	Name	Designation	HENRY ALBERT R. FADULLON	Chief Operating Officer
Name	Designation				
HENRY ALBERT R. FADULLON	Chief Operating Officer				

	<p>ROY O. JIMENEZ RICHARD C. TIANSAY</p> <p>Vice President of Commercial Business Vice President for Supply Chain, Pricing and HSE</p> <p>acting as duly authorized and designated representatives of Phoenix are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent Phoenix in the bidding as fully and effectively as the Phoenix might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof.</p>		
	<ul style="list-style-type: none"> RESOLVED, as it hereby resolve to authorize the Corporation to transact, process and claim for and in behalf of the corporation with the (1) Bureau of Internal Revenue (BIR) the Certificate of Authorizing Registration (CAR) and Tax Clearance Certificate, including the transfer of Title over TCT No. T-12855 situated in Tambler, City of Gen. Santos pursuant to Deed of Sale executed by and between Dominico Congson and Phoenix Petroleum Philippines, Inc.; (2) City Assessor's and/or Treasurer's Office for the property tax clearances and certificates; and (3) Office of the Registry of Deeds (ROD) of General Santos City for the transfer of the previous title to the new owner's name; RESOLVED FURTHER, as it is hereby resolved to authorize AIZA T. TEJA and/or JOHN EMMANUEL R. DIOSANA, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with said locale government unit and other private entities in order to execute and implement the foregoing authority; 		
	<ul style="list-style-type: none"> RESOLVED, that Corporation be authorized and empowered to negotiate and obtain with the Land Bank of the Philippines ("Bank") the renewal and/or increase and/or amendment of its Php 2.50 billion Short Term Credit Line, Php 4.0 billion OA/DA/DP/LC/TR Line, USD 30.00 million Standby LC Line, and existing 7-year billion term loan with original principal of Php 5.00 billion, as well as any subsequent amendments or additional credit accommodations thereof which may be duly approved by the Bank; RESOLVED FURTHER, that the Corporation is authorized to negotiate for the renewal and/or reinstatement, without change, of its Domestic Bills Purchase Line (DBPL); 		
	<ul style="list-style-type: none"> RESOLVED, That the Corporation be, as it is hereby, authorized and empowered to enter into an Assignment Agreement with BDO Unibank, Inc. (the "Bank") and PNx – Chelsea Shipping Corp. for the assignment by the Bank to the Corporation of all its rights as Lender under the Omnibus Loan and Security Agreement executed on March 24, 2020 between BDO Unibank, Inc. and PNx Chelsea Shipping Corp., as well as the First Amendment Agreement, the Second Amendment Agreement, Promissory Note No. 800060201452, and all other related loan documents; RESOLVED FURTHER, that HENRY ALBERT R. FADULLON, MA. CONCEPCION F. DE CLARO, and ALAN RAYMOND T. ZORRILLA be, as they are hereby, authorized and empowered to agree on all the terms and conditions of the Assignment Agreement on behalf of the Corporation as they may deem to be in the best interest of the Corporation, as well as that any two (2) of the authorized officers may sign, execute, conclude, deliver the Assignment Agreement as well as any and all other documents and acts which may be necessary or appropriate to give effect to the foregoing Resolutions including the authority to delegate authorized personnel to claim the necessary documents from the Bank with regards to the Assignment Agreement; 		
03-Apr-2022	<ul style="list-style-type: none"> RESOLVED, that Phoenix be, as it hereby is, authorized to participate in the 22GMD0007 - Procurement of Fuel for use in Maintenance Section (2nd Quarter of 2022) that if awarded the tender shall enter into a contract with the DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS - NORTH COTABATO 1ST; and in connection therewith hereby appoint <u>any one (1)</u> of the following officers of the company; <table> <tr> <td>Name</td><td>Designation</td></tr> </table>	Name	Designation
Name	Designation		

	<p>HENRY ALBERT R. FADULLON Chief Operating Officer ROY O. JIMENEZ Vice President of Commercial Business RICHARD C. TIANSAY Vice President for Supply Chain, Pricing and HSE</p> <p>acting as duly authorized and designated representatives of Phoenix are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent Phoenix in the bidding as fully and effectively as the Phoenix might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof.</p>								
	<ul style="list-style-type: none"> RESOLVED, as it hereby resolved to authorize the Corporation to submit bid and proposals with the 22GMD0007 - Procurement of Fuel for use in Maintenance Section (2nd Quarter of 2022) and perform related transactions such as: to send/receive documents, sign documents, follow up and collect all payments and issue corresponding official receipts; RESOLVED FURTHER, as it is hereby resolved to authorize any one (1) of the following: <p style="text-align: center;">John Philip N. Cabanero Maria Teresa Aileen L. Cagang Enedina G. Cacabelos</p> <p>by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the said local/regional government offices in order to execute and implement the foregoing authority.</p> 								
	<ul style="list-style-type: none"> RESOLVED, that Phoenix be, as it hereby is, authorized to participate in the 22GMD00009 - Procurement of Fuel and Lubricant for Use in Quality Assurance Section, Information and Communication Technology and Construction Section (2nd Quarter of 2022) that if awarded the tender shall enter into a contract with the DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS - NORTH COTABATO 1ST; and in connection therewith hereby appoint <u>any one (1)</u> of the following officers of the company: <table> <tr> <th>Name</th><th>Designation</th></tr> <tr> <td>HENRY ALBERT R. FADULLON</td><td>Chief Operating Officer</td></tr> <tr> <td>ROY O. JIMENEZ</td><td>Vice President of Commercial Business</td></tr> <tr> <td>RICHARD C. TIANSAY</td><td>Vice President for Supply Chain, Pricing and HSE</td></tr> </table> <p>acting as duly authorized and designated representatives of Phoenix are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent Phoenix in the bidding as fully and effectively as the Phoenix might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof.</p> 	Name	Designation	HENRY ALBERT R. FADULLON	Chief Operating Officer	ROY O. JIMENEZ	Vice President of Commercial Business	RICHARD C. TIANSAY	Vice President for Supply Chain, Pricing and HSE
Name	Designation								
HENRY ALBERT R. FADULLON	Chief Operating Officer								
ROY O. JIMENEZ	Vice President of Commercial Business								
RICHARD C. TIANSAY	Vice President for Supply Chain, Pricing and HSE								
	<ul style="list-style-type: none"> RESOLVED, as it hereby resolved to authorize the Corporation to submit bid and proposals with the 22GMD00009 - Procurement of Fuel and Lubricant for Use in Quality Assurance Section, Information and Communication Technology and Construction Section (2nd Quarter of 2022) and perform related transactions such as: to send/receive documents, sign documents, follow up and collect all payments and issue corresponding official receipts; RESOLVED FURTHER, as it is hereby resolved to authorize any one (1) of the following: <p style="text-align: center;">John Philip N. Cabanero Maria Teresa Aileen L. Cagang Enedina G. Cacabelos</p> <p>by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the said local/regional government offices in order to execute and implement the foregoing authority.</p> 								

<p>04-Apr-2022</p>	<ul style="list-style-type: none"> RESOLVED, that the Corporation be authorized, as authority is hereby given, to apply for the use and full availment of the services of ASIA UNITED BANK's Online Banking Facility and all its related modules and/or functions, to include but not limited to account balance viewing, fund transfers, bills payment, payroll, electronic statement of account (e-SOA) with check viewing and checkbook TO AUTHORIZE the following officers and/or directors of the Corporation, grouped respectively... to enter into the above specified arrangements with the Bank under such terms and conditions as the said individuals may deem necessary and to accordingly execute, sign, deliver and/or perform any and all contracts, instruments, documents or writings with or to the Bank that may be necessary for the implementation of the foregoing transactions. <ul style="list-style-type: none"> RESOLVED, as it hereby resolve to authorize the Corporation to submit bid and proposals with the 22GMD0007 - Procurement of Fuel for use in Maintenance Section (2nd Quarter of 2022) and perform related transactions such as: to send/receive documents, sign documents, follow up and collect all payments and issue corresponding official receipts; RESOLVED, as it hereby resolve to authorize the Corporation to submit bid and proposals with the 22GMD0009 - Procurement of Fuel and Lubricant for Use in Quality Assurance Section, Information and Communication Technology and Construction Section (2nd Quarter of 2022) and perform related transactions such as: to send/receive documents, sign documents, follow up and collect all payments and issue corresponding official receipts; RESOLVED FURTHER, as it is hereby resolved to authorize any one (1) of the following: <div style="text-align: center;"> John Philip N. Cabanero Maria Teresa Aileen L. Cagang Enedina G. Cacabelos </div> by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the said local/regional government offices in order to execute and implement the Foregoing authority; <ul style="list-style-type: none"> RESOLVED, that Phoenix be, as it hereby is, authorized to participate in the <i>22GMD0007 -Procurement of Fuel for use in Maintenance Section (2nd Quarter of 2022)</i> that if awarded the tender shall enter into a contract with the DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS - NORTH COTABATO 1ST; and in connection therewith hereby appoint <u>any one (1)</u> of the following officers of the company: RESOLVED, that Phoenix be, as it hereby is, authorized to participate in the <i>22GMD0009 - Procurement of Fuel and Lubricant for Use in Quality Assurance Section, Information and Communication Technology and Construction Section (2nd Quarter of 2022)</i> that if awarded the tender shall enter into a contract with the DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS - NORTH COTABATO 1ST; and in connection therewith hereby appoint <u>any one (1)</u> of the following officers of the company <table> <tr> <th>Name</th><th>Designation</th></tr> <tr> <td>HENRY ALBERT R. FADULLON</td><td>President</td></tr> <tr> <td>ROY O. JIMENEZ</td><td>Vice President of Commercial Business</td></tr> <tr> <td>RICHARD C. TIANSAY</td><td>Gen. Manager for Pricing and Demand and Supply</td></tr> </table> acting as duly authorized and designated representatives of Phoenix are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent Phoenix in the bidding as fully and effectively as the Phoenix might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof; 	Name	Designation	HENRY ALBERT R. FADULLON	President	ROY O. JIMENEZ	Vice President of Commercial Business	RICHARD C. TIANSAY	Gen. Manager for Pricing and Demand and Supply
Name	Designation								
HENRY ALBERT R. FADULLON	President								
ROY O. JIMENEZ	Vice President of Commercial Business								
RICHARD C. TIANSAY	Gen. Manager for Pricing and Demand and Supply								

04-May-2022	<ul style="list-style-type: none">RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. as it is hereby authorized and empowered to apply for an Income Tax Holiday Entitlement with the Board of Investment (BOI) for the year 2021; RESOLVED as it is hereby resolved that pursuant to the foregoing transaction, the company designates its VP Controller to be authorized signatory; The specimen signature of the authorized signatory is as follows: Name of Officer JONAREST Z. SIBOG RESOLVED, FURTHER, that the signature from the above-indicated signatory shall be authorized to enter into the above-specified arrangements under such terms and conditions as the said individuals may deem necessary and the same shall constitute a valid transaction and to accordingly execute, sign, deliver and/or writings that may be necessary for the implementation of the foregoing transaction;				
	<ul style="list-style-type: none">RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. be, as it is hereby authorized and empowered to issue and Certifications confirming Compliance with Rule II, Section 7 of the Department of Energy, pertaining to the national standard of facility design and operation of the constructions of Phoenix Retail Gas Stations nationwide; RESOLVED, as it is hereby resolved, that the company shall further apply for an issuance of Certificate of Compliance with the Department of Energy (DOE) relative to the constructions of Phoenix Retail Gas Stations; RESOLVED, as it is hereby resolved, that any of all the foregoing transactions shall be negotiated, concluded, obtained and/or contracted for, by any one (1) of the following Company Officers: <table><tr><td>Name</td><td>Position</td></tr><tr><td>ARISTON M. CURAYAG, JR.</td><td>Engineering Manager</td></tr></table> under such terms and conditions and stipulations as the said authorized signatory may deem advisable and desirable in the best interest of the Corporation;RESOLVED, as it is hereby resolve to authorize the Corporation to represent, transact, request, receive, claim and process any and all related documents pertaining to the Corporation's books of accounts, Computerized Accounting System and Electronic Invoicing/Receipting System with Bureau of Internal Revenue. RESOLVED FURTHER, as it is hereby resolved to authorize MA. CONCEPCION F. DE CLARO and/or JONAREST Z. SIBOG and to further delegate ADRIAN CHRISTIAN P. RADOVAN as authorized representative; and by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute, sign and in behalf of the said Corporation all transactions and negotiations with Bureau of Internal Revenue in order to execute and implement the foregoing authority;RESOLVED, as it is hereby resolved, that the Corporation, through its Representative/s identified hereunder, shall be authorized to transact with Land Bank of The Philippines, including its trust department, and/ or any of its branches, subsidiaries, or affiliates [collectively "LBP"] to obtain loan facilities and other credit accommodations, as well as their products and services; RESOLVED, FURTHER, as it is hereby resolved, that in this regard, the Corporation shall be authorized to do the following:<ul style="list-style-type: none">a) <u>MORTGAGE, PLEDGE, ASSIGN CORPORATION PROPERTY.</u> To mortgage, pledge, assign or otherwise encumber properties and/or rights of the Corporation, whether real or personal, as collaterals for credit accommodations extended by LBP.b) <u>APPOINT AND CONSTITUTE ATTORNEY-IN-FACT.</u> To appoint and constitute LBP as its attorney-in-fact, with full powers of substitution, to register the lease, sale, mortgage, pledge, assignment and/or encumbrance as well as cancellation thereof with any and all appropriate government offices / agencies."RESOLVED. FURTHER. to authorize and empower ANY TWO (2) the following officers to	Name	Position	ARISTON M. CURAYAG, JR.	Engineering Manager
Name	Position				
ARISTON M. CURAYAG, JR.	Engineering Manager				

	<p>sign, execute, deliver any and/or all documents necessary and incidental to the implementation of the foregoing authorities and powers including the power to delegate the initialing of each and every page of the Agreement for and in behalf of the Corporation:</p> <p>1. President Henry Albert R. Fadullon 2. Chief Finance Officer Ma. Concepcion F. de Claro 3. Senior Vice President Alan Raymond T. Zorrilla</p>																																																								
	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that the Corporation be, as it is hereby authorized and empowered to apply, transact, claim and demand for refund the following company's accounts with the Davao Light and Power Company (DLPC): <table border="1"> <thead> <tr> <th>Account ID</th><th>Address</th></tr> </thead> <tbody> <tr><td>0177412222</td><td>DAVAO-BUKIDNON HIGHWAY, CALINAN, D.C., CALINAN PROPER</td></tr> <tr><td>0701766390</td><td>PHOENIX BULK DEPOT, LANANG</td></tr> <tr><td>0717872248</td><td>PANORAMA, BUHANGIN, Davao City, 8000, BUHANGIN PROPER</td></tr> <tr><td>0885802086</td><td>YENGCO, DIVERSION RD, CABANTIAN</td></tr> <tr><td>1181372955</td><td>DIVERSION ROAD, TIERA VERDE, SASA</td></tr> <tr><td>1563121111</td><td>F TORRES ST BSIDE ROADSIDE EATERY, DOWNTOWN STREETS</td></tr> <tr><td>2310031111</td><td>NEAR CALTEX GAS STATION, FEEDER ROAD 2, Sto. Tomas, 8112</td></tr> <tr><td>2422498427</td><td>R. CASTILLO ST., AGDAO, GOV. V. DUTERTE, Davao City, 8000,</td></tr> <tr><td>2992403770</td><td>SAAVEDRA, TORIL, Davao City, 8000, TORIL POBLACIO</td></tr> <tr><td>3217071959</td><td>MATINA, MATINA CROSSING, Davao City, 8000, MATINA CROSSING</td></tr> <tr><td>4567691811</td><td>MALAGOS ROAD COR. A QUEZON ST., CALINAN PROPER</td></tr> <tr><td>5451621111</td><td>FRONT OF SASA BARANGAY HALL, NATIONAL HIGHWAY, SASA</td></tr> <tr><td>5563331111</td><td>BRGY 4-A PONCIANO ST, Davao City, 8000, 34-D</td></tr> <tr><td>5877000000</td><td>BESIDE RJS CONSTRUCTION CMPD., NATIONAL HIGHWAY, TIBUNGCO, Davao City, 8000, TIBUNGCO</td></tr> <tr><td>6533212222</td><td>ALONG CATALUNAN GRANDE ROAD, NEAR MONTE MARIA VILL., CATALUNA</td></tr> <tr><td>6601057587</td><td>DACUDAO AVENUE, BRGY. 19-B, NEAR DLPC RONDEZ, Davao City, 8000,</td></tr> <tr><td>6856011111</td><td>CABANTIAN RD INFRNT OF DECA HOMES SUBD, CABANTIAN,</td></tr> <tr><td>7004283998</td><td>PHOENIX FUELS LIFE FILLING STATION, MATINA CROSSING, Davao City, 8000, MATINA CROSSING</td></tr> <tr><td>7096422222</td><td>JP. LAUREL AVENUE, BAJADA, DOWNTOWN STREET</td></tr> <tr><td>7543285265</td><td>INFT. GUADALUPE VILL. LANANG, Davao City, 8000, R. CASTILLO</td></tr> <tr><td>8757212222</td><td>BACACA ROAD, D.C., BACACA</td></tr> <tr><td>9212322222</td><td>UYANGUREN CORNER GUERRERO, Davao City, 8000, 28-C,</td></tr> <tr><td>9535344719</td><td>TANCONTIAN ST. CORNER CABAGUIO, Davao City, 8000, AGDAO PROPER</td></tr> <tr><td>9648257874</td><td>STO NINO, MINTAL, TUGBOK, Davao City, 8000, MINTAL</td></tr> <tr><td>9979412222</td><td>CORNER MAGSAYSAY ST., DOWNTOWN STREETS, Davao City, 8000, 32-D</td></tr> <tr><td>4915254050</td><td>PHOENIX BULK DEPOT, PAMPANGA, Davao City, 8000, PAMPANGA</td></tr> <tr><td>5773541964</td><td>BARRIO PAMPANGA, LANANG, Davao City, 8000, ANGLIONGTO,</td></tr> </tbody> </table> <ul style="list-style-type: none"> RESOLVED, FURTHER, as it is hereby resolved, to authorize its <i>Accounting Assistant Manager</i>, JP JACLYN S. LUMONTOD, or any of the latter's representative whom he/she might delegate to enter, transact, negotiation with said DLPC and therefore sign, execute, deliver and/or perform any or all contracts, instruments, documents or writings with DLPC that may be necessary to implement the foregoing powers, authority, act and deed." 	Account ID	Address	0177412222	DAVAO-BUKIDNON HIGHWAY, CALINAN, D.C., CALINAN PROPER	0701766390	PHOENIX BULK DEPOT, LANANG	0717872248	PANORAMA, BUHANGIN, Davao City, 8000, BUHANGIN PROPER	0885802086	YENGCO, DIVERSION RD, CABANTIAN	1181372955	DIVERSION ROAD, TIERA VERDE, SASA	1563121111	F TORRES ST BSIDE ROADSIDE EATERY, DOWNTOWN STREETS	2310031111	NEAR CALTEX GAS STATION, FEEDER ROAD 2, Sto. Tomas, 8112	2422498427	R. CASTILLO ST., AGDAO, GOV. V. DUTERTE, Davao City, 8000,	2992403770	SAAVEDRA, TORIL, Davao City, 8000, TORIL POBLACIO	3217071959	MATINA, MATINA CROSSING, Davao City, 8000, MATINA CROSSING	4567691811	MALAGOS ROAD COR. A QUEZON ST., CALINAN PROPER	5451621111	FRONT OF SASA BARANGAY HALL, NATIONAL HIGHWAY, SASA	5563331111	BRGY 4-A PONCIANO ST, Davao City, 8000, 34-D	5877000000	BESIDE RJS CONSTRUCTION CMPD., NATIONAL HIGHWAY, TIBUNGCO, Davao City, 8000, TIBUNGCO	6533212222	ALONG CATALUNAN GRANDE ROAD, NEAR MONTE MARIA VILL., CATALUNA	6601057587	DACUDAO AVENUE, BRGY. 19-B, NEAR DLPC RONDEZ, Davao City, 8000,	6856011111	CABANTIAN RD INFRNT OF DECA HOMES SUBD, CABANTIAN,	7004283998	PHOENIX FUELS LIFE FILLING STATION, MATINA CROSSING, Davao City, 8000, MATINA CROSSING	7096422222	JP. LAUREL AVENUE, BAJADA, DOWNTOWN STREET	7543285265	INFT. GUADALUPE VILL. LANANG, Davao City, 8000, R. CASTILLO	8757212222	BACACA ROAD, D.C., BACACA	9212322222	UYANGUREN CORNER GUERRERO, Davao City, 8000, 28-C,	9535344719	TANCONTIAN ST. CORNER CABAGUIO, Davao City, 8000, AGDAO PROPER	9648257874	STO NINO, MINTAL, TUGBOK, Davao City, 8000, MINTAL	9979412222	CORNER MAGSAYSAY ST., DOWNTOWN STREETS, Davao City, 8000, 32-D	4915254050	PHOENIX BULK DEPOT, PAMPANGA, Davao City, 8000, PAMPANGA	5773541964	BARRIO PAMPANGA, LANANG, Davao City, 8000, ANGLIONGTO,
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	<ul style="list-style-type: none"> RESOLVED, that the Board of Directors of P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC., (the 'Corporation') authorize and empower, as it hereby authorizes and empowers, the Corporation to file its Answer/Explanation, Position Paper, motions, and/or such other pleadings as the Corporation's representative may deem appropriate in the case entitled "Sps. James G. Go and Nicole Marie L. Cimafranca, Plaintiff vs. Estates of Pacifico and Guadalupe Espina and/or Heirs of Pacifico and Guadalupe Espina and/or Carmel Regner Espina and Roel Joshua Espina, as representatives of the Estates of Pacifico and Guadalupe Espina and/or Heirs of Pacifico and Guadalupe Espina and Administrator of Lot 2353 situated in Pusok, Lapu-Lapu City and Phoenix Petroleum Philippines, Inc., Defendants" in Civil Case No. R-LLP-18-00251-CV for Permanent Easement of Right of Way with Application for Preliminary Prohibitory/Mandatory Injunction and/or Temporary Easement pending before RTC, Branch 54 of Lapu-Lapu City, Cebu. and to file such action/s before any court, tribunal or agency, intertwined, interconnected or interrelated with the Subject Case; RESOLVED FURTHER, That the Corporation's Network Delivery Manager, FIDEL VALENTINO D. ALOBA and/or ATTY. INOCENCIO A. DE LA CERNA, JR. and/or DE LA CERNA & ASSOCIATES LAW OFFICES any of the Law Office's authorized counsel representative be as she/he/they is/are hereby authorized to represent the Corporation, to sign and execute, for and in behalf of the Corporation, the verification and certification on non-forum-shopping appended to the Answer/Explanation, Position Paper, or other pleadings to be filed before the DOLE with respect to the Subject Case or before any court, tribunal or government agency, initiatory, appellate and special civil actions, in behalf of the Corporation, and to further perform the following acts and things: 							
03 –Jun-2022	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolve to authorize the Corporation to apply, transact, and process light and power connections including water connections and other permits necessary with any private and government entities for the business operation of Phoenix Stations within the area of Davao Region; RESOLVED FURTHER, as it is hereby resolved to authorize any one (1) from the company's sales team, SAMUEL C. GAMUTAN, JR., MILJUN S. MANUEL, SARAH MAE B. TALIDONG, JAQUELINE JANE M. SALAZAR and EZER MARIN to do the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with locale government unit/s and other private entities in order to execute and implement the foregoing authority; 							
	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. be, as it is hereby authorized and empowered to apply and submit all pertinent documents to Bureau of Customs prior and post arrival of importations, sign import entry declarations, submit and apply reports, requests and necessary permits to Bureau of Internal Revenue and Department of Energy in relation to importation. RESOLVED, as it is hereby resolved, that any of all the foregoing transactions shall be negotiated, concluded, obtained and/or contracted for, by any (one) of the following Company Officers: <table> <tr> <th>Name</th><th>Position</th></tr> <tr> <td>HENRY ALBERT R. FADULLON</td><td>President</td></tr> <tr> <td>RICHARD C. TIANSAY</td><td>Vice President for Supply</td></tr> <tr> <td>JOHANNES C. VICENTE</td><td>Supply Manager</td></tr> </table> under such terms and conditions and stipulations as the said authorized signatory may deem advisable and desirable in the best interest of the Corporation; RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation ratifies to get playing rights lease of THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC., and authorizes its Shareholder representative ERICSON S. INOCENCIO to sign, execute, acknowledged and deliver all papers, documents, instruments and effect of whatsoever kind or nature which are necessary in order to carry out and adopt the purpose and intention of this resolution; RESOLVED, FURTHER, that MR. INOCENCIO, be hereby designated as the company's authorized playing representative; RESOLVED, that the "Corporation" has the ultimate liability for whatever outstanding 	Name	Position	HENRY ALBERT R. FADULLON	President	RICHARD C. TIANSAY	Vice President for Supply	JOHANNES C. VICENTE
Name	Position							
HENRY ALBERT R. FADULLON	President							
RICHARD C. TIANSAY	Vice President for Supply							
JOHANNES C. VICENTE	Supply Manager							

	<p>balance the nominee may incur;</p> <p>RESOLVED FINALLY, that THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC., be furnished a copy of this resolution for its information and guidance.</p>								
	<ul style="list-style-type: none"> RESOLVED, that the CORPORATION is authorized to transact with any of the Branches of METROPOLITAN BANK & TRUST COMPANY ("METROBANK") for the availment of banking products and services; <p>RESOLVED, that in this regard, the CORPORATION shall be authorized to do the following:</p> <p><u>OPEN AND MAINTAIN DEPOSITORY ACCOUNTS.</u>(i) To open, manage, and close deposit, trust, or such other accounts in Philippine Peso and/or foreign currency ("Accounts") with METROBANK, and through its Authorized Signatories, (ii) to accept, endorse, and negotiate all checks, notes, drafts, bills of exchange, fund transfers, withdrawal slips, application forms, and to effect any instructions relating to the operation of the Accounts, including but not limited to request for certifications or bank statements;</p> <p><u>AVAIL OF ELECTRONIC BANKING SERVICES.</u>(i) To enroll the Accounts in METROBANK's corporate internet banking and/or other electronic banking and delivery channels ("Electronic Banking") and to avail of products and services offered through such Electronic Banking; and (ii) to appoint/designate the System Administrator for its Electronic Banking. The CORPORATION acknowledges and agrees that the designated System Administrator for Electronic Banking is authorized on behalf of the CORPORATION, with full power of substitution, to enroll/dis-enroll Accounts, appoint/revoke user, avail of products and services, assign and manage transaction limits, and perform such other acts for the operation, maintenance, use, and management of the CORPORATION's profile in said Electronic Banking.</p> <p><u>AVAIL OF OTHER BANK PRODUCTS, SERVICES, AND BUSINESS SOLUTIONS.</u> To avail of any other bank product, various cash management services, or business solutions offered by METROBANK, such as but not limited to, payroll, deposit pick up, collection and payment management, check writing, check warehousing, and all other related services and facilities.</p>								
16-Jun-2022	<ul style="list-style-type: none"> RESOLVED, that P-H-O-E-N-I-X be, as it hereby is, authorized to participate in the Procurement of Diesel and Gasoline under P.R Nos. 0253-2022 (Office of the City Administrator) and 0258-2022 (5% City Disaster Risk Reduction and Management Fund)-1 Lot. that if awarded the tender shall enter into a contract with the Butuan City Government; and in connection therewith hereby appoint <u>any one (1)</u> of the following officers of the company: <table> <tr> <th>Name</th><th>Designation</th></tr> <tr> <td>HERBERT G. DOMINGO</td><td>Lead - North Mindanao, Key Accounts</td></tr> <tr> <td>PERCIVAL D. ROQUE</td><td>Commercial and Industrial Sales</td></tr> <tr> <td>DENVER C. BIRCHES</td><td>Senior Commercial Account Manager</td></tr> </table> <p>acting as duly authorized and designated representatives of Phoenix are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent P-H-O-E-N-I-X in the bidding as fully and effectively as the P-H-O-E-N-I-X might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof;</p>	Name	Designation	HERBERT G. DOMINGO	Lead - North Mindanao, Key Accounts	PERCIVAL D. ROQUE	Commercial and Industrial Sales	DENVER C. BIRCHES	Senior Commercial Account Manager
Name	Designation								
HERBERT G. DOMINGO	Lead - North Mindanao, Key Accounts								
PERCIVAL D. ROQUE	Commercial and Industrial Sales								
DENVER C. BIRCHES	Senior Commercial Account Manager								

<p>04-Jul-2022</p>	<ul style="list-style-type: none"> RESOLVED, that P-H-O-E-N-I-X be, as it hereby is, authorized to participate in the Procurement of One (1) Lot Supply of Diesel and Unleaded Gasoline with Fleet Management System (PR No. 22-06-00379) that if awarded the tender shall enter into a contract with the City Government of Cebu; and in connection therewith hereby appoint <u>any one (1)</u> of the following officers of the company: <table border="0"> <thead> <tr> <th>Name</th><th>Designation</th></tr> </thead> <tbody> <tr> <td>HENRY ALBERT R. FADULLON</td><td>President and CEO</td></tr> <tr> <td>ROY O. JIMENEZ</td><td>Vice President of Commercial Business</td></tr> <tr> <td>RICHARD C. TIANSAY</td><td>Vice President for Supply Chain</td></tr> </tbody> </table> <p>acting as duly authorized and designated representatives of P-H-O-E-N-I-X are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent P-H-O-E-N-I-X in the bidding as fully and effectively as the P-H-O-E-N-I-X might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof;</p> RESOLVED, as it is hereby resolved, that Phoenix Petroleum Philippines, Inc. (the "Corporation") it is hereby authorized, to open and maintain time deposit/s, savings accounts, checking account, special savings deposit account/s or other deposit and investment accounts in Peso and Foreign Currency with ING Bank NV: <p>RESOLVED further, as it is hereby resolved, that the Corporation be authorized to enter into foreign exchange spot and derivatives transactions with aforementioned banks. Derivatives transactions include, but are not limited to financial and investment products, funding mechanisms, option contracts, deliverable forward contracts, non-deliverable forward contracts, foreign exchange swaps, interest rate swaps, cross-currency swaps or any combination of these transactions;</p> <p>RESOLVED further, as it is hereby resolved, that the Corporation be authorized as it is hereby authorized to maintain market placement/s, including without limitation, T-Bills, ROP's, Time Deposit/s and Fixed-Income Instruments denominated in PHP or any other foreign currency (such as but not limited to sovereign and corporate bonds), with aforementioned Banks;</p> <p>RESOLVED further, that the Corporation be authorized, as it is hereby resolved, to open and maintain a trust account, investment management agency account, Unit Investment Trust Fund (UITF) accounts or other accounts with aforementioned Banks;</p> RESOLVED, as it hereby resolve to authorize the Corporation to submit bid and proposals with the Procurement of One (1) Lot Supply of Diesel and Unleaded Gasoline with Fleet Management System (PR No. 22-06-00379) and perform related transactions such as: to send/receive documents, sign documents, follow up and collect all payments and issue corresponding official receipts; <p>RESOLVED FURTHER, as it is hereby resolved to authorize any one (1) of the ff:</p> <p>GEOFFREY A. VINALON GIKKO O. YBANEZ DENVER C. BIRCHES RONALD V. REYES ALAN TAPUNGOT</p> <p>by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the said local/regional government offices in order to execute and implement the foregoing authority;</p> 	Name	Designation	HENRY ALBERT R. FADULLON	President and CEO	ROY O. JIMENEZ	Vice President of Commercial Business	RICHARD C. TIANSAY	Vice President for Supply Chain
Name	Designation								
HENRY ALBERT R. FADULLON	President and CEO								
ROY O. JIMENEZ	Vice President of Commercial Business								
RICHARD C. TIANSAY	Vice President for Supply Chain								

	<ul style="list-style-type: none"> RESOLVED, that the Corporation be, as it is hereby, authorized and empowered to apply, file and process for excise tax refund/claim from the Bureau of Customs (BOC) and the Bureau of Internal Revenue (BIR) relative to the transaction between Phoenix Petroleum Philippines, Inc. and international vessels through Offshore Bunkers (HK) Ltd.; RESOLVED, FINALLY, to authorize and empower Mangrove Bestow Consulting and Trading, OPC and its authorized representative, JOSUE C. BANEZ, JR., to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with said government unit and other private entities in order to execute and implement the foregoing authority. <ul style="list-style-type: none"> RESOLVED, That the Corporation be, as it is hereby authorized to file Complaint, Position Paper, motions, and/or such other pleadings as the Corporation's representative may deem appropriate in the case to be filed against CARLO ANGELO M. HOLLANES before the Office of the City Prosecutor of Cagayan de Oro City for ""falsification by private individuals and use of falsified documents" defined and punished under Article 172 in relation to Article 171 (2) and (4) of the Revised Penal Code and to file such action/s before any court, tribunal or agency, intertwined, interconnected or interrelated with the Subject Case; <p style="padding-left: 40px;">RESOLVED FURTHER, That the Corporation's Senior Commercial Account Manager DENVER CARPIO BIRCHES, be as he is hereby authorized to represent the Corporation, to sign and execute, for and in behalf of the Corporation, the verification and certification on non-forum-shopping appended to the Complaint/Explanation, Position Paper, or other pleadings to be filed before the Office of the City Prosecutor with respect to the Subject Case or before any court, tribunal or government agency, initiatory, appellate and special civil actions, in behalf of the Corporation, and to further perform the following acts and things:</p> <ol style="list-style-type: none"> To institute any actions, file motions and/or pleadings initiatory, appellate and special criminal or civil actions, in any courts, tribunal or administrative bodies in connection with the subject matter and/or issues raised in the above-mentioned case; x x x " 							
04-Aug-2022	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. (the "Corporation") as it is hereby authorized and empowered to apply and register for an appointment of its Data Privacy Officer (DPO) with the National Privacy Commission (NPC) and its website; <p style="padding-left: 40px;">RESOLVED, FURTHER, That the Corporation's Data Privacy Officer, ROLAND JABONETE VILLAVIEJA, be hereby authorized and empowered to the above powers and thereby to execute, sign and deliver from time to time in behalf of the said Corporation all documents, instruments or any other related processes pertaining to the implementation of the foregoing authority."</p>							
	<ul style="list-style-type: none"> RESOLVED, that P-H-O-E-N-I-X be, as it hereby is, authorized to participate in the Procurement of Diesel and Gasoline under P.R Nos. 0253-2022 (Office of the City Administrator) and 0258-2022 (5% City Disaster Risk Reduction and Management Fund)-1 Lot. that if awarded the tender shall enter into a contract with the Butuan City Government; and in connection therewith hereby appoint <u>any one (1)</u> of the following officers of the company: <table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: center;">Name</th><th style="text-align: center;">Designation</th></tr> </thead> <tbody> <tr> <td>HENRY ALBERT R. FADULLON</td><td>Chief Operating Officer</td></tr> <tr> <td>ROY O. JIMENEZ</td><td>Vice President of Commercial Business</td></tr> <tr> <td>RICHARD C. TIANSAY</td><td>Gen. Manager for Pricing and Demand and Supply</td></tr> </tbody> </table>	Name	Designation	HENRY ALBERT R. FADULLON	Chief Operating Officer	ROY O. JIMENEZ	Vice President of Commercial Business	RICHARD C. TIANSAY
Name	Designation							
HENRY ALBERT R. FADULLON	Chief Operating Officer							
ROY O. JIMENEZ	Vice President of Commercial Business							
RICHARD C. TIANSAY	Gen. Manager for Pricing and Demand and Supply							

	<p>acting as duly authorized and designated representatives of Phoenix are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent P-H-O-E-N-I-X in the bidding as fully and effectively as the P-H-O-E-N-I-X might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof;</p>
12-Aug-2022	<ul style="list-style-type: none"> RESOLVED, that RIZAL COMMERCIAL BANKING CORPORATION (the "Bank") and /or any of its branches, be as it hereby is designated as the depository of the moneys and funds of this Corporation and that each of the officers, agents and employees of this Corporation is hereby authorized to open, manage, maintain and deposit any of the Corporation's funds in said Bank, and said Bank is hereby authorized to pay, encash or otherwise honor and charge to this Corporation, without inquiry as to whether the same be drawn or required for the Corporation's business or benefit, any and all checks, notes, drafts, bills of exchange, acceptances, orders or other instruments for the payment of money or other withdrawal of funds, including those which may cause an overdraft, when assigned, made, drawn, accepted or endorsed on behalf of or in the name of this Corporation by its designated Officers and/or Directors: <p>RESOLVED FURTHER that the designated Officers and/or Director are granted the following authorities, with them signing thereon, to maintain, operate and manage in the name of the Corporation the such account/s as may be deemed necessary (Depository Account/s) with the Bank, and to:</p> <ol style="list-style-type: none"> Deposit to and withdraw or make fund transfers from the Depository Account/s, in whatever form and manner, and in such amount as the above officers may deem appropriate or necessary; Receive, accept, endorse and negotiate all checks, drafts, or orders of payment payable to the Corporation or its order that may require the Corporation's endorsement; Enroll and use the Corporation's Depository Account/s with the Bank to serve as debit account/s to fund the needs/requirements of its subsidiaries and/or affiliates, subject to existing policies of the Bank thereon; and Close the Depository Account/s and ask, demand, sue for, collect, and receive the proceeds of the Depository Account/s for and on behalf of the Corporation; <ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. (the 'Corporation') be, as it is hereby authorized to transact on matters relating to the process the Fire Permit with the Bureau of Fire Protection in relation to its CME Manufacturing Plant in Villanueva, Misamis Oriental, <p>RESOLVED, FURTHER, That the Corporation's General Manager for CME Manufacturing Plant MARIA RITA A. ROS, be hereby authorized and empowered to the above powers and thereby to execute, sign and deliver from time to time in behalf of the said Corporation all documents, instruments or any other related processes pertaining to the implementation of the foregoing authority."</p>
12-Aug-2022	<ul style="list-style-type: none"> RESOLVED, to authorize the Corporation to borrow, apply for, negotiate and/or secure a loan and/or other credit accommodations and facilities from UNION BANK OF THE PHILIPPINES (the "BANK") in the principal aggregate amount of PESOS: FOUR BILLION SEVEN HUNDRED MILLION AND 00/100 (P4,700,000,000.00), or its FOREIGN CURRENCY EQUIVALENT (for credit facilities in multi-currencies), as well as temporary excesses or permanent increases thereon as may be approved by the Bank from time to time, to obtain additional loans, or credit facilities and accommodations for such amounts as determined by the authorized signatories herein and approved by the Bank, discount and/or negotiate drafts, commercial papers, receivables of the Corporation of whatever nature, purchase, exchange, sell or otherwise deal in or with bills, checks, including without limitations third party checks drawn in favor of the corporations and/or checks otherwise indorsed by the Corporation as second endorser thereof which the corporations agrees to be bound to the Bank in case of their dishonor upon presentment of stocks, bonds or other securities, bind the Corporation as guarantor or surety to the obligations of third persons, affiliates or subsidiaries of the Corporation, for such

	<p>amount/s as the authorized officers mentioned herein may deem to be in the best interest of and in furtherance of the business of the Corporation, as well as to mortgage, pledge, assign or otherwise encumber any or all assets or properties of the Corporation, real or personal, inclusive of but not limited to the following:</p> <p style="text-align: center;">Description of Collateral/Security - CLEAN</p> <p>and for this purpose TO AUTHORIZE the following officers of the Corporation, namely the:</p> <p>Group A:</p> <ol style="list-style-type: none"> 1. Chairman and Chairman Emeritus 2. President and CEO 3. Chief Operations Officer 4. Chief Finance Officer 5. Treasurer 6. Senior Vice President 7. Chairman of the Executive Committee <p>Group B:</p> <ol style="list-style-type: none"> 1. Comptroller 2. Treasury Head 3. Vice Presidents 4. Functional Heads (such as but not limited to): <ol style="list-style-type: none"> a. General Manager b. Business Unit Head c. Treasury Manager <p>Group C:</p> <ol style="list-style-type: none"> 1. Assistant Vice Presidents 2. Treasury Officer
	<ul style="list-style-type: none"> • RESOLVED, as it is hereby resolved, to authorize and allow the Corporation to make, allow and accept reasonable and acceptable amendments to the terms and conditions of the various Credit Facility Agreement such as the Loan Agreement, Omnibus Loan and Security Agreement executed between the Corporation and BDO Unibank, Inc. from time to time as the need and circumstances may allow pursuant to the Liability Management Exercise (LME) entered into by the Corporation to manage its existing credit facilities with BDO Unibank Inc.; <p>RESOLVED, FINALLY, to authorize its President, Henry Albert R. Fadullon, its Chief Finance Officer, Ma. Concepcion F. de Claro, and/or its Senior Vice President, Alan Raymond T. Zorrilla, with the authority to delegate to negotiate, do, perform the foregoing authorities, acts and deeds including the authority to sign, execute and deliver all documents necessary to implement, perform and do the foregoing authorities and powers granted by the Board.</p>
	<ul style="list-style-type: none"> • RESOLVED, that the Board of Directors of P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC., (the 'Corporation') authorize and empower, as it hereby authorizes and empowers, the Corporation to file its Answer/Explanation, Position Paper, motions, and/or such other pleadings as the Corporation's representative may deem appropriate in the case entitled "Republic of the Philippines Represented by the Department of Public Works & Highways, Plaintiff vs. Phoenix Petroleum Philippines, Inc., Benjamin Y. Young, Jr. Anunciacion Vda. De Ouano and the Register of Deeds of Cebu City, Defendants" in Civil Case No. R-CEB-21-03468-CV for Cancellation of Title and Reversion pending before RTC, Branch 5, Cebu City. and to file such action/s before any court, tribunal or agency, intertwined, interconnected or interrelated with the Subject Case; <p>RESOLVED FURTHER, That the Corporation's counsel, Network Delivery Manager, FIDEL VALENTINO D. ALOBA and/or ATTY. INOCENCIO A. DE LA CERNA, JR. and/or DE LA CERNA & ASSOCIATES LAW OFFICES any of the Law Office's authorized counsel representative be as she/he/they is/are hereby authorized to represent the Corporation, to sign and execute, for and in behalf of the Corporation, the verification and certification on non-forum-shopping appended to the Answer/Explanation, Position Paper, or other pleadings to be filed before the DOLE with respect to the Subject Case or before any court, tribunal or government agency, initiatory, appellate and special civil actions, in behalf of the Corporation, and to further perform the following acts and things:</p>

	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that the Corporation be, as it is hereby authorized and empowered to apply, transact, and process request for termination of an old line/account and to give consent to the new application under the account of the corporation's operator in its Autoworx Plus shop in Timog Ave, Quezon City, My CASA Auto Mobile, Inc. with the MANILA ELECTRIC COMPANY (MERALCO); <p>RESOLVED, FURTHER, as it is hereby resolved, to authorize the Corporation's employee, LAWRENCE M. RODRIQUEZ, to enter, transact, negotiate with said MERALCO Office and therefore sign, execute, deliver and/or perform any or all contracts, instruments, documents or writings with MERALCO that may be necessary to implement the foregoing powers, authority, act and deed."</p>
	<ul style="list-style-type: none"> RESOLVED, that RIZAL COMMERCIAL BANKING CORPORATION (the "Bank") and /or any of its business centers, be as it hereby is designated as the depository of the moneys and funds of this Corporation and that following officers, agents and employees of this Corporation named hereunder (the "Authorized Signatories") is/are hereby authorized to open, close, operate, manage and maintain accounts of the Corporation, to deposit any of the Corporation's funds in said Bank, to undertake banking transactions, to issue checks for and on behalf of the Corporation, and said Bank is hereby authorized to pay, encash or otherwise honor and charge to this Corporation, without inquiry as to whether the same be drawn or required for the Corporation's business or benefit, any and all checks, notes, drafts, bills of exchange, acceptances, orders or other instruments for the payment of money or other withdrawal of funds, including those which may cause an overdraft, when assigned, made, drawn, accepted or endorsed on behalf of or in the name of this Corporation: <p>Group A:</p> <ol style="list-style-type: none"> 8. Chairman and Chairman Emeritus 9. President and CEO 10. Chief Operations Officer 11. Chief Finance Officer 12. Treasurer 13. Senior Vice President 14. Chairman of the Executive Committee <p>Group B:</p> <ol style="list-style-type: none"> 5. Comptroller 6. Treasury Head 7. Vice Presidents 8. Functional Heads (such as but not limited to): <ol style="list-style-type: none"> a. General Manager b. Business Unit Head c. Treasury Manager <p>Group C:</p> <ol style="list-style-type: none"> 3. Assistant Vice Presidents 4. Treasury Officer <ul style="list-style-type: none"> RESOLVED FURTHER, that the Corporation authorizes any one (1) of the company's Officers, namely, HENRY ALBERT R. FADULLON, ALAN RAYMOND T. ZORRILLA, MA. CELINA I. MATIAS and MARIA CONCEPCION F. DE CLARO to be the designated representative/s of the Corporation in the application for the termination/cancellation of business permit with the local government agencies and cancellation of the certificate of registration with the Bureau of Internal Revenue (BIR) and its respective Revenue District Office of the following stores, and with power to sign, execute and deliver documents including certificates as may be required , and to perform any other act as may be necessary or appropriate to effect the foregoing: <ol style="list-style-type: none"> a. BF Homes Branch - G/F Unit 1 CMSR Bldg. 88 President's Ave. BF Homes Paranaque City (permanent store closure effective October 31, 2016 due to poor operations) b. San Antonio Valley Branch – San Antonio Ave. cor. Sta. Lucia St., San Antonio Valley I, Brgy. San Antonio, Paranaque City (permanent store closure effective July 31, 2015 due to conversion to a franchise store)

<p>05-Sep-2022</p>	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. be, as it is hereby authorized and empowered to apply and process the Company's application from a Non-Commercial Port to Commercial Port category including others permits related thereto with the Philippine Ports Authority (PPA) of GENSAN or Socsargen Region; <p>RESOLVED, as it is hereby resolved, that any of all the foregoing transactions shall be negotiated, concluded, obtained and/or contracted for, by the company's Officer-in-Charge for GSC Terminal JOHN EMMANUEL R. DIOSANA, under such terms and conditions and stipulations as the said authorized signatory may deem advisable and desirable in the best interest of the Corporation;</p> <p>RESOLVED, FURTHER, that the signature from the above-indicated signatory shall be authorized to enter into the above-specified arrangements with the local government and related agencies and instrumentalities under such terms and conditions as the said individuals may deem necessary and the same shall constitute a valid transaction and to accordingly execute, sign, deliver and/or perform any and all contracts, instruments, documents or writings that may be necessary for the implementation of the foregoing transactions;</p> <p>RESOLVED FURTHER, as it is hereby resolved to authorize Mr. Diosana process with PPA the above-mentioned applications thereby deliver from time to time in behalf of the said Corporation all documents, papers, instruments or any other related processes pertaining to the implementation of the foregoing authority;</p>
	<p>RESOLVED, as it is hereby resolved, to authorized the corporation to represent the corporation in all hearing, proceedings, pre-trial/preliminary conference, mediation, JDR and to further enter into compromise/amicable settlement for the early disposition of the case entitled "LIMKETKAI MANUFACTURING CORPORATION vs. PHOENIX PETROLEUM PHILIPPINES, INC." denominated as Civil Case No. R-CDO-21-02523 for Breach of Contract, Specific Performance with Accounting and Damages and with Prayer for TRO/WPI at the Regional Trial Court of Misamis Oriental, Branch 41, Cagayan de Oro City;</p> <p>RESOLVED FURTHER, That ATTY. DALE BRYAN D. MORDENO and/or ATTY. SOCORRO ERMAC CABREROS, be as they/he/she is hereby authorized (1) To represent the corporation in all hearing, proceedings, pre-trial/preliminary conference, mediation, JDR;(2) To enter into an amicable settlement upon prior consultation with the corporation on the terms and conditions therein; (3) To submit to alternative modes of dispute resolution, including but not limited to mediation and judicial dispute resolution; (4) To enter into stipulations or admissions of facts, simplification of issues, identification and marking of evidence, waiver of objections to admissibility of evidence;(5) To exercise acts enumerated under Section 2 of Rule 18 of the Revised Rules of Court; (6)To cause the preparation, execute and sign pleadings, motions, memoranda, position papers and such other documents as may be needed in the course of the trial as well as to submit and present evidences;(7)To follow up and sign in behalf of the corporation relative to the above entitled case in the Regional Trial Court of Misamis Oriental, Branch 41, Cagayan de Oro City;"</p>
	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolve to authorize the Corporation to represent, transact, request, receive, claim and process any and all related documents pertaining to the Corporation's properties including certified copies of titles, tax declaration, tax clearances and certified copies of the real property tax receipts and other related documents with Local City Assessor's Offices, Office of the Registry of Deeds, City Treasurer's Offices and/or local government entities. <p>RESOLVED FURTHER, as it is hereby resolved to authorize Adrian Christian P. Radovan and to further delegate any one (1) of its authorized representative:</p> <ol style="list-style-type: none"> Analee V. Galloniga Sammy B. Sardovia, Jr.

	<p>3. Remilyn D Pampliega 4. Arwin Reyes</p> <p>by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute, sign and in behalf of the said Corporation all transactions and negotiations with said locale government unit in order to execute and implement the foregoing authority;</p>
	<ul style="list-style-type: none"> RESOLVED, that the Board of Directors of P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC., (the 'Corporation') authorize and empower, as it hereby authorizes and empowers, the Corporation to file its Answer/Explanation, Position Paper, motions, and/or such other pleadings as the Corporation's representative may deem appropriate in the case entitled "Asian Alcohol Corporation vs. Phoenix Petroleum Philippines, Inc. " in Civil Case No. 22-15754 for Sum of Money and Damages with Prayer for Issuance of Writ of Preliminary Attachment, pending before RTC, Branch 49, Bacolod City, and to file to file such action/s before any court, tribunal or agency, intertwined, interconnected or interrelated with the Subject Case; <p>RESOLVED FURTHER, That the Corporation's counsel ATTY. INOCENCIO A. DE LA CERNA, JR. and/or DE LA CERNA & ASSOCIATES LAW OFFICES any of the Law Office's authorized counsel representative be as she/he/they is/are hereby authorized to represent the Corporation, to sign and execute, for and in behalf of the Corporation, the verification and certification on non-forum-shopping appended to the Answer/Explanation, Position Paper, or other pleadings to be filed before the DOLE with respect to the Subject Case or before any court, tribunal or government agency, initiatory, appellate and special civil actions, in behalf of the Corporation, and to further perform the following acts and things:</p> <p>To institute any actions, file motions and/or pleadings initiatory, appellate and special civil actions, in any courts, tribunal or administrative bodies in connection with the subject matter and/or issues raised in the above-mentioned case; x x x</p>
	<ul style="list-style-type: none"> RESOLVED, that the Board of Directors of P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC., (the 'Corporation') authorize and empower, as it hereby authorizes and empowers, the Corporation to file its Answer/Explanation, Position Paper, motions, and/or such other pleadings as the Corporation's representative may deem appropriate in the case entitled "Absolut Distillers Inc., Plaintiff vs. Phoenix Petroleum Philippines, Inc., Defendant" in Civil Case No. L-22-1503 for Collection of Sum of Money and Damages with Prayer for Issuance of Writ of Preliminary Attachment pending before RTC, Branch 14, Nasugbu, Batangas, and to file such action/s before any court, tribunal or agency, intertwined, interconnected or interrelated with the Subject Case; <p>RESOLVED FURTHER, That the Corporation's counsel, ATTY. INOCENCIO A. DE LA CERNA, JR. and/or DE LA CERNA & ASSOCIATES LAW OFFICES any of the Law Office's authorized counsel representative be as she/he/they is/are hereby authorized to represent the Corporation, to sign and execute, for and in behalf of the Corporation, the verification and certification on non-forum-shopping appended to the Answer/Explanation, Position Paper, or other pleadings to be filed before the DOLE with respect to the Subject Case or before any court, tribunal or government agency, initiatory, appellate and special civil actions, in behalf of the Corporation, and to further perform the following acts and things:</p> <p>To institute any actions, file motions and/or pleadings initiatory, appellate and special civil actions, in any courts, tribunal or administrative bodies in connection with the subject matter and/or issues raised in the above-mentioned case; x x x "</p>

<p>05-Oct-2022</p>	<ul style="list-style-type: none"> RESOLVED, that the Corporation be, as it is hereby, authorized and empowered to request from the Reports and Reconciliation Unit of the Philippine Dealing System Holdings Corp. & Subsidiaries (PDS Group) now and then for the company's Top Stockholders and Beneficial Owners list for its common and preferred shares in compliance with the monthly and quarterly disclosures with the Philippine Stock Exchange (PSE) and Securities and Exchange Commission (SEC); <p>RESOLVED, FINALLY, to authorize and empower its Corporate Secretary and Vice President for Corporate Legal, Atty. Socorro Ermac Cabreros, to sign, deliver, and execute request letter/s or such other document to implement the foregoing authority."</p>
	<ul style="list-style-type: none"> RESOLVED AS IT IS HEREBY RESOLVED, that the Board hereby ratifies the authorization of the following officers of the Corporation, viz: <ul style="list-style-type: none"> <u>NAME</u> <u>POSITION</u> HENRY ALBERT R. FADULLON* President and CEO ALAN RAYMOND T. ZORRILLA Senior Vice President MYLEN A. SAMONTE* Head of Human Resource Operation <p><i>*in the absence of SVP Zorrilla</i></p> <p>to sign and execute documents for the sale and acquisition of the vehicles of the Corporation;</p> <p>RESOLVED AS IT IS HEREBY RESOLVED, that the Corporation be authorized to sell or purchase vehicles and to negotiate such sale upon such consideration, terms and conditions, as in its discretion is for the best interest of the Corporation;</p> <p>RESOLVED FURTHER, that they, as they are hereby empowered to:</p> <ol style="list-style-type: none"> Sign singly and execute all documents and such other papers requisite and necessary for the sale or purchase of vehicles and the transfer and registration thereof; and Designate qualified representatives to represent them in the processing of the transfer of ownership of the Certificates of Registration of any vehicle sold or purchased."
	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolve to authorize the Corporation to represent, transact, request, receive, claim and process any and all related documents pertaining to the Corporation's books of accounts, Computerized Accounting System and Electronic Invoicing/Receipting System with Bureau of Internal Revenue. <p>RESOLVED FURTHER, as it is hereby resolved to authorize MA. CONCEPCION F. DE CLARO and/or JONAREST Z. SIBOG and to further delegate ADRIAN CHRISTIAN P. RADOVAN as authorized representative, by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute, sign and in behalf of the said Corporation all transactions and negotiations with Bureau of Internal Revenue in order to execute and implement the foregoing authority;</p> <p>RESOLVED FURTHER, that the Corporation hereby approves and confirms as it is hereby approved and confirmed that the above name individual may lawfully do or cause to be done by virtue of this authority given to him/her.</p>

	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolve to authorize the Corporation to represent, transact, file, sign, follow-up, request, receive, claim and process any and all related documents pertaining to the Corporation's VAT refund claims (including Delinquency Verification Certificate) with the Bureau of Internal Revenue and/or VAT Payment Certification with the Bureau of Customs. <p>RESOLVED FURTHER, as it is hereby resolved to authorize MA. CONCEPCION F. DE CLARO and/or JONAREST Z. SIBOG and to further delegate any one (1) of the authorized representative:</p> <ol style="list-style-type: none"> 1. Adrian Christian P. Radovan 2. Remilyn D. Pampliega <p>by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute, sign and in behalf of the said Corporation all transactions and negotiations with said locale government unit in order to execute and implement the foregoing authority;</p>
24-Oct-2022	<ul style="list-style-type: none"> RESOLVED, that the Corporation be, as it is hereby, authorized and allowed to accept the terms and conditions and enter into the Memorandum of Agreement ("MOA") executed between and among the Corporation, Udenna Land, Inc. (ULI) and Absolute Distillers, Inc. (ADI) and Asian Alcohol Corporation (AAC) to settle and extinguish the obligations of the Corporation with the two latter corporations; <p>RESOLVED, FURTHER, to effectively agree to the subrogation of the rights and interests of ADI and AAC as Creditors of the unpaid obligations of the Corporation in favour of ULI as a consequence of the execution of the above-mentioned MOA between the Parties mentioned therein;</p> <p>RESOLVED, FINALLY, to authorize its President and/or Vice President for Supply, Henry Albert R. Fadullon and/or Richard C. Tiansay, respectively with full power of delegation, to enter into, sign and execute the MOA, as well as the transactions contemplated thereunder, for and in behalf of the Corporation, and to do any and all acts which shall be required, necessary, and proper to carry out the foregoing resolution;</p>
03-Nov-2022	<ul style="list-style-type: none"> RESOLVED, as it hereby resolve to authorize the Corporation to submit bid proposals with the LGU Butuan City for the <i>Procurement of Diesel and Gasoline under P.R Nos. 0253-2022 (Office of the City Administrator) and 0258-2022 (5% City Disaster Risk Reduction and Management Fund)-1 Lot</i> and to send/receive documents, sign documents, follow up and collect all payments and issue corresponding official receipts; <p>RESOLVED FURTHER, as it is hereby resolved to authorize Herbert G. Domingo, Percival D. Roque, Janus B. Fernandez, Denver C. Birches, Kate B. Dacumos, Kim Michael Angelo R. Miraflores or Omar M. Paulino, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the said local/regional government offices in order to execute and implement the forgoing authority;</p> <p>RESOLVED FURTHER, that the Corporation hereby approves and confirms as it is hereby approved and confirmed that the above name individual may lawfully do or cause to be done by virtue of this authority given to him/her;</p> <p>RESOLVED FINALLY that the foregoing Resolution shall remain valid and subsisting unless otherwise revoked or amended in writing and duly submitted to the necessary party herein referred to"</p>

	<ul style="list-style-type: none"> RESOLVED, as it hereby resolve to authorize the Corporation to submit bid proposals with the Cebu City Government for the <i>Procurement of 1 lot Supply of Diesel and Unleaded Gasoline with Fleet Management System to the Cebu City Government</i> and to send/receive documents, sign documents, follow up and collect all payments and issue corresponding official receipts; <p>RESOLVED FURTHER, as it is hereby resolved to authorize any one (1) of the company's authorize representative Roy O. Jimenez and/or Denver C. Birches and/or Geoffrey A. Viñalon to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the said local/regional government offices in order to execute and implement the forgoing authority;</p> <p>RESOLVED FURTHER, that the Corporation hereby approves and confirms as it is hereby approved and confirmed that the above name individual may lawfully do or cause to be done by virtue of this authority given to him/her;</p> <p>RESOLVED FINALLY that the foregoing Resolution shall remain valid and subsisting unless otherwise revoked or amended in writing and duly submitted to the necessary party herein referred to.</p>				
05-Nov-2022	<ul style="list-style-type: none"> RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation hereby approves the terms of, and the transactions by, the Second Amendment to the Omnibus Agreement and that it is authorized to execute any other documents or agreement contemplated and/or related thereto: <p>RESOLVED, that, Henry Albert R. Fadullon, (the "Authorized Signatory"), President of the Corporation, whose specified signature appears below, be as she is hereby authorized, to sign, execute, dispatch, and deliver, with full power of substitution and/or delegation, the Second Amendment to the Omnibus Agreement, all necessary or related documents and notices in connection with the Second Amendment to the Omnibus Agreement as well as any other document, agreement or amendments contemplated therein under such terms and conditions as he may deem appropriate under the circumstances for and on behalf of the Corporation:</p> <table> <tr> <td>Name</td><td>Position</td></tr> <tr> <td>Henry Albert R. Fadullon</td><td>President</td></tr> </table> <p>RESOLVED, FURTHER, to authorize and empower Vicente Miguel R. Jayme and/or Daryl Eunika B. Maloles to sign and/or dispatch all documents and notices to be signed and/or dispatched by it under or in connection with this Agreement, and any other documents or agreements contemplated hereunder.</p>	Name	Position	Henry Albert R. Fadullon	President
Name	Position				
Henry Albert R. Fadullon	President				
18-Nov-2022	<ul style="list-style-type: none"> WHEREAS, on 03 December 2021, P-h-o-e-n-i-x Petroleum Philippines, Inc. issued Board Resolution denominated as Doc. No. 51; Page No. 12; Book No.33; Series of 2021 of the Notarial Book of Atty Henry D. Adasa of the City of Manila, authorizing and approving the terms of and the transactions contemplated by renewal and/or amendment of its Php2.00 Billion Short Term Credit Line, the renewal and increase of its OA/DA/DP/LC/TR Line toPhp2.00 Billion, and renewal of the USD 30.00 Million Standby LC Line, as well as any additional credit accommodations or increases that may be duly negotiated and approved thereof with the Land Bank of the Philippines (LBP); WHEREAS, it was resolved further that the corporation is authorized to negotiate for the renewal without change, of its P50.00 million Domestic Bills Purchase Line (DBPL); RESOLVED, that Corporation be authorized and empowered to renew its Short Term Loan Line (Php2.80 Billion), OA/DA/DP/LC/TR Line (Php4.00 Billion) and Stand-by LC Line (Php1.50 Billion), all in the same amount, and renew its Domestic Bills Purchase Line (Php30.00 Million) with decrease, and these shall continue to be secured by the Joint and Several Signatures of Sps. Dennis and Cherylyn Uy, the Joint and Several Signatures of Mr. Domingo Uy, and Trust Receipt (for Goods under TR), and implement further as well any subsequent amendments or additional credit accommodations thereof 				

	<p>which may be duly approved by the Bank;</p> <p>RESOLVED, FURTHER, that the Corporation be authorized to execute the documents related to its loan facilities such as but not limited to Facility Agreements, Reinstatement of the Omnibus Facility Agreement, Domestic Bills Purchase Line Agreements, Promissory Notes, Trust Receipts, mortgages and pledges, including renewals and amendments, and any such other documents necessary to implement its duly approved facilities with the Bank;</p> <p>RESOLVED, FURTHER, that the following officers or directors are designated as the Authorized Signatories of the Corporation:</p> <p>Group A:</p> <ol style="list-style-type: none"> 1. Chairman and Chairman Emeritus 2. President and CEO 3. Chief Operations Officer 4. Chief Finance Officer 5. Treasurer 6. Senior Vice President 7. Chairman of the Executive Committee <p>Group B:</p> <ol style="list-style-type: none"> 8. Comptroller 9. Treasury Head 10. Vice Presidents 11. Functional Heads (such as but not limited to): <ol style="list-style-type: none"> a. General Manager b. Business Unit Head c. Treasury Manager <p>Group C:</p> <ol style="list-style-type: none"> 12. Assistant Vice Presidents 13. Treasury Officer
07-Nov 2022	<ul style="list-style-type: none"> RESOLVED, as it hereby resolve to authorized the Corporation to approve the declaration of Cash Dividend of Php18.92 per outstanding PN4 Preferred shares payable on Nov 22, 2022 to stockholders of record date Nov. 1, 2022.
05-Dec-2022	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolve to authorize the Corporation to renew the Corporation's business permit for the year 2023 and the succeeding years thereafter with the local government unit where the Corporation is operating its office and/or branches. <p>RESOLVED FURTHER, as it is hereby resolved to authorize LORENZO GOMEZ & CO. using email address lg.businesspermit@gmail.com and mobile number 09209616010 for the online registration of business permit and to further delegate its authorized representative, PERLA S. LEGASAN / ARNEL L. TULABING / ALAH JEAN SIGUE / JEFREY L. CAVAN by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with said locale government unit in order to execute and implement the foregoing authority;</p> <p>RESOLVED FURTHER, that the Corporation hereby approves and confirms as it is hereby approved and confirmed that the above name individual may lawfully do or cause to be done by virtue of this authority given to him/her;</p> <ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that the corporation, as principal, be authorized to obtain bonds from PIONEER INSURANCE & SURETY CORPORATION. <p>RESOLVED, as it is hereby also resolved, that for the implementation of the foregoing authority, the company's President HENRY ALBERT R. FADULLON be authorized, as he is hereby authorized, to sign, execute and deliver for and on behalf of the corporation the said bond and the corresponding indemnity agreements under such terms and conditions that PIONEER INSURANCE & SURETY CORP. may deem proper.</p>

14-Dec-2022	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolve to authorize the Corporation to represent, transact, request, receive, claim and process any and all related documents pertaining to the Corporation's properties including issuance of New Owner's copies of TCT Nos. T-116955 and T-116956 and other related documents with the Registry of Deeds of the Municipality of Nasugbu, Province of Batangas as evidence by the RTC Branch 10 – Balayan Batangas Court decision directing the Registry of Deeds of Nasugbu to issue the same. <p>RESOLVED FURTHER, as it is hereby resolved to authorize and to further delegate any one (1) of its authorized representative:</p> <p style="text-align: center;">Arwin Reyes Remilyn Pampliega Windy Dagsa Adrian Christian Radovan</p> <p>by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute, sign and in behalf of the said Corporation all transactions and negotiations with said locale government unit in order to execute and implement the foregoing authority;</p> <p>RESOLVED FURTHER, that the Corporation hereby approves and confirms as it is hereby approved and confirmed that the above name individual may lawfully do or cause to be done by virtue of this authority given to him/her;</p>						
20-Dec-2022	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, to confirm, affirm and ratify that the authority previously granted to P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. (the "Company") to act as Guarantor of PNx Petroleum Singapore Pte. Ltd. on 04 March 2019 in connection with the availment of credit facilities offered by ING Bank N.V., Singapore Branch (the "Bank") and covered the Facility Letter entered into among PNx Petroleum Singapore Pte. Ltd, P-H-O-E-N-I-X Petroleum Philippines, Inc., and the Bank dated 22 February 2019_ as amended and supplemented by the Supplemental Facility Letter entered into among PNx Petroleum Singapore Pte. Ltd, P-H-O-E-N-I-X Petroleum Philippines, Inc., and Bank dated 16 December 2022 ("Supplemental Facility Letter") and to ensure due and punctual payment of the guaranteed obligation remains valid and subsisting; <p>RESOLVED, FURTHER, to authorize the Company to execute, sign and deliver the Supplemental Facility Letter and to assume the Company's obligations therein, and thus, hereby gives its consent for PNx Petroleum Singapore, Pte Ltd to likewise enter into and execute the said Supplemental Facility Letter.</p> <p>RESOLVED, FURTHER, to authorize and empower any one (1) of the following officers of the Company to deliver, execute or sign any or all documents or instruments in order to implement the foregoing authorities:</p> <table data-bbox="518 1512 1173 1612"> <tr> <th>Name</th><th>Position/Title</th></tr> <tr> <td>DENNIS A. UY</td><td>Chairman</td></tr> <tr> <td>HENRY ALBERT R. FADULLON</td><td>President/CEO</td></tr> </table> <p>RESOLVED FURTHER, to authorize the aforementioned representatives to the above powers and thereby to execute, sign and deliver from time to time on behalf of the Company all documents, instruments or any other related processes pertaining to the implementation of the foregoing authority;</p>	Name	Position/Title	DENNIS A. UY	Chairman	HENRY ALBERT R. FADULLON	President/CEO
Name	Position/Title						
DENNIS A. UY	Chairman						
HENRY ALBERT R. FADULLON	President/CEO						
05-Jan-2023	<ul style="list-style-type: none"> RESOLVED, as it hereby resolve to authorize the Corporation to represent, execute, sign, receive, claim, and process any and all related documents pertaining to the company's (1) properties situated within the Cities of Cebu, Mandaue and Lapu-Lapu including Certified Copies of Titles, Tax Declaration and other related documents with the Office of the Registry of Deeds, Assessor's and Treasurer's Office of the said Cities; and (2) application for FLAG/Other Lawful Purposes of Wharf and Storage Facilities with National Commission on Indigenous Peoples ,Department of Environment and Natural Resources, Bureau of Internal Revenue, Local Government Units; and (3) the 						

	<p>Corporation's business permit for the year 2023 and the succeeding years thereafter with the local government unit where the Corporation's is operating its office/depot;</p> <p>RESOLVED FURTHER, as it is hereby resolved to authorize ENGR. IVAN B. POBLACION and/or ARNIE L. YPARRAGUIRRE or their/his authorized representative to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with said locale government units and other private entities in order to execute and implement the foregoing authority;</p> <p>RESOLVED FURTHER, that the Corporation hereby approves and confirms as it is hereby approved and confirmed that the above name individual may lawfully do or cause to be done by virtue of this authority given to him/her;</p>								
	<ul style="list-style-type: none"> RESOLVED AS IT IS HEREBY RESOLVED, that <i>PHOENIX PETROLEUM PHILIPPINES INC.</i> (the Corporation) be, as it is hereby authorized and empowered to negotiate, conclude and enter into contract in connection with the sales and operations of the Corporation, which includes, but not limited to contract of lease and/or Sublease for the operation of gasoline stations or other businesses and other lease arrangement, Memorandum of Agreements, Dealership Agreements or Retail Outlet Agreements for the operation of Phoenix service stations, Area Franchise Agreement and Joint Ventures. <p>RESOLVED as it is hereby resolved that in relation to the aforementioned transactions, the Company designates the any of the following Officers as the authorized signatories for all the transactions, agreements or contracts nationwide:</p> <table> <thead> <tr> <th><u>NAME</u></th><th><u>POSITION</u></th></tr> </thead> <tbody> <tr> <td>HENRY ALBERT R. FADULLON</td><td>President</td></tr> <tr> <td>TRISTAN FREDERICK T. TIONGSON*</td><td>AVP for Retail Sales CO/DO</td></tr> <tr> <td>KIM IRA B. CABACCANG*</td><td>Head of Channel and Network Development</td></tr> </tbody> </table> <p><i>*in the absence of Henry Albert R. Fadullon</i></p> <p>RESOLVED as it is hereby resolved that for purposes of negotiating, signing or entering into Memorandum of Agreements, Supply Equipment Lease Agreements, Supply Agreements, Commercial Supply Agreements and the likes to other commercial Agreements, retail sales and commercial sales transactions, including any bidding transactions, and other legal and related transactions relative to the sales operation of the Corporation in their designated areas the Company further designates the following Officers as</p>	<u>NAME</u>	<u>POSITION</u>	HENRY ALBERT R. FADULLON	President	TRISTAN FREDERICK T. TIONGSON*	AVP for Retail Sales CO/DO	KIM IRA B. CABACCANG*	Head of Channel and Network Development
<u>NAME</u>	<u>POSITION</u>								
HENRY ALBERT R. FADULLON	President								
TRISTAN FREDERICK T. TIONGSON*	AVP for Retail Sales CO/DO								
KIM IRA B. CABACCANG*	Head of Channel and Network Development								
	<ul style="list-style-type: none"> RESOLVED, as it hereby resolve to authorize the Corporation to represent, execute, sign, receive, claim, and process any and all related documents pertaining to the company's (1) properties situated within Bacolod City including Certified Copies of Titles, Tax Declaration and other related documents with the Office of the Registry of Deeds, Assessor's and Treasurer's Office of the said Cities; (2) permits and certification with Department of Environment and Natural Resources, Bureau of Internal Revenue, Bureau of Fire Protection, National Telecommunication Commission, Local Government Units; and (3) the Corporation's business permit and its requirements for the year 2023 and the succeeding years thereafter with the local government unit of Bacolod City where the Corporation's is operating its office/depot; <p>RESOLVED FURTHER, as it is hereby resolved to authorize RICO T. URETA and/or IRVIN D. PONCE DE LEON or their/his authorized representative to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with said locale government units and other private entities in order to execute and implement the foregoing authority</p>								

	<ul style="list-style-type: none"> • "RESOLVED, as it hereby resolved to authorize the Corporation to represent, execute, sign, receive, claim, and process any and all related documents pertaining to the company's properties situated within Davao Region, including lessor's permit for 2023 and the years thereafter, Certified Copies of Titles, Tax Declarations, Receipts and Clearances and other related documents with the Office of the Registry of Deeds, Assessor's and Treasurer's Office. <p>RESOLVED FURTHER, as it is hereby resolved to authorize JHON DAVE M. RODA and/or TERESITA M. MANZO to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with said locale government unit and other private entities in order to execute and implement the foregoing authority;</p> <p>RESOLVED FURTHER, that the Corporation hereby approves and confirms as it is hereby approved and confirmed that the above name individual may lawfully do or cause to be done by virtue of this authority given to him/her;</p>
19-Jan-2023	<p>RESOLVED, that the Corporation is hereby authorized to appoint IGNACIA S. BRAGA IV as OIC/CFO and Treasurer of Phoenix Petroleum Philippines, Inc. following the retirement of then CFO Ms. Ma. Concepcion F. De Claro effective Jan. 19, 2023.</p> <ul style="list-style-type: none"> • RESOLVED, that the Corporation is hereby authorized, as it is authorized to, borrow money, arrange and negotiate with CTBC BANK (PHILIPPINES) CORPORATION (hereafter, "Bank"), for credit facilities, to enter into and assume any other financial undertaking with the Bank, with or without security and under such terms and conditions as may be determined by the Corporation's signatory/ies or representative/s, in the aggregate amount of PESOS: SEVEN HUNDRED TWENTY MILLION ONLY (PHP 720,000,000.00); • RESOLVED, FURTHER, That any of the following signatories of the Corporation, are hereby authorized and empowered on behalf of the Corporation to execute, sign and deliver such contracts, documents or papers in connection with the abovementioned loans, credit facilities, such as but not limited to conforme letter, promissory notes, disclosure statements, deeds of assignment, and such other documents in favor of, and as may be required by the Bank that would be necessary and incidental for the establishment and/or renewal and/or increase and/or extension of the aforementioned credit facilities, financial undertaking, either for lesser or greater amounts, the intention being that all securities of whatever kind given as collaterals therefore shall be a continuing security: <ul style="list-style-type: none"> Group A: <ol style="list-style-type: none"> 1. Chairman and Chairman Emeritus 2. President and CEO 3. Chief Operations Officer 4. Chief Finance Officer 5. Treasurer 6. Senior Vice President 7. Chairman of the Executive Committee Group B: <ol style="list-style-type: none"> 1. Comptroller 2. Treasury Head 3. Vice Presidents 4. Functional Heads (such as but not limited to): <ol style="list-style-type: none"> a. General Manager b. Business Unit Head c. Treasury Manager Group C: <ol style="list-style-type: none"> 1. Assistant Vice Presidents

	<ul style="list-style-type: none"> RESOLVED, to authorize the Corporation to borrow, apply for, negotiate and/or secure a loan and/or other credit accommodations and facilities from UNION BANK OF THE PHILIPPINES (the "BANK") in the principal aggregate amount of PESOS: FOUR BILLION SEVEN HUNDRED MILLION AND 00/100 (P4,700,000,000.00), or its FOREIGN CURRENCY EQUIVALENT (for credit facilities in multi-currencies), as well as temporary excesses or permanent increases thereon as may be approved by the Bank from time to time, to obtain additional loans, or credit facilities and accommodations for such amounts as determined by the authorized signatories herein and approved by the Bank, discount and/or negotiate drafts, commercial papers, receivables of the Corporation of whatever nature, purchase, exchange, sell or otherwise deal in or with bills, checks, including without limitations third party checks drawn in favor of the corporations and/or checks otherwise indorsed by the Corporation as second endorser thereof which the corporations agrees to be bound to the Bank in case of their dishonor upon presentment of stocks, bonds or other securities, bind the Corporation as guarantor or surety to the obligations of third persons, affiliates or subsidiaries of the Corporation, for such amount/s as the authorized officers mentioned herein may deem to be in the best interest of and in furtherance of the business of the Corporation, as well as to mortgage, pledge, assign or otherwise encumber any or all assets or properties of the Corporation, real or personal, inclusive of but not limited to the following: Description of Collateral/Security - CLEAN <u>FOR DEPOSIT ACCOUNTS/PLACEMENTS/INVESTMENTS</u> RESOLVED, to authorize the Corporation to open and maintain Peso/Dollar/Acceptable Third Currencies Savings/Current/Time Deposit Account(s) with UNIONBANK OF THE PHILIPPINES (the "Bank") and to make deposits, placements and/or investments therein and, in connection therewith, to sign, execute and deliver any and all documents relative thereto; to sign for and in behalf of the Corporation any and all the checks, drafts, bills of exchange, withdrawal slips, orders of payment and similar instruments drawn against said Account(s); to endorse checks, drafts, notes and other instruments for negotiation or payment or for deposit and collection or withdrawal from said Account (s)."
	<ul style="list-style-type: none"> RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation be authorized to open and/or maintain deposit account(s) and to avail of any related services, and/or to open and maintain placement(s) and/or to invest in government securities and other similar instruments, and/or to enter into trust and/or investment management agency transactions/arrangements and/or open and maintain trust/investment management account(s) with CHINA BANKING CORPORATION and/or CHINA BANKING CORPORATION – TRUST AND ASSET MANAGEMENT GROUP, under such terms and conditions, as may be mutually agreed upon, where its cash funds, any credit remittances or checks issued in its favor, with or without endorsement, may be deposited or invested." <p>RESOLVED FURTHER, that the following officers be authorized to sign, countersign, execute and deliver any checks, funds, assets, securities, deposit slips, withdrawal slips, applications to purchase manager's check, stop payment order, applications for telegraphic transfer, demand draft or sola draft, specimen signature cards, trust/investment management agreements, affidavits of beneficial ownership, or any and all agreements, documents, or papers as are necessary to effectuate the foregoing matters:</p> <p>Group A:</p> <ol style="list-style-type: none"> Chairman and Chairman Emeritus President and CEO Chief Operations Officer Chief Finance Officer Treasurer Senior Vice President Chairman of the Executive Committee <p>Group B:</p> <ol style="list-style-type: none"> Comptroller Treasury Head Vice Presidents Functional Heads (such as but not limited to): <ol style="list-style-type: none"> General Manager

	<p>b. Business Unit Head c. Treasury Manager</p> <p>Group C:</p> <ol style="list-style-type: none"> 1. Assistant Vice Presidents 2. Treasury Officer
	<ul style="list-style-type: none"> • RESOLVED, to authorize the corporation to open and/or maintain Peso and dollar Savings, Current, Time Deposit and other type of deposits, placements, investments, electronic banking services, and other products, services or arrangements with ROBINSONS BANK CORPORATION; • RESOLVED, to empower and authorize, the following officers of the Corporation to sign, or endorse all checks, drafts, bills of exchange, withdrawal slips, orders for payment, certificate of deposits, and similar instruments for negotiation or payment or for deposit and collection or withdrawal from said account, as well as any service agreements, memoranda, etc. pertaining to the bank's products or services; Group A: <ol style="list-style-type: none"> 1. Chairman and Chairman Emeritus 2. President and CEO 3. Chief Operations Officer 4. Chief Finance Officer 5. Treasurer 6. Senior Vice President 7. Chairman of the Executive Committee Group B: <ol style="list-style-type: none"> 1. Comptroller 2. Treasury Head 3. Vice Presidents 4. Functional Heads (such as but not limited to): <ol style="list-style-type: none"> a. General Manager b. Business Unit Head c. Treasury Manager Group C: <ol style="list-style-type: none"> 1. Assistant Vice Presidents 2. Treasury Officer • RESOLVED, to authorize the Corporation to borrow, obtain, renew, and/or contract a loan and/or other credit accommodation(s) from ROBINSONS BANK CORPORATION IN ANY AMOUNT as well as to mortgage, pledge, assign or otherwise encumber any and all assets or properties of the Corporation, real or personal, inclusive of but not limited to the security/collateral provided for said loan and/or credit accommodation(s) that may be required by the Bank, under such terms and conditions as may be agreed upon with the Bank;
	<ul style="list-style-type: none"> • RESOLVED, that <i>PHOENIX PETROLEUM PHILIPPINES INC.</i> ("the Corporation") be authorized, as it is hereby authorized the Signatories, to transact with Bank of Commerce – Pasong Tamo Extension Branch, its trust department, any of its branches, its subsidiaries and affiliates (singularly or collectively referred to as "the Bank") for the obtainment of bank/credit facilities and availment of banking products and services; <p>RESOLVED, that in this regard, the Corporation be authorized, as it is hereby authorized, to do the following:</p> <ol style="list-style-type: none"> a. <u>OPEN AND MAINTAIN DEPOSITORY ACCOUNTS.</u> To open, maintain and manage, in the name of the Corporation, any number of savings/current/time and other accounts with the Bank or any of its branches, hereinafter to be referred to as the "Depository Accounts", and in this regard, to: <ul style="list-style-type: none"> <input type="checkbox"/> Deposit to and withdraw from the any of the Depository Accounts, in whatever form and manner, and in such amounts as the Corporation may deem appropriate or necessary; <input type="checkbox"/> Receive, accept, transfer of funds, endorse and negotiate all checks, drafts, or orders of payment payable to the Corporation or its order which may require the Corporation's endorsement. b. <u>AVAIL OF CREDIT FACILITIES.</u> To apply for, negotiate and obtain loans or other credit accommodations or facilities, including but not limited to letters of credit, trust receipts, bills purchases, including but not limited to letters of credit, trust receipts, bills purchases, foreign exchange settlement lines, from time to time, in amounts which may be required

	<p>by the Corporation, which authority shall include renewals, extensions, re-availments, restructurings, amendments or conversions into other credit forms or types, and in this regard, to:</p>
	<ul style="list-style-type: none"> RESOLVED, to authorize the Corporation to open, maintain, or close Peso/Dollar/Acceptable Third Currencies Savings/Current/Time Deposit Account(s) with UNITED OVERSEAS BANK LIMITED a.k.a. UOB and/or its subsidiaries and affiliates, including its Trust department (the "Bank"), enter into foreign exchange dealings such as buying and selling of foreign exchange as may be required by the Corporation, and to make deposits, placements and/or investments therein and, in connection therewith and to authorize the officers and/or directors of the Corporation, to sign, execute and deliver any and all documents relative thereto; to sign for and in behalf of the Corporation any and all the drafts, bills of exchange, withdrawal slips, letters of instruction, orders of payment and similar instruments drawn against said Account(s); to endorse drafts, notes and other instruments for negotiation or payment or for deposit and collection or withdrawal from said Account (s)." <p>RESOLVED FURTHER, to authorize the Corporation to avail of Cash Management Services Products from the Bank to better facilitate collections and disbursements as well as online banking, under such terms and conditions as may be mutually agreed upon with the Bank;</p> <p>RESOLVED, FURTHER, that the Corporation is hereby authorized to apply, negotiate and obtain any and all loans or other credit accommodations or facilities of the Corporation, including the renewal, refinancing, and/or amendments as may be required, whether in peso, dollar or any other currency, including, but not limited to, term loans, revolving credit facilities, letters of credit or trust receipts, receivables financing, with the Bank and/or its respective parent corporation, subsidiaries and affiliates, including its Trust department, in such amounts and under such terms and conditions as the Corporation's Authorized Signatories may deem proper and reasonable;</p> <p>RESOLVED, FURTHER, that the Corporation's Authorized Signatories, be, as they are hereby, authorized to sign, execute and deliver such as but not limited to loan documents, assignments, conveyances, trust receipts, renewals, supplements, amendments thereto, and such other instruments and papers as may be required, necessary to implement and carry into effect the resolutions and authority herein granted.</p>
	<ul style="list-style-type: none"> RESOLVED, that METROPOLITAN BANK & TRUST COMPANY (hereinafter called "METROBANK") be, and is hereby, designated as depository of the funds/monies of (the "Corporation"), and that the Corporation be, and is hereby, authorized to open and/or maintain and operate savings, time, current and/or trust accounts with METROBANK Head Office, and/or any of its branches. <p>RESOLVED, FURTHER, that the following officers/persons be, as he/she/the is/are hereby, authorized, for and on behalf of the Corporation, to wit:</p> <p>Group A:</p> <ol style="list-style-type: none"> Chairman and Chairman Emeritus President and CEO Chief Operations Officer Chief Finance Officer Treasurer Senior Vice President Chairman of the Executive Committee <p>Group B:</p> <ol style="list-style-type: none"> Comptroller Treasury Head Vice Presidents Functional Heads (such as but not limited to): <ol style="list-style-type: none"> General Manager

	<p>b. Business Unit Head c. Treasury Manager</p> <p>Group C:</p> <ol style="list-style-type: none"> 1. Assistant Vice Presidents 2. Treasury Officer
	<ul style="list-style-type: none"> RESOLVED, that the BANK OF THE PHILIPPINE ISLANDS ("BPI"), its subsidiaries, and affiliates including non-bank financial institutions either at their head offices or at any of their branches (the "Depository Banks") be, as they hereby are, designated individually as depositories of the Corporation, and that the officers or agents of the Corporation herein designated be, as they hereby are, authorized to deposit/place any of the funds of the Corporation, whether peso, dollar or any other currency, in any of the said banks,. <p>WITHDRAWAL OR CHARGE AGAINST THE FUNDS OF THE CORPORATION WITH ITS DEPOSITORY BANKS, THEIR SUBSIDIARIES AND AFFILIATES, INCLUDING NON-BANK FINANCIAL INSTITUTIONS</p> <p>RESOLVED, that any withdrawal from, or charge against, the funds, properties or accounts of the Corporation with its Depository Banks, their subsidiaries, and affiliates, by way of checks, drafts, bills of exchange, acceptances, endorsements, undertakings, debit/credit memo(s), funds transfer(s) instructions, letter of instructions and/or other similar instruments or order involving payment of money or documents assigning, transferring and conveying rights to any fund or property of the Corporation, shall be signed, executed and delivered by the Authorized Signatories designated herein.</p> <p>RESOLVED, that the Corporation hereby acknowledges and confirms that payments or funds transfers, through any modes stated above, from the accounts of the Corporation to other accounts of the Corporation or to the accounts of its subsidiaries, affiliates, officers or other third party, as long as done through the Authorized Signatories, are for the purpose of or in furtherance of the normal or regular course of business of the Corporation or for the Corporation's day to day operations;</p> <p>CASH MANAGEMENT AND OTHER TRANSACTIONAL BANKING SERVICES</p> <p>RESOLVED, that the Corporation be, as it is hereby, authorized to enter into transaction and/or avail of products or facilities of, or brokered by, or through the intermediation of the Depository Banks, including but not limited to, cash management services, phone / electronic / internet banking facilities, safety deposit boxes, deposit pick-up arrangements, placements and / or purchase of debt papers, negotiable instruments, trust placements and similar transactions as the Corporation may deem reasonable, beneficial and in the furtherance of the interests of the Corporation.</p>
	<ul style="list-style-type: none"> RESOLVED, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. (the "Corporation") be empowered and authorized to apply for, negotiate and obtain credit facilities and draw loans from or arranged through MIB CAPITAL CORPORATION ("MCC"); <p>RESOLVED, to empower and authorize, the following officers of the Corporation to sign, or endorse all checks, drafts, bills of exchange, withdrawal slips, orders for payment, certificate of deposits, and similar instruments for negotiation or payment or for deposit and collection or withdrawal from said account, as well as any service agreements, memoranda, etc. pertaining to the bank's products or services;</p> <p>Group A:</p> <ol style="list-style-type: none"> 1. Chairman and Chairman Emeritus 2. President and CEO 3. Chief Operations Officer 4. Chief Finance Officer 5. Treasurer 6. Senior Vice President 7. Chairman of the Executive Committee

	<p>Group B:</p> <ol style="list-style-type: none"> 1. Comptroller 2. Treasury Head 3. Vice Presidents 4. Functional Heads (such as but not limited to): <ol style="list-style-type: none"> a. General Manager b. Business Unit Head c. Treasury Manager <p>Group C:</p> <ol style="list-style-type: none"> 1. Assistant Vice Presidents 2. Treasury Officer 										
	<ul style="list-style-type: none"> • RESOLVED, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. (the "Corporation") be empowered and authorized to apply for, negotiate and obtain credit facilities and draw loans from or arranged through PENTA CAPITAL INVESTMENT CORPORATION ("PCIC"); <p>RESOLVED, to empower and authorize, the following officers of the Corporation to sign, or endorse all checks, drafts, bills of exchange, withdrawal slips, orders for payment, certificate of deposits, and similar instruments for negotiation or payment or for deposit and collection or withdrawal from said account, as well as any service agreements, memoranda, etc. pertaining to the bank's products or services;</p> <p>Group A:</p> <ol style="list-style-type: none"> 1. Chairman and Chairman Emeritus 2. President and CEO 3. Chief Operations Officer 4. Chief Finance Officer 5. Treasurer 6. Senior Vice President 7. Chairman of the Executive Committee <p>Group B:</p> <ol style="list-style-type: none"> 1. Comptroller 2. Treasury Head 3. Vice Presidents 4. Functional Heads (such as but not limited to): <ol style="list-style-type: none"> a. General Manager b. Business Unit Head c. Treasury Manager <p>Group C:</p> <ol style="list-style-type: none"> 1. Assistant Vice Presidents 2. Treasury Officer 										
	<ul style="list-style-type: none"> • RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. as it is hereby authorized and empowered to transact and apply with the PHILIPPINE AIRLINES (PAL) credit lines/corporate accounts for E-Ticket purchases and enter into any agreements and such other pertinent contracts and documents in connection with the said applications; • RESOLVED as it is hereby resolved that pursuant to the foregoing transaction, the Company designates the following employees to be the authorized signatories: <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 50%;">Name</th> <th style="text-align: left; width: 50%;">Specimen Signature</th> </tr> </thead> <tbody> <tr> <td>Celeste Marie G. Ong</td> <td>_____</td> </tr> <tr> <td>Mysten A. Samonte</td> <td>_____</td> </tr> <tr> <td>Angel Grace A. Tio</td> <td>_____</td> </tr> <tr> <td>Chiara Jasmin D. Galicia</td> <td>_____</td> </tr> </tbody> </table> • RESOLVED, FURTHER, that ANY ONE (1) signature from the above-indicated signatories shall be authorized to enter into the above-specified arrangements with the above named company under such terms and conditions as the said individuals may deem necessary and the same shall constitute a valid transaction and to accordingly execute, sign, deliver and/or perform any and all contracts, instruments, documents or writings with or to the above-mentioned airline companies that may be necessary for the implementation of the foregoing transactions 	Name	Specimen Signature	Celeste Marie G. Ong	_____	Mysten A. Samonte	_____	Angel Grace A. Tio	_____	Chiara Jasmin D. Galicia	_____
Name	Specimen Signature										
Celeste Marie G. Ong	_____										
Mysten A. Samonte	_____										
Angel Grace A. Tio	_____										
Chiara Jasmin D. Galicia	_____										

<p>03-Mar-2023</p>	<ul style="list-style-type: none"> RESOLVED, as it hereby RESOLVED, as it hereby resolve to authorize the Corporation to represent, execute, sign, receive, claim, and process any and all related documents pertaining to the company's properties situated at Brgy. Libertad, Butuan City, including Certified Copies of Titles, Tax Declaration, including Tax Reclassification, Tax Clearances and other related documents with the Office of the Registry of Deeds, Assessor's and Treasurer's Office of the said City. <p>RESOLVED FURTHER, as it is hereby resolved to authorize J.M. CEMBRANO LAW OFFICE and to further delegate any of its authorized representatives, Atty. Jaime M. Cembrano, Jr. and/or Jane Bonggot, by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with said locale government unit in order to execute and implement the foregoing authority;</p> <ul style="list-style-type: none"> RESOLVED, AS IT IS HEREBY RESOLVED, to authorize the Company's Team Lead-Visayas/Depot Superintendent, RICO T. URETA, to represent and file on behalf of the Company a verified petition for the issuance of owner's duplicate copy of Transfer Certificate ("TCT") No. 092-2011004857 in lieu of the lost one before the Regional Trial Court of Bacolod City, and thus empowered and authorized to undertake and consider the following: <ol style="list-style-type: none"> To secure documents/certifications from pertinent government offices required for the filing of the petition including request for annotation of the Affidavit of Lost and its annotation with the Registry of Deeds for Bacolod City; To sign and execute on behalf of the Company "Verification and Certification of Non-Forum Shopping" as required by law. To submit affidavits, pleadings, briefs, memoranda, position papers and other legal document on behalf of the Company. To seek appellate remedy before the Court of Appeals and Supreme Court and execute/sign/submit the required documents/pleadings. To execute/implement the final and executor decision/resolution of the Court; <p>RESOLVED FURTHER, that the Corporation hereby approves and confirms as it is hereby approved and confirmed that the above name individual may lawfully do or cause to be done by virtue of this authority given to him/her;</p> <p>RESOLVED FINALLY that the foregoing Resolution shall remain valid and subsisting unless otherwise revoked or amended in writing and duly submitted to the necessary party herein referred to."</p>
<p>16-Mar-2023</p>	<ul style="list-style-type: none"> RESOLVED to authorize the Corporation to represent, execute, sign, receive, claim, and process any and all related documents pertaining to the company's application with the Bureau of Internal Revenue of Quezon City for tax exemptions on separation benefits of its employees for the following justifications: <ul style="list-style-type: none"> The retrenchment is reasonably necessary and likely to prevent business losses; The losses, if already incurred, are not merely de minimis, but substantial, serious, actual and real, or if only expected, are reasonably imminent, with appropriate supporting evidence of said losses; The retrenchment is made in good faith for the advancement of its interest and not to defeat or circumvent the employees' right to security of tenure; and The selection of employees to be terminated has been made in accordance with a fair and a reasonable criterion <p>RESOLVED FURTHER, as it is hereby resolved to authorize its VP for HR, CELESTE MARIE G. ONG and/or Head of HR Operation MYLEN S. SAMONTE and/or their authorized representative/s SYLFA N. GONZALES and DARWIN PAYLAGA to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with said locale government unit and other private entities in order to execute and implement the foregoing authority;</p> <p>RESOLVED FURTHER, that the Corporation hereby approves and confirms as it is hereby approved and confirmed that the above name individual may lawfully do or cause to be done by virtue of this authority given to him/her;</p> <p>RESOLVED FINALLY that the foregoing Resolution shall remain valid and subsisting</p>

	<p>unless otherwise revoked or amended in writing and duly submitted to the necessary party herein referred to”</p>
05-Apr-2023	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. (The Corporation) as it is hereby authorized and empowered to apply, transact, process and enter into a Renewal of Certificate of Accreditation of its CME Refinery Plant situated at Villanueva, Misamis Oriental, from the Department of Energy (DOE) pursuant to Sec. 3.1, Chapter III, Joint AO # 2008-01 Series of 2008 of the DOE, Renewal of Certificate of Accreditation from the Philippines Coconut Authority (PCA) and apply for other necessary permits and licenses such as Building Permit and Occupancy Permit with the Office of Building Official of Villanueva, Discharge Permit and Permit-to-Operate of Air Pollution Source with the Environmental Management Bureau of the Department of Environment and Natural Resources (EMB-DENR), Electrical Permit and Permit-to-Operate Internal Combustion Engine with the Department of Labor and Employment (DOLE), Renewal License to Handle Controlled Precursors and Essential Chemicals with the Philippine Drug Enforcement Agency (PDEA), and any necessary permit with the local agencies/entities relative to its facility development and operation in a parcel of land situated in Zone 4, Brgy. Katipunan, Villanueva, Misamis Oriental, Philippines consisting of Fifty Eight Thousand Nine Hundred Eighty Four Thousand (58,984) square meters, more or less and registered under Lot No. A-2-B-2, PLS-923, covered under Tax Declaration No. M-4000043 with Deed of Absolute Sale of Unregistered Land between Phoenix Petroleum Philippines, Incorporated and Phividec Industrial Authority dated December 12, 2011, under the registry of Atty. Socorro Ermac Cabrerros, Doc. 269, Page No. 54, Book No. VIV, Series of 2011. <p>RESOLVED FURTHER, as its hereby resolved, that this corporation be authorized, as it is hereby authorized, directed and empowered to transact business with PHILEXPORT, and for said purpose hereby authorizes the Corporation’s Assistant Vice President for Terminal Operations and Engineering, IGNACIO RAYMUND S. RAMOS, JR. to represent, sign and negotiate for and in behalf of the Corporation all pertinent and legal documents limiting to the company's application for CPRS as Exporter”.</p> <p>RESOLVED FINALLY that the foregoing Resolution shall remain valid and subsisting unless otherwise revoked or amended in writing and duly submitted to the necessary party herein referred to.”</p>
	<ul style="list-style-type: none"> RESOLVED, as it hereby resolve to authorize the Corporation to represent, execute, sign, receive, claim, and process any and all related documents pertaining to the company’s application for the necessary permits within the local government for its KOPI 'MOTO KIOSK/CART type of business offering to sell coffee and bread combo to the company’s retails stations within the Metro Manila or National Capital Region; <p>RESOLVED FURTHER, as it is hereby resolved to authorize VP for Group Marketing MA. CELINA I. MATIAS, Retail Permit Associate KENNETH OMIPING and/or Liaison Officer RYAN OPENA to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with said locale government unit and other private entities in order to execute and implement the foregoing authority;</p> <p>RESOLVED FURTHER, that the Corporation hereby approves and confirms as it is hereby approved and confirmed that the above name individual may lawfully do or cause to be done by virtue of this authority given to him/her;</p>

<p>04-May-2023</p>	<ul style="list-style-type: none"> RESOLVED, that the Corporation be, as it is hereby, authorized and empowered to negotiate, conclude and enter into contract in connection with the operation of the company's Engineering, Terminalling/Depot and Health Safety and Environment (HSE) Business Units, which includes, but not limited to contract of lease and/or Sublease for the operation of above-mentioned Units/Department or other businesses and other lease arrangement, Memorandum of Agreements related to said operation nationwide' <p>RESOLVED FURTHER, as it is hereby resolved to authorize its Asst. Vice President for Terminal Operation/CME Business, IGNACIO RAYMUND S. RAMOS, JR. or his authorized representative to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the respective locale government units and other private entities in order to execute and implement the foregoing authority;</p>								
	<ul style="list-style-type: none"> RESOLVED, that the Corporation be, as it is hereby, authorized and empowered to negotiate, conclude and enter into contracts such as, Memorandum of Agreements, Hauling Contracts, Deed of Sale pertaining to trucks/lorries and other transactions relative to the operation of the Company's Phoenix Logistics and Distribution Group in Luzon, Visayas and Mindanao, for and in behalf of the Corporation; <p>RESOLVED, FINALLY, to authorize and empower its General Manager for Supply Chain, LESTER C. KHAN to sign, deliver, and execute such document/s to implement the foregoing authority;</p>								
	<ul style="list-style-type: none"> RESOLVED AS IT IS HEREBY RESOLVED, that <i>PHOENIX PETROLEUM PHILIPPINES INC.</i> (the Corporation) be, as it is hereby authorized and empowered to negotiate, conclude and enter into contract in connection with the sales and operations of the Corporation, which includes, but not limited to contract of lease and/or Sublease for the operation of gasoline stations or other businesses and other lease arrangement, Memorandum of Agreements, Dealership Agreements or Retail Outlet Agreements for the operation of Phoenix service stations, Area Franchise Agreement and Joint Ventures. <p>RESOLVED as it is hereby resolved that in relation to the aforementioned transactions, the Company designates the any of the following Officers as the authorized signatories for all the transactions, agreements or contracts nationwide:</p> <table border="0"> <thead> <tr> <th><u>NAME</u></th><th><u>POSITION</u></th></tr> </thead> <tbody> <tr> <td>HENRY ALBERT R. FADULLON</td><td>President</td></tr> <tr> <td>TRISTAN FREDERICK T. TIONGSON*</td><td>AVP for Retail Sales CO/DO</td></tr> <tr> <td>KIM IRA B. CABACCANG*</td><td>Head of Channel and Network Development</td></tr> </tbody> </table> <p><i>*in the absence of Henry Albert R. Fadullon</i></p> <p>RESOLVED as it is hereby resolved that for purposes of negotiating, signing or entering into Memorandum of Agreements, Supply Equipment Lease Agreements, Supply Agreements, Commercial Supply Agreements and the likes to other commercial Agreements, retail sales and commercial sales transactions, including any bidding transactions, and other legal and related transactions relative to the sales operation of the Corporation in their designated areas the Company further designates the following Officers x x x " as the additional authorized signatories in their designated areas for the aforementioned transactions, agreements or contracts:</p>	<u>NAME</u>	<u>POSITION</u>	HENRY ALBERT R. FADULLON	President	TRISTAN FREDERICK T. TIONGSON*	AVP for Retail Sales CO/DO	KIM IRA B. CABACCANG*	Head of Channel and Network Development
<u>NAME</u>	<u>POSITION</u>								
HENRY ALBERT R. FADULLON	President								
TRISTAN FREDERICK T. TIONGSON*	AVP for Retail Sales CO/DO								
KIM IRA B. CABACCANG*	Head of Channel and Network Development								
	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. (the 'Corporation') be, as it is hereby resolved authorized and empowered to negotiate, conclude and enter into contracts in connection with the sales and operations of the Corporation, which includes, but not limited to Contract of Lease and/or Sublease for airport installations or other businesses and other leases arrangement, Memorandum of Agreements, Distributor Agreement for Commercial Sales Transactions, including any bidding transactions, and other legal and related transactions relative to the operation of the Corporation in Luzon, Visayas, and Mindanao. 								

	<p>RESOLVED, as it is hereby resolved that in relation to the aforementioned transactions, the Company designates the specified Officer for all the transactions, agreements, or contracts nationwide:</p> <table data-bbox="422 241 1197 347"> <thead> <tr> <th data-bbox="422 241 790 275"><u>NAME</u></th><th data-bbox="790 241 1197 275"><u>POSITION</u></th></tr> </thead> <tbody> <tr> <td data-bbox="422 293 790 320">ROSA MINDA B. DIMARUCUT</td><td data-bbox="790 293 1197 347">General Manager for Aviation Sales and Operations Group</td></tr> </tbody> </table> <p>RESOLVED, FURTHER, that the signature from the above-indicated signatory shall be authorized to enter into the above-specified arrangements with various government agencies/entities, under such terms and conditions as the said individual may deem necessary and the same shall constitute a valid transaction and to accordingly execute, sign, deliver, and/or perform any and all contracts, instruments, documents, or writings that may be necessary for the implementation of the foregoing transaction;</p> <p>RESOLVED, FURTHER, as it is hereby resolved to authorize the aforementioned representative to the above powers and thereby to execute, sign, and deliver from time to time in behalf of the said Corporation all documents, instruments, or any other related processes pertaining to the implementation of the foregoing authority under such terms and conditions and stipulations as the said authorized signatory may deem advisable and desirable in the best interest of the Corporation;</p>	<u>NAME</u>	<u>POSITION</u>	ROSA MINDA B. DIMARUCUT	General Manager for Aviation Sales and Operations Group
<u>NAME</u>	<u>POSITION</u>				
ROSA MINDA B. DIMARUCUT	General Manager for Aviation Sales and Operations Group				
05-Jun-2023	<ul style="list-style-type: none"> RESOLVED, as it is hereby, to authorize and empower the Company to apply for the retirement of its business permit with the local government for its Depot located in Calapan, as well as other relevant consents required by the appropriate government agencies including the Bureau of Internal Revenue (BIR) and/or duly constituted authorities from the Corporation, which may be required or necessary in order for the Corporation to retire its existing business permit in the above-mentioned depot; <p>RESOLVED, FURTHER, That JOEL MACASAQUIT and/or JERRYCO CAMPOSANO, be, as they/he is hereby, authorized and empowered to sign, execute, deliver, receive and receipt, for and on behalf of the Corporation, any and all contracts, documents, and instruments required or necessary to carry out the above-mentioned resolutions;</p> <p>RESOLVED, FURTHER, That all documents signed by said representative/s of the Corporation prior to the approval of these resolutions be, as they are hereby, ratified, approved, confirmed and accepted as the act of the Corporation, and with the same force and effect as if signed under the direct authorization of the Board of Directors."</p> <p>RESOLVED FINALLY, that the foregoing resolutions shall remain in full force and effect and be binding upon the Corporation until the same are revoked, modified or amended by the Board of Directors of the Corporation and notice thereof is given to the Bank."</p>				
	<ul style="list-style-type: none"> RESOLVED, THAT the Board of Directors of P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC., appoints IGNACIO RAYMUND S. RAMOS, JR. in the facilitation of the licenses and permits on dangerous drugs and/or CPECs of the Corporation. As such, said person shall be responsible, liable and accountable to the Philippine Drug Enforcement Agency (PDEA)". 				

	<ul style="list-style-type: none"> RESOLVED, as it is hereby resolved, that the corporation, as principal, be authorized to obtain bonds from STRONGHOLD INSURANCE COMPANY, INC. <p>RESOLVED, as it is hereby also resolved, that for the implementation of the foregoing authority, CELESTE MARIE G. ONG and/or MYLEN A. SAMONTE, be authorized, as they are hereby authorized, to sign, execute and deliver for and on behalf of the corporation the said bond and the corresponding indemnity agreements under such terms and conditions that STRONGHOLD INSURANCE COMPANY, INC. may deem proper.”</p>
16-Aug-2023	<ul style="list-style-type: none"> RESOLVED, as it is hereby RESOLVED, to approve the Audited Annual Financial Statements for period ended 31 December 2022 including disclosure of SEC FORM 17C on material information in relation to the audit items as reported by the external auditors.”
18-Aug-2023	<ul style="list-style-type: none"> RESOLVED, as it is hereby RESOLVED, to approve the Unaudited First and Second Quarter Financial Statements for 2023.

MANAGEMENT REPORT

I. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company has not had any disagreement with its previous and current external auditor/independent public accountant on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE BUSINESS OF THE REGISTRANT AND ITS SUBSIDIARIES

1. Business Description

P-H-O-E-N-I-X Petroleum Philippines, Inc. (the “Company” or “PPPI”, interchangeably) was incorporated in the Philippines on May 8, 2002 under its original name of “OILINK MINDANAO DISTRIBUTION, INC.” On 11 January 2004, the Company amended its Articles of Incorporation changing its name from Oilink Mindanao Distribution, Inc. to Davao Oil Terminal Services Corp. On August 7, 2006, the Philippine Securities and Exchange Commission approved the Amended Articles of Incorporation of the Company changing its name from Davao Oil Terminal Services Corp. to “P-H-O-E-N-I-X Petroleum Philippines, Inc.”. As of 31 December 2021, the Company is 40.84% owned by P-H-O-E-N-I-X Petroleum Holdings, Inc. (PPHI), 23.59% owned by ES Consultancy Group, Inc., and 18.53% owned by Udenna Corporation companies organized in the Philippines.

The Company is registered with the Board of Investments (BOI) since November 16, 2005 then as a New Industry Participant with New Investment in storage, marketing and distribution of petroleum products under Republic Act (RA) 8479 (Downstream Oil Industry Deregulation Act of 1998). Under its registration, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investment Code of 1987. Under its registration, the Company is also entitled to certain tax and non-tax incentives to include Income Tax Holiday (ITH) for five (5) years from November 16, 2005.

The Company likewise registered with the BOI in 2010 and 2012 as a new industry participant with new investments in storage, marketing and distribution of petroleum products under RA 8479 (Downstream Oil Industry Deregulation Act) for its storage tanks in various locations. Under these registrations, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investments Code of 1987.

The Company’s transactions relating to the BOI registered investments entitled it to certain tax and non-tax incentives. Details of the registrations are as follows:

Location of Project	Date of Registration	Income Tax Holiday Period	Expiry
Villanueva, Misamis Oriental (near CDO Expansion)	November 24, 2017	5 Years	Nov 24, 2022
Tayud, Cebu City	September 9, 2017	5 Years	Sept 9, 2022
Calapan, Mindoro	October 12, 2017	5 Years	Oct 12, 2022
Calaca, Batangas (Expansion)	December 22, 2017	5 Years	Dec 22, 2022

On July 11, 2007, the Company went public, making available twenty-five percent (25%) of its total outstanding shares. The Company thus became the first petroleum company to list in the Philippine Stock Exchange (PSE) after the enactment of the Republic Act (RA) 8479 in 1998. The aforementioned law encourages petroleum companies to be listed with the PSE.

The Company's operations consist of Trading, Terminaling and Hauling Services. Under Trading, the Company offers its refined petroleum products (including Jet A1) and lubricants to retailers and commercial/industrial customers. The retail service stations are classified as Company-Owned, Company-Dealer-Operated (CODO) or Dealer-Owned, Dealer-Operated (DODO).

The Company's Terminaling and Hauling Services involves the leasing of storage space in its terminal depot, hauling and into-plane services (hauling of Jet A1 fuels to airports and refueling of aircraft) in Davao, Cagayan de Oro, General Santos City, Cotabato City, Ozamis City, Pagadian City and Zamboanga City. Since 2008, Cebu Air has designated the Company as its exclusive logistics partner in all its Mindanao operations.

Subsidiaries:

At present, the Company has Nine (9) direct wholly-owned subsidiaries, namely:

- **P-h-o-e-n-i-x Global Mercantile, Inc. ("PGMI")** was incorporated on July 31, 2006. It was previously engaged in the manufacture, production and creation of all kinds of motor, and all other transportation lubricants, fluids and additives of all kinds, and other petroleum products purposely for motor vehicles and other transportation.
- **PFL Petroleum Management Inc. ("PFL or PPMI")** was incorporated on January 31, 2007 and is currently engaged in the management of the three retail service stations which are being used as training sites and stations for prospective dealers.
- **Subic Petroleum Trading and Transport Phils., Inc. (SPTT)** was registered with the SEC on February 20, 2007 and is engaged in the buying and selling, supply and distribution, importation and exportation, and the storage and delivery of all types of petroleum for industrial, marine, aviation and automotive use. It does not carry any inventory at

any given time. SPTT is duly registered with Subic Bay Metropolitan Authority (“SBMA”) and was issued the Certificate of Registration and Tax Exemption on 01 June 2012, which is effective until 31 May 2013 and renewable by SPTT. It is classified as a Subic Bay Freeport Enterprise for the purpose of and with permit to operate the business of engaging in the business of importation, warehousing, transshipment, export, distribution of liquor, wines and spirits, tobacco and cigarettes and general merchandise and commodities such as but not limited to groceries, canned goods and prepaid cards; convenience store for selling and distribution of gasoline and other petroleum products and other liberalized items.

- **Phoenix LPG Philippines, Inc. (PLPI)** was incorporated last 20 June 1995 with the Securities and Exchange Commission as Petronas Energy Philippines, Inc. (PEPI), and was later renamed as Phoenix LPG Philippines, Inc. after its acquisition in accordance with the Share Purchase Agreement with the Company. It is currently engaged in the importation, distribution, marketing and retail sale of Liquefied Petroleum Gas (LPG), mainly in the Visayas and Mindanao area, with some minor operations in some areas of Luzon.
- **Duta, Inc.** was incorporated with the SEC last November 09, 1994 and currently holds its principal office in 15th Floor, Citibank Tower, Valero st., Salcedo Village, Makati City. It operates as a property holding company of PPPI and PLPI, and currently owns the real properties where the plants and some distribution offices of PLPI currently stand.
- **Philippine FamilyMart CVS, Inc.** was registered with the SEC last November 29, 2012 and currently maintains its principal office at Fourth Floor, Tara Building, 389 Sen. Gil J. Puyat Avenue, Makati City, Philippines. It is currently engaged in the operation and sub-franchising of convenience stores under the “FamilyMart” brand. It currently holds the exclusive Area Franchise to the “FamilyMart” brand in the Philippines and is granted the right to exclusively sub-franchise the “FamilyMart” convenience stores anywhere in the Philippines.
- **PNX Petroleum Singapore Pte. Ltd.** was registered in Singapore and started operations sometime in October 2017. It is the regional trading arm of the Company. It currently holds office in Singapore and is able to buy directly from the refineries in the region due to its bigger requirements. It also takes orders and sells to other local and regional buyers.
- **PNX Energy International Holdings Pte. Ltd.,** registered in Singapore in 2018, PEIH was established to manage the Company’s international investments, as the Company explores possible investments in different regional markets such as Vietnam, Indonesia, Myanmar, Thailand and Australia.
- **Phoenix Pilipinas Gas and Power, Inc.** Incorporated on March 14, 2019 to engage in, conduct and carry on the business of selling, trading,

on wholesale basis, natural gas and liquefied natural gas (LNG).

- **Phoenix Road Transport Pilipinas, Inc.**, incorporated on February 19, 2020, to engage in the business of organizing, managing, administering, running and supervising the operations and marketing of various kinds of service-oriented companies, such as petroleum service stations, hauling companies and such other related companies.

The Company also has direct investments in Three (3) subsidiaries, namely:

- **Action.Able, Inc.**, registered in 2015, the Company owns 74.9% of the subsidiary. Action.Able is a three year old digital payment platform which enables and facilitates financial transactions between a merchant who avails and uses the service, and his customers who uses the platform to purchase, buy or pay all kinds of prepaid loads bills, and money remittances through a single Point of Sale device.
- **think.able, Limited**, registered in Hong Kong on 05 May 2014, The Company owns 74.9% of the subsidiary. think.able is the company that owns and holds the trademarks and copyrights used by Action.Able, Inc. in its operations and devices, including the trademark for “Pos!ble.net” the more popular name for which the devices and the service is known.
- **Phoenix Asphalt Philippines, Inc.** is a joint venture of Phoenix Petroleum Philippines, Inc., Tipco Asphalt Public Company Limited of Thailand and Carlito B. Castrillo. Formed in January 2018, the joint venture will manufacture, operate, market, and distribute asphalt, asphalt-related products and other by-products of crude oil and other petroleum products, including operating terminals in the Philippines. Its plant is scheduled to complete construction in 2019 at the Calaca Industrial Seaport Park.

2. Directors and Officers

(please refer to pages 10-20 of the Information Statement - form 20-IS)

II. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following is a discussion and analysis of the PPPI and its Subsidiaries’ financial performance for the years ended December 31, 2022 and 2021 *(as re-stated)*. The discussion should be read in conjunction with the audited consolidated financial statements and the accompanying notes. **In the discussion of financial information, any reference to “the Company” or the “Group” means PPPI and its Subsidiaries.**

The selected financial information set forth in the following table has been derived from the Company's audited consolidated financial statements for the years ended December 31, 2022 and 2021(*as re-stated*).

The Company's financial statements were audited by Punongbayan & Araullo for 2022 and 2021(*as re-stated*), in accordance with Philippine Financial Reporting Standards.

A. Comparable discussion on Material Changes in Results of Operations for the Period Ended June 30, 2023 vs. June 30, 2022.

Revenues, Cost of Sales and Gross Margins

The Group's Revenues during the 1st half of 2023 were lower by 64% at ₱27.557 billion compared to the ₱76.185 billion generated in the same period of 2022. This was mainly due to the 55% decrease in total volume sold for the comparative periods (2023: 756 million liters vs. 2022: 1,694 million liters). The decline in domestic volume was a result of the implementation of the Third-Party Supply Model (3PS) where a 3rd party supplies our retail requirements directly and the Company in return earns Service income. Total volume thru the 3PS model aggregated 125 million during the 1st half of the year. While volume from overseas subsidiaries shrank by 52%, the domestic business dropped by 64%. Moreover, the average price of petroleum products was lower as a result of the 24% decrease in the price of Dubai crude (benchmark crude of Asian refineries) average (YTD June 2023 vs 2022: US\$77.37/bbl. vs. US\$101.80/bbl).

Cost of Sales and Services decreased by 65%, from ₱72.309 billion in the 1st half of 2022 to ₱25.616 billion in 2023, principally attributable to decline in volume.

Consequently, **Gross Margin** decreased by 50% or ₱1.935 billion.

Operating Expenses, Non-operating Expenses, Recurring Income

Meanwhile, the Company's **Selling and Administrative Expenses** amounted to ₱2.630 billion, 8% lower than the ₱2.864 billion level comparing the 1st half of 2023 versus 2022. The decrease was primarily due to lower delivery cost as a result of decline in volume and as a result of Company's effective cost management. However, comparing 2nd quarter against 1st quarter of the year, 2nd quarter is 6% or 76 million higher due to increase in taxes and licenses and refilling fees on canisters of PLPI.

On the other hand, **Net Non-operating Charges** of ₱1.935 billion was ₱578 million higher than the ₱1.356 billion incurred in the same period of 2022. The 43% increase was driven by the ₱304 million increase in the Finance Cost as average interest rates increased and the Company deferred payments of its loans and Trust Receipt's, carrying more debts for a longer period. This was aggravated by the ₱158 million increase in other Non-operating charges and ₱136 million increase in loss on equity share from JV. Also includes the loss on disposal of certain assets amounting to ₱27.64 million.

Operating, Net and Comprehensive Incomes

The 1st half of 2023 Operating loss of ₱689 million reversed by 168% (₱1.702 billion) from the prior year's ₱1.012 billion operating income, mainly attributable to decrease in gross margins.

The Net Loss Before Tax of ₱2.624 billion during the 1st half increased by 663% (₱2.280 billion) vis-à-vis the prior year's Net Income Before Tax of ₱345 million.

Meanwhile, the Company recorded a ₱24 million translation adjustment loss related to PNX SG's operations, 108% reversed the ₱308 million gain recorded in the same period of 2022. As such, Comprehensive Loss of ₱2.091 billion was 952% higher than the ₱245 million Comprehensive income reported in the 1st half of 2022.

Financial Condition

(As of June 30, 2023, versus December 31, 2022)

Consolidated resources as of June 30, 2023 stood at ₱84.250 billion, 2% lower than ₱85.792 billion level as of December 31, 2022.

Cash and Cash Equivalents decreased by 2% (from ₱4.181 billion in December 31, 2022 to ₱4.114 billion as of June 30, 2023), net of the interest paid, loan repayments and proceeds.

Trade and Other Receivables increased by 1% (from ₱18.719 billion as of December 31, 2022 to ₱18.875 billion as of June 30, 2023) due to service income billed to related parties for the period.

Inventory was 30% lower at ₱1.008 billion as of June 30, 2023 than the ₱1.449 billion as of December 31, 2022, driven by the strategic inventory management executed.

Due from Related Parties increased by 416% at ₱14.8 million as of June 30, 2023 than ₱2.9 million as of December 31, 2022, due to additional advances to JVs for working capital.

Input VAT reduced by 9% from ₱3.952 billion as of December 31, 2022 to ₱3.590 billion as of June 30, 2023, relative to decrease in inventories.

Prepayments & Other Current Assets

Assets Held for Sale was lower by 54% at ₱310 million as of June 30, 2023 to ₱676 million as of December 31, 2022, due to disposal of certain property of Duta.

Deferred Tax Asset was 26% higher at ₱2.438 billion as of June 30, 2023, from ₱1.930 billion as of December 31, 2022, coming from reported losses for the year, thereby recognizing Income Tax Benefits.

Interest-bearing Loans and Borrowings, both current and non-current of ₱48.717 billion as of June 30, 2023 decreased by .23% from ₱48.828 billion as of December 31, 2022, with the reduction in cash cycle days, loan level was also decreased.

Trade and Other Payables decreased by 4% from ₱19.285 billion as of December 31, 2022 to ₱18.435 billion as of June 30, 2023, due to settlement of trade payables.

Total Stockholders' Equity decreased to ₱11.999 billion as of June 30, 2023 from ₱14.080 billion as of December 31, 2022 (by 15%). The decrease is due to the 133% reduction in Retained Earnings which came from the Net Loss for the period.

Key Performance Indicators and Relevant Ratios

The Group's key performance indicators and relevant ratios and how they are computed are listed below:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Debt to Equity Ratio	6.02 : 1x	5.09 : 1x
Debt to Equity Interest-Bearing ²	4.06 : 1x	3.47 : 1x
Net Book Value per Share ³	₱3.11	₱4.55
Earnings per Share ⁴	(₱1.42)	(₱2.69)

Notes: Formula are based on Philippine Accounting Standards

1 – Total Debts divided by Total Stockholder's Equity

2 - Interest Bearing Debts divided by Total Stockholder's Equity

3 - Total Stockholder's Equity (net of Preferred) divided by the total number of shares issued and outstanding

4 - Period or Year Net income after tax divided by weighted average number of outstanding common shares

These key indicators were chosen to provide Management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and the Group's ability to maximize the value of its stockholders' investment in the Group (Net Book Value Per Share and Earnings Per Share). Likewise, these ratios are used to compare the Group's performance with similar companies.

Material (5% or more) Changes to the Group's Balance Sheet as of June 30, 2023 vs. December 31, 2022

30% decrease in Inventory

Due to shift in supply from own barrels to Third Party Supply Model.

416 % increase in Due from Related Party

Advances made to certain JVs for their working capital needs.

9% decrease in Input Vat Net

Due to the decreased tax base value of the recent importations compared to the prior year average.

6% increase in Prepayments and Other Assets

Due to prepaid taxes and renewed licenses.

54% decrease in Non-Current Assets Held for Sale

Due to disposal of certain DUTA property this year.

5% decrease in Right of Use (ROU) assets

This is due to normal depreciation recognized for the period.

9% decrease in Intangible assets

This is due to normal amortization of the asset.

26% increase in Deferred Tax Assets

Coming from Parent and some subsidiaries reporting losses for the period.

11% increase in Lease Liabilities current as a result of reclassification from non-current to current and lease payments.

39% decrease in Income Tax Payable

Due to settlement of income tax due for the period

127% increase in Other Non-Current Liabilities

Coming from Deposits for Future Stock Subscription of ultimate parent company – Udenna Corp.

133% decrease in Retained Earnings, as a result of the losses incurred for the period

Material (5% or more) changes to the Group's Income Statement as of June 30, 2023 vs. June 30, 2022

64% decrease in revenues

Due to the 55% decrease in volume

65% decrease in Cost of Sales and Services

This is relative to decline in volume.

8% decrease in Selling and Admin Expenses

The decrease is relative to decline in volume that lowers the customer delivery cost and coupled with effective cost saving strategies of the Company.

43% Net increase in Other income/(charges)

Mainly due to the lower allowable capitalization of certain finance costs on related projects under construction, higher interest expense as a result of the higher working capital requirement due to the increase in oil prices.

98% decrease in Tax Expense

This came from the losses of certain subsidiaries during the period.

There are no other material changes in the Group's financial position (5% or more) and conditions that will warrant a more detailed discussion. Furthermore, there are no material events and uncertainties known to Management that would impact or change the reported financial information and condition of the Group.

B. Comparable discussion on Material Changes in Results of Operations for the Year Ended December 31, 2022 vs. December 31, 2021 ((as re-stated)).

Revenues, Cost of Sales and Gross Margins

The Group's **Revenues** during the year 2022 decreased to ₱127.552 billion, 3.6% lower compared to the re-stated ₱132.257 billion generated in 2021. This was mainly due to the 42.3% drop in total volume sold for the comparative years (2022: 2,684.18 million liters vs. 2021: 4,655 million liters) on account of shortfall in working capital. Of the 1,970.82 million liters decline in sales volume, 57.4% or 1,103.29 million liters represented the decrease in volume sold from domestic operations, while 31.7% or 867.53 million liters came from decline in the volume sold by its foreign-based subsidiaries; while the balance of 1,103.29 million liters net decrease or 57.4% is from domestic operations.

The decline in sales volume was partly offset by the rise in selling price as a result of the 141% spike in the price of Dubai crude (benchmark crude of Asian refineries) average (YTD December 2022 vs 2021: US\$96.34/ bbl. vs. US\$69.39/ bbl.) which drove up the prices of refined petroleum products.

Similarly, **Cost of Sales and Services** decreased by 2.2%, from ₱124.648 billion in 2021 to ₱121.865 billion in 2022, principally attributable to decline on sales volume.

The combined effects of the decline in volume and the increase in fuel price contributed to decline in **Gross Margin** by 25.3% or ₱1.922 billion.

Operating Expenses, Non-operating Expenses, Recurring Income

The Company's **Selling and Administrative Expenses** amounted to ₱6.080 billion, 7% higher than the ₱5.681 billion 2021 level, mainly because of the increase in depreciation expenses and necessary repairs and maintenance expenses during the period. Considering the decline in volume, operating expenses per liter increased to ₱2.35 from ₱1.22.

Meanwhile, the Company recognized various provisions aggregating ₱648 million in 2022, ₱220 million Goodwill impairment, ₱178 million on Non-Current Asset Held for Sale, and ₱63 million on Basketball Franchise.

On the other hand, **Net Non-operating Charges** of ₱3.089 billion was ₱447 million lower than the ₱3.536 billion incurred in 2021. Part of the 12.6% decrease was the ₱469 million decrease in the finance cost due to reduced volume of trade transactions as well as the ₱113 million decrease in the equity share in the JV income as a result of losses incurred, partly offset by the ₱32 million increase in the recognized fair value gains on investment properties and ₱58 million increase in finance income.

Operating, Net and Comprehensive Incomes

Because of the decrease in volume, the 2022 **Operating Income** declined by 154% from 2021 Operating Income of ₱1.928 billion to ₱1.041 billion Operating Loss. With higher operating expenses and the recognition of impairment losses, the Group incurred a **Net**

Loss After Tax of ₱3.213 billion in 2022 vis-à-vis the 2021 **Net Loss After Tax** of ₱886 million.

On the other hand, the Company recorded a ₱475 million gain on revaluation of land which was 7% or ₱29 million higher than ₱445 million recorded in 2021. In addition, the remeasurement of the post-employment defined benefit program also resulted in a gain of ₱93 million in 2022, 441% higher than ₱17 million recognized in 2021. Thus, resulting to a **Comprehensive Loss** was recorded at ₱2.507 billion. This however, was still 366% higher than the ₱537 million reported loss in 2021.

Financial Condition

(As of December 31, 2022 versus December 31, 2021)

Consolidated resources as of December 31, 2022 stood at ₱85.792 billion, .17% lower than ₱85.939 billion level as of December 31, 2021.

Cash and Cash Equivalents decreased by 15% (from ₱4.903 billion in December 31, 2021 to ₱4.181 billion as of December 31, 2022) net of the interest paid, loan availments and repayments and short-term placements.

Trade and Other Receivables increased by 1% (from ₱18.465 billion as of December 31, 2021 to ₱18.719 billion as of December 31, 2022) due to timing in collections.

Inventory was 72% lower at ₱1.449 billion as of December 31, 2022 compared to ₱5.1 billion as of December 31, 2021. This was a result of the Company's inventory management strategies.

Prepayments and Other Current Assets increased by 17% or ₱419 million from ₱2.478 billion in 2021 to ₱2.896 billion in 2022 mainly due to increase in creditable withholding taxes and security deposit of PNX SG.

Non-Current Asset Classified as Held for Sale was 754% higher at ₱676 million as of December 31, 2022, from ₱79 million as of December 31, 2021 coming from reclassification of certain property as Held for Sale.

As of December 30, 2022, the Group's **Property and Equipment**, net of accumulated depreciation, decreased to ₱32.797 billion versus the ₱33.915 billion as of December 31, 2021. The ₱1.117 billion or 3% decline is attributable to depreciation recognized for the period and reclassification of certain property to Non-Current Asset Held for Sale.

Investment Properties was 33% higher at ₱914 million as of December 31, 2022, from ₱687 million as of December 31, 2021. The ₱226 million increase mainly pertained to the market revaluation of the Company's real estate properties in compliance with accounting standards.

Intangible Assets was 40% lower at ₱142 million as of December 31, 2022, from ₱238 million as of December 31, 2021, as a result of normal amortization.

Right of Use assets decreased to ₱1.191 billion as of December 31, 2022 from ₱1.243 billion as of December 31, 2021 resulting from normal depreciation and termination of certain lease agreements.

Investment in Joint Ventures was 7% lower at ₱1.645 billion as of December 31, 2022, from ₱1.763 billion as of December 31, 2021 inclusive of the cumulative increase from the equity share in the JVs' net losses as well as the Company's share in its new Joint Venture Agreements.

Goodwill decreased by 5% or ₱220 million from ₱4.623 billion in 2021 to ₱4.412 billion in 2022 mainly due to impairment of goodwill of Action Able Inc. and Phoenix Family Mart CVS. Inc.

Deferred Tax Asset was 90% higher at ₱1.930 billion as of December 31, 2022, from ₱1.017 billion as of December 31, 2021 coming from reported losses for the year, thereby recognizing Income Tax Benefits.

Other Non-current Assets was 46% higher at ₱10.711 billion as of December 31, 2022, from ₱7.344 billion as of December 31, 2021, due to reclassification of certain advances to suppliers from current assets.

Interest-bearing Loans and Borrowings, both current and non-current of ₱48.828 billion as of December 31, 2022, increased by 6% from ₱46.137 billion as of December 31, 2021, mainly due to new loan availments for the importation of fuel and debt service.

Trade and Other Payables increased by 2% from ₱18.903 billion as of December 31, 2021 to ₱19.285 billion as of December 31, 2022, related to the terms, timing and increased value of purchases of petroleum products.

Lease Liabilities, both current and non-current, decreased by 2% from ₱1.380 billion as of December 31, 2021 to ₱1.351 billion as of December 31, 2022, due to lease payments.

Other Non-Current Liabilities was 10% lower at ₱1.246 billion as of December 31, 2022 vs ₱1.379 billion as of December 31, 2021, coming from reclassification to current portion of Security Deposit and its amortization using the effective interest rate

Total Stockholders' Equity decreased to ₱14.080 billion as of December 31, 2022 from ₱17.162 billion as of December 31, 2021 (by 18%). The increase in Capital Stock and Additional Paid-in Capital is a result of the ESOP availments.

The restatement of prior years saw a reduction of 163% in Retained Earnings which came from the ₱3.213 billion Net Loss realized in 2022, payment of dividends on Preferred shares amounting to ₱0.577. Retained Earnings is net of restatement from prior years as a result of the following: (1) change in the Group's accounting policy to measure the cost of its fuels and by-products and LPG inventories from weighted average cost to first-in first-out (FIFO)

method; (2) recognition of previously unrecognized right-of-use assets and lease liabilities from periods 2019 to 2021 for several leases related to store outlets of PFM; (3) accrual of various expenses amounting to ₱106.7 million as of December 31, 2021; and (4) the reclassification to Trade and Other Receivables - net account of advances to certain supplier amounting to ₱3,209.7 million, which was previously recognized as deduction from the Trade and Other Payables account, and recognition of allowance for impairment on the full amount of the advances as of January 1, 2020, which is the beginning of the earliest period presented.

However, the decline in Retained Earnings is partially offset by the increase in the Revaluation Reserves of ₱0.0639 billion coming from the Other Comprehensive Income component of the Fair Value Gains of certain assets and currency translation of foreign subsidiaries' financials.

Key Performance Indicators and Relevant Ratios

The Group's key performance indicators and relevant ratios and how they are computed are listed below:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current Ratio ¹	0.66x : 1x	0.80x : 1x
Debt to Equity Interest-Bearing ²	3.47x : 1x	2.69x : 1x
Net Book Value per Share ³	₱4.55	₱6.69
Earnings per Share ⁴	(₱2.69)	(₱1.02)

Notes: Formula are based on Philippine Accounting Standards

1 - Total current assets divided by current liabilities

2 - Interest Bearing Debts divided by Total stockholder's equity

3 - Total stockholder's equity (net of Preferred) divided by the total number of shares issued and outstanding

4 - Period or Year Net income after tax divided by weighted average number of outstanding common shares

These key indicators were chosen to provide Management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and the Group's ability to maximize the value of its stockholders' investment in the Group (Net Book Value Per Share and Earnings Per Share). Likewise, these ratios are used to compare the Group's performance with similar companies.

Material (5% or more) Changes to the Group's Balance Sheet as of December 31, 2022 vs. December 31, 2021

15% decrease in Cash and Cash Equivalents

Settlement of matured debts, net of new loans availed.

72% decrease in Inventories

Driven by Company's strategic inventory management.

17% increase in Prepayments and Other Current Assets

Attributable to increase in creditable withholding tax and other prepayments

33% increase in Investment Properties

Due to increase in market revaluation of DUTA and Kaparangan properties

40% decrease in Intangible Asset

Normal amortization.

7% decrease in Investment in Joint Ventures

Mainly from Net share on loss from JV.

90% increase in Deferred Tax Assets

Coming from Parent and some subsidiaries reporting losses.

46% increase in Other Non-current assets

Due to reclassification of certain advances to non-current, as not expected to be collected in the next 12 months.

754% increase in Non-current Assets Classified as Held for Sale

Certain properties were reclassified as Held for Sale due to intention of selling in the next 12 months.

18% increase in Interest Bearing Loans- Current

As certain long-term loans become due in the next 12 months along with the increase in Trust Receipts for the year.

100% decrease in Derivative Financial Liabilities

Related to the forward contracts entered into by PNX SG

13% decrease in Lease Liabilities - Current

Due to the cancellation and re-structuring of certain lease contracts.

100% increase in Income Tax Payable

Net of the offset against creditable withholding taxes allowable for application for subsidiaries reporting net income.

9% decrease in Interest Bearing Loans- Non-Current

Due to reclassification of certain long-term loans to current

10% decrease in Non-current liabilities

Mainly due to reclassification to current portion of Security Deposit and its amortization using the effective interest rate

27% increase in Revaluation Reserves

Movements coming from the Other Comprehensive Income items namely translation adjustment, fair value gains net of deferred income tax and retirement benefit obligations.

163% decrease in Retained Earnings

Mainly coming from the Net Loss after tax and the dividends declared and distributed during the year.

2156% increase in Non-Controlling Interest

Mainly due to decrease in equity ownership with PNK SG from 100% to 85% in 2022.

Material (5% or more) changes to the Group's Income Statement as of December 30, 2022 vs. December 30, 2021

28% increase in fuel service and other revenue

Due to increase in service income from third party suppliers and increase contributed by PNK SG's other revenues.

12% increase in rent income

Coming from PPPI's new operating sites and non-fuel related businesses as the ease of mobility increased economic activities.

7% Increase in Selling and Admin Expenses

Driven by the increase in business activities arising from the lifting of the mobility restrictions, as well as higher depreciation expenses, necessary repairs and maintenance expenses and settlement of tax deficiencies and penalties during the period.

100% Increase in Impairment Losses

The increase was attributed to the impairment loss recognized for Investment in Subsidiaries (PFM & AAI, Basketball Franchise impairment and certain property under Held for Sale.

13% decrease in Finance Costs

Despite the increase in interest rates, finance costs decline due to reduced volume of trade transactions.

73% Increase in Finance Income

Due to Interest Income earned on short-term placements of PNK SG.

37% increase in Fair Value Gains on Investment Properties

Mainly due to increase in market revaluation

567% decrease in Equity Share in Net Income of a Joint Venture

This is the net share on loss incurred on all the operating Joint Ventures during the year.

27% increase in Tax Benefit

Due to the Net Loss for the year.

19429% increase in Translation Adjustments Gain

Higher forex movement of foreign denominated subsidiaries resulted in gain on translation adjustment.

7% increase in Gain in Revaluation of Land (OCI)

Related to the gain on the land properties revaluation for the year.

441% increase in Remeasurement of Post-Employment Benefit Obligation Loss (OCI)

The actuarial valuation resulted in net gain on remeasurement.

23% increase in Tax Expense (OCI)

Coming from gain in revaluation of land and on remeasurement of post-employment benefit obligation under Other Comprehensive Income (OCI)

There are no other material changes in the Group's financial position (5% or more) and conditions that will warrant a more detailed discussion. Furthermore, there are no material events and uncertainties known to management that would impact or change the reported financial information and condition of the Group.

C. Comparable discussion on Material Changes in Results of Operations for the Year Ended December 31, 2021(*restated*) vs. December 31, 2020 (*as restated*)

Revenues, Cost of Sales and Gross Margins

The Group's **Revenues** during the year 2021 increased to ₱132.257 billion, 68.9% higher compared to the ₱78.300 billion generated in 2020. This was mainly due to the increase in fuel prices. The average price of petroleum products was higher as a result of the 64.4% spike in the price of Dubai crude (benchmark crude of Asian refineries) average (YTD December 2021 vs 2020: US\$69.39/ bbl. vs. US\$42.21/ bbl.) which drove the prices of refined petroleum products down. This is in addition to the 9.7% growth in total volume sold for the comparative years (2021: 4,655 million liters vs. 2020: 4,245 million liters).

Of the 409 million liters incremental sales volume, 58.6% or 240 million liters came from the volume sold by its foreign-based subsidiaries; while the balance of 169.6 million liters net increase or 41% is from domestic operations.

Similarly, **Cost of Sales and Services** increased by 75.8%, from ₱70.914 billion in 2020 to ₱124.648 billion in 2021, principally attributable to the volume growth and surge in fuel prices.

As a result mainly of the increase in sales volume and increase in fuel prices, **Gross Margin** rose by 3% or ₱0.223 billion.

Operating Expenses, Non-operating Expenses, Recurring Income

The company's **Selling and Administrative Expenses** amounted to ₱5.681 billion, .8% less than the ₱5.726 billion 2020 level.

On the other hand, **Net Non-operating Charges** of ₱3.536 billion was ₱2.104 billion more than the ₱1.432 billion incurred in 2020. Part of the 147% increase was the ₱1.660 billion increase in the finance cost as the working capital requirement brought about by the increase in fuel prices also increased, ₱0.044 billion increase in the recognized fair value gains on investment properties, ₱0.281 billion decrease in finance income, ₱0.075 billion decrease in the equity share in the JV income and ₱0.132 billion decrease in other income.

Operating, Net and Comprehensive Incomes

Because of the decrease in operating expenses, the 2021 **Operating Income** of ₱1.928 billion rose by 22% (₱.351billion) compared to the 2020 Operating Income of ₱1.577 billion.

Due to the higher Net Non-operating Charges, the group incurred a **Net Loss After Tax** of ₱0.886 billion in 2021 vis-à-vis the 2020 NIAT of ₱0.384 billion.

Meanwhile, the company recorded a ₱0.445 billion gain on revaluation of land which was 62.7% or ₱0.749 less than ₱1.194 recorded in 2020. The remeasurement of the post-employment defined benefit program also resulted in a gain of ₱0.017 in 2021, 127.0% better than ₱0.064 loss recognized in 2020. As such resulted to a **Comprehensive Loss** of ₱0.537 billion, 149.4% less than the ₱1.088 billion reported income in 2020.

Financial Condition

(As of December 31, 2021 versus December 31, 2020)

Consolidated resources as of December 31, 2021 stood at ₱85.939 billion, 3.4% higher than ₱83.129 billion level as of December 31, 2020. This was mainly due to the increase in fuel prices which resulted in higher input VAT. The increase is also due to the increase in property, plant and equipment, although the capital expenditures spending was cut into only 30% versus 2020.

Cash and Cash Equivalents decreased by 15.3% (from ₱5.788 billion in December 31, 2020 to ₱4.903 billion as of December 31, 2021) as the company settled its loans, net of the proceeds coming from new loans availed.

Trade and Other Receivables increased by 5.4% (from ₱17.514 billion as of December 31, 2020 to ₱18.465 billion as of December 31, 2021) in relation to the increase in revenues, as a result of the increasing fuel prices.

As of December 30, 2021, the Group's **Property and Equipment**, net of accumulated depreciation, increased to ₱33.915 billion versus the ₱32.708 billion as of December 31, 2020. The ₱1.207 billion or 3.7% growth represented the fair value appraisal of certain land properties of Duta leased by PLPI and carry-over expansion of the group.

Investment Properties was 15.3% higher at ₱0.687 billion as of December 31, 2021, from ₱0.596 billion as of December 31, 2020. The ₱0.091 million increment mainly pertained to

the market revaluation of the company's real estate properties in compliance with accounting standards.

Intangible Assets was 14.6% lower at ₱0.238 billion as of December 31, 2021, from ₱0.279 billion as of December 31, 2020 as a result of normal amortization.

Right of Use assets increased to ₱1.243 billion as of December 31, 2021 from ₱1.049 billion as of December 31, 2020 resulting from normal depreciation and re-opening of normal business operations after the ease of certain pandemic restrictions and mobility.

Investment in Joint Ventures was 7.8% higher at ₱1.763 billion as of December 31, 2021, from ₱1.635 billion as of December 31, 2020 inclusive of the cumulative increase from the equity share in the JVs net income as well as the company's share in its new Joint Venture Agreements.

Deferred Tax Asset was 105.6% higher at ₱1.017 billion as of December 31, 2021, from ₱0.494 billion as of December 31, 2020 coming from some subsidiaries reporting losses, thereby recognizing Income Tax Benefits.

Other Non-current Assets was 5.8% lower at ₱7.343 billion as of December 31, 2021, from ₱7.795 billion as of December 31, 2020 as some advances to suppliers for various goods and services in the prior were completed and delivered in 2021.

Interest-bearing Loans and Borrowings, both current and non-current of ₱46.137 billion as of December 31, 2021 decreased by 4.4% from ₱44.243 billion as of December 31, 2020, mainly due to the settlement of debts, net of new loan availments.

Trade and Other Payables increased by 53.2% from ₱12.337 billion as of December 31, 2020 to ₱18.903 billion as of December 31, 2021, related to the terms, timing and increased value of purchases of petroleum products.

Deferred Tax Liabilities amounting to ₱0.897 billion as of December 30, 2021 decreased by 13.6% versus the ₱1.038 billion as of December 31, 2020, primarily related to the related fair value gains on land and investment properties.

Total Stockholders' Equity decreased to ₱17.162 billion as of December 31, 2021 from ₱18.263 billion as of December 31, 2020, (by 6%). The increase in Capital Stock and Additional Paid-in Capital is a result of the ESOP availment of ₱0.026. The 37.6% decline in retained earnings came from the ₱0.886 billion net loss realized in 2021, payment of dividends on Preferred shares amounting to ₱0.589, partially offset by the increase in the Revaluation Reserves of ₱0.370 coming from the Other Comprehensive Income component of the Fair Value Gains of certain assets.

Key Performance Indicators and Relevant Ratios

The Group's key performance indicators and relevant ratios and how they are computed are listed below:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current Ratio ¹	0.80x : 1x	0.79x : 1x
Debt to Equity Interest-Bearing ²	2.69x : 1x	2.64x : 1x
Net Book Value per Share ³	₱6.69	₱9.69
Earnings per Share ⁴	(₱1.02)	₱0.02

Notes: Formula are based on Philippine Accounting Standards

1 - Total current assets divided by current liabilities

2 - Interest Bearing Debts divided by Total stockholder's equity

3 - Total stockholder's equity (net of Preferred) divided by the total number of shares issued and outstanding

4 - Period or Year Net income after tax divided by weighted average number of outstanding common shares

These key indicators were chosen to provide management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and the Group's ability to maximize the value of its stockholders' investment in the Group (Net Book Value Per Share and Earnings Per Share). Likewise, these ratios are used to compare the Group's performance with similar companies.

Material (5% or more) Changes to the Group's Balance Sheet as of December 30, 2021 vs. December 31, 2020

15% decrease in Cash and Cash Equivalents

Settlement of matured debts, net of new loans availed.

5% increase in Trade and Other Receivables

Due to the increase in revenues.

45% increase in Input VAT

Excess VAT paid in advance net of the recoveries from vat-able sales.

91% decrease in Due from Related Party

As certain JV agreements were fully consummated.

100% increase in Restricted Deposits

In compliance with the OLSA requirement with BDO.

15% increase in Investment Properties

Appraisal of Land, classified as investment properties

- 18% increase in Right of Use Asset
Renewal of certain Lease Contracts.
- 15% decrease in Intangible Asset
Normal amortization.
- 8% increase in Investment in Joint Ventures
Due to the company's share in the Net Income and the additional Joint Venture Agreements entered into during the year.
- 106% increase in Deferred Tax Assets
Coming from some subsidiaries reporting losses.
- 6% decrease in Non-current Assets
Completion of certain projects and related services.
- 60% decrease in Non-current Assets Classified as Held for Sale
Certain sale of assets to JV were consummate and executed as planned.
- 17% decrease in Interest Bearing Loans- Current
Settlement of maturing debts during the year.
- 53% increase in Trade Payables
In relation to the increasing petroleum products prices and longer payment terms.
- 87% decrease in Derivative Financial Liabilities
Related to the forward contracts entered into by PNX SG
- 33% decrease in Lease Liabilities - Current
Due to the cancellation and re-structuring of certain lease contracts.
- 100% decrease in Income Tax Payable
Net of the offset against creditable withholding taxes allowable for application for subsidiaries reporting net income.
- 15% increase in Lease Liability - Non Current
Renewal of certain leased contracts.
- 14% decrease in Deferred Tax Liability
Coming from the lower fair value gains of certain properties recognized during the year net of the allowable offset to Deferred Tax Asset for the year.
- 6% increase in Non-current liabilities
Increase in Customer Cylinder Deposits, Cash Bonds, Security Deposits, Unearned Rent and Post-employment benefit obligation.
- 19% increase in Revaluation Reserves
Movements coming from the Other Comprehensive Income items namely translation

adjustment, fair value gains net of deferred income tax and retirement benefit obligations.

38% decrease in Retained Earnings

Decrease coming from the Net Loss after tax and the dividends declared and distributed during the year.

Material (5% or more) changes to the Group's Income Statement as of December 30, 2021 vs. December 30, 2020

70% increase in Sale of Goods

Mainly due to the increase in fuel prices during the year.

9% increase in fuel service and other revenue

Coming from Pnx Sg.

42% increase in rent income

Coming from PPPI's new operating sites and non-fuel related businesses as the ease of mobility started to increase economic activities.

76% increase in Cost of Sales and Services

This mirrors the increase in the sale of goods, reflecting the downwards price movements in the world market in 2021 compared to 2020.

81% increase in Finance Costs

As the increase in fuel prices requires higher working capital, the equivalent volume of trade related likewise increased despite the reduction in average interest rates.

78% decrease in Finance Income

Net realized and unrealized forex gains and losses as well as Pnx SG's forward contract results.

103% increase in Fair Value Gains on Investment Properties

Fair value gains on investment properties leased to third party customers.

79% decrease in Equity Share in Net Income of a Joint Venture

This is the net share from all the operating Joint Ventures during the year.

101% decrease in Other income

There was no one-time other income made during the year.

203% increase in Tax Benefit

Due to the net loss for the year.

102% decrease in Translation Adjustments Loss

Net forex exposure from foreign denominated subsidiaries resulted in gain on translation adjustment.

63% decrease in Gain in Revaluation of Land (OCI)

Related to the gain on the investment property revaluation for the year.

127% decrease in Remeasurement of Post-Employment Benefit Obligation Loss (OCI)

The actuarial valuation resulted in net gain on remeasurement..

66% decrease in Tax Expense (OCI)

Net effect of the lower gain in revaluation of land and gain on remeasurement of post-employment benefit obligation under Other Comprehensive Income (OCI)

There are no other material changes in the Group's financial position (5% or more) and conditions that will warrant a more detailed discussion. Furthermore, there are no material events and uncertainties known to management that would impact or change the reported financial information and condition of the Group.

D. Comparable discussion on Material Changes in Results of Operations for the Year Ended December 31, 2020 vs. December 31, 2019 (as re-stated).

Revenues, Cost of Sales and Gross Margins

The Group's **Revenues** during the year 2020 dropped to ₱78.300 billion, 20.0% lower compared to the ₱97.823 billion generated in 2019. This was mainly due to the decline in fuels prices as the average peso per liter price of petroleum products was lower by 36.2% (FY Average 2020 vs. 2019: P13.19 vs. P20.69). This was as a result of the combined effect of the 35.5% drop in the price of Dubai crude, the benchmark crude of Asian refineries, (FY Average US\$/ bbl 2020 vs. 2019: US\$42.24 vs. US\$63.51) and the 4.2% appreciation of the peso relative to the U.S. dollar (FY Average 2020 vs. 2019 P:1US\$ P49.64 vs. P51.80).

The drop in the value of petroleum products was partially mitigated, however, by the 31.6% growth in total volume sold for the comparative years (2020: 4,244 million liters vs. 2019: 3,226 million liters). The 1,018 million liters incremental sales volume came from the volume sold by its foreign-based subsidiaries (Pnx Singapore: Pnx Singapore – 1,294.3 million liters and Pnx Vietnam – 151.7 million liters). This was partly offset, however, by the 42% (427.5 million liters) decline in sales generated from domestic operations brought about by the slowdown in the domestic economy as a result of the pandemic.

Similarly, **Cost of Sales and Services** decreased by 17.9%, from ₱86.811 billion in 2019 to ₱71.252 billion in 2020, principally attributable to the decline in fuel prices but partially reduced by the volume growth.

Consequently, **Gross Margin** fell by 36.0% or ₱3.964 billion, largely on account of the volatility in the price of petroleum products and the slowdown in domestic volume.

Operating Expenses, Non-operating Expenses, Recurring Income

Meanwhile, the company's **Selling and Administrative Expenses** amounted to ₱5.801 billion, 11.0% less than the ₱6.518 billion 2019 level. However, considering the volume growth, opex per liter improved to ₱1.37 from ₱2.02 as the company continued to implement cost-effective programs aimed to streamline its processes and reduce cost.

On the other hand, **Net Non-operating Charges** of ₱1.407 billion was ₱1.315 billion less than the ₱2.724 billion incurred in 2019. Part of the 48.3% reduction was the ₱0.802 billion

decrease in interest expenses, ₱0.043 billion increase in the recognized fair value gains on investment properties, ₱0.273 billion increase in finance income, ₱0.078 billion increase in the equity share in the JV income and ₱0.119 billion increase in other income .

Operating, Net and Comprehensive Incomes

Operating Income in 2020 was lower by 72.3% at ₱1.244 billion compared to ₱4.494 billion in 2019, while **Net Income After Tax (NIAT)** declined by 95.7% to ₱62.56 million from ₱1.444 billion in 2019.

Meanwhile, the company recorded a (₱0.087) billion translation adjustment loss related to Pnx SG's operations, 25.1% higher than the (₱0.070) billion loss recorded in 2019. The gain on revaluation of land amounting to ₱1.194 billion was 449.4% (₱0.977 billion) more than ₱0.217 recorded in 2019. As such, **Comprehensive Income** of ₱0.767 billion, was 48.8% less than the ₱1.499 billion reported in 2019.

Financial Condition

(As of December 31, 2020 versus December 31, 2019)

Consolidated Resources as of December 31, 2020 stood at ₱82.532 billion, 5.1% lower than ₱86.957 billion level as of December 31, 2019. This was mainly due to the reduced inventory value as a result of the decline in the fuel prices.

Cash and Cash Equivalents decreased by 41.0% (from ₱9.811 billion in December 31, 2019 to ₱5.788 billion as of December 31, 2020) as the company settled its loans as well as its trade payables and redeemed some of its preferred shares, net of the proceeds coming from new loans availed.

Trade and Other Receivables increased by 9.6% (from ₱15.973 billion as of December 31, 2019 to ₱17.514 billion as of December 31, 2020) due to reclassification of certain non-current accounts.

Inventory was 59.2% lower at ₱4.769 billion as of December 31, 2020 compared to ₱11.680 billion as of December 31, 2019. This is due to drop in the prices of petroleum products, the slowdown of domestic volume and the inventory management initiatives to optimize the use of working capital.

As of December 30, 2020, the Group's **Property and Equipment**, net of accumulated depreciation, increased to ₱32.708 billion versus the ₱29.020 billion as of December 31, 2019. The ₱1.194 billion of the 12.9% growth represented the fair value appraisal of certain land properties of Duta leased by PLPI and the rest from carried-over expansion of the group.

Investment Properties was 122.1% higher at ₱0.596 billion as of December 31, 2020, from ₱0.268 billion as of December 31, 2019. The ₱0.328 million increment mainly pertained to the market revaluation of the company's real estate properties leased to external customers in compliance with accounting standards.

Intangible Assets was 10.2% lower at ₱0.279 billion as of December 31, 2020, from ₱0.310 billion as of December 31, 2019 as a result of normal amortization.

Right of Use assets decreased to ₱0.793 billion as of December 31, 2020 from ₱1.143 billion as of December 31, 2019 resulting from normal depreciation and cancellation of several lease contracts during the pandemic.

Investment in Joint Ventures was 14.2% higher at ₱1.635 billion as of December 31, 2020, from ₱1.433 billion as of December 31, 2019 inclusive of the cumulative increase from the equity share in the JVs net income as well as the company's share in its new Joint Venture Agreements in line with its retail expansion program.

Deferred Tax Asset was 217.4% higher at ₱0.494 billion as of December 31, 2020, from ₱0.156 billion as of December 31, 2016 coming from some subsidiaries reporting losses.

Interest-bearing Loans and Borrowings, both current and non-current of ₱48.243 billion as of December 31, 2020 decreased by 3.3% from ₱49.896 billion as of December 31, 2019, mainly due to the settlement of debts, net of new loan availments.

Trade and Other Payables decreased by 23.1% from ₱11.842 billion as of December 31, 2019 to ₱9.107 billion as of December 31, 2020, related to the timing and reduced value of purchases of petroleum products.

Deferred Tax Liabilities amounting to ₱1.054 billion as of December 30, 2020 increased by 40.8% versus the ₱0.748 billion as of December 31, 2019, primarily related to the related fair value gains on land and investment properties.

Total Stockholders' Equity decreased to ₱21.161 billion as of December 31, 2020 from ₱21.923 billion as of December 31, 2019, (by 3.5%). The decrease in Capital Stock and Additional Paid-in Capital is a result of the redeemed ₱1.25 billion PNX 3A Preferred Shares and the sale of ₱0.334 Treasury Shares. The 7.8% decline in retained earnings came from the ₱0.063 billion net income realized in 2020, but offset by the payment of dividends on both Common and Preferred shares, partially offset by the increase in the Revaluation Reserves coming from the Other Comprehensive Income component of the Fair Value Gains of certain assets.

Key Performance Indicators and Relevant Ratios

The Group's key performance indicators and relevant ratios and how they are computed are listed below:

	<u>December 31, 2020</u>	<u>December 31, 2019</u> <u>(re-stated)</u>
Current Ratio ¹	0.85x : 1x	0.84x : 1x
Debt to Equity Ratio ²	2.87x : 1x	2.95x : 1x
Net Book Value per Share ³	₱9.48	₱9.19
Earnings per Share ⁴	(₱0.34)	₱0.57

Notes:

1 - Total current assets divided by current liabilities net of derivative financial liabilities

2-Total liabilities net of derivative financial liabilities divided by Total stockholder's equity

3 - Total stockholder's equity (net of Preferred) divided by the total number of shares issued and outstanding

4- Period or Year Net income after tax divided by weighted average number of outstanding common shares

These key indicators were chosen to provide management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and the Group's ability to maximize the value of its stockholders' investment in the Group (Net Book Value Per Share and Earnings Per Share). Likewise, these ratios are used to compare the Group's performance with similar companies.

The Interest Bearing Debt to Equity ratio improved in 2020 due to the decline in overall debt level. Current ratio was meanwhile, stable from the previous year amidst the pandemic. The negative earnings per share was largely a result of the losses incurred in the first three quarters of the year.

Material (5% or more) Changes to the Group's Balance Sheet as of December 30, 2020 vs. December 31, 2019

41% decrease in Cash and Cash Equivalents

Settlement of matured debts and preferred shares, net of new loans availed.

10% increase in Trade and Other Receivables

Reclassification of certain non-current accounts as these became current.

59% decrease in Inventories

Decline in petroleum product prices.

1,455% increase in Due from Related Party

Currently booked as Advances to JVs pending completion of documentation.

100% decrease in Restricted Deposits

Restrictions lifted.

31% increase in Prepayments and other current assets

Primarily from the CWTs which the subsidiaries reporting losses can not apply.

13% increase in PPE

Fair value appraisal of certain land properties of Duta leased by PLPI and carried-over expansion projects.

122% increase in Investment Properties

Appraisal of Land, classified as investment properties

31% decrease in Right of Use Asset

Cancellation of several lease agreements due to the pandemic.

10% decrease in Intangible Asset

In line with normal amortization

- 14% increase in Investment in Joint Ventures
Due to the company's share in the Net Income and the additional Joint Venture Agreements entered into during the year.
- 217% increase in Deferred Tax Assets
Coming from some subsidiaries reporting losses.
- 22% decrease in Interest Bearing Loans- Current
Settlement of maturing debts during the year.
- 23% decrease in Trade Payables
In relation to the decline in the petroleum products prices.
- 100% increase in Derivative Financial Liabilities
Related to the forward contracts entered into by PNX SG
- 11% decrease in Lease Liabilities - Current
Due to the cancellation and re-structuring of certain lease contracts.
- 14% increase in Income Tax Payable
Net of the offset against creditable withholding taxes allowable for application for subsidiaries reporting net income.
- 57% increase in Interest Bearing Loans - Non-current
Resulted refinancing of short term liabilities with long-term loans.
- 23% decrease in Lease Liability – Non-current
Cancellation and restructuring of several leased contracts.
- 41% increase in Deferred Tax Liability
Coming from the fair value gains of certain properties.
- 39% increase in Other Non-current liabilities
Increase in Customer Cylinder Deposits, Cash Bonds, Security Deposits, Unearned Rent and Post- employment benefit obligation.
- 30% increase in Capital Stock
Due to the re-issuance of treasury shares net of the redeemed PNX3A Preferred Shares.
- 10% decrease in Additional Paid-in Capital
Reduction from the APIC related to PNX3A Preferred Shares
- 55% increase in Revaluation Reserves
Movements coming from the Other Comprehensive Income items namely translation adjustment, fair value gains net of deferred income tax and retirement benefit obligations.
- 8% decrease in Retained Earnings
Decrease from the dividends declared and distributed, and net income after tax during the year.

Material (5% or more) changes to the Group's Income Statement as of December 30, 2020 vs. December 30, 2019

20% decrease in Sale of Goods

Mainly due to the decline in petroleum prices.

16% increase in fuel service and other revenue

Driven by the increased PNX SG business.

12% increase in rent income

Related to PPPI's new operating sites and non-fuel related businesses.

18% decrease in Cost of Sales and Services

This mirrors the decrease in the sale of goods following the downward price movements in the world market in 2020 compared to 2019.

11% decrease in Selling and Admin Expenses

As a result of the Company's effort to reduce expenses in response to the impact of the pandemic.

28% decrease in Finance Costs

As a result of the decreased interest-bearing loans.

316% increase in Finance Income

Net realized and unrealized forex gains as well as PNX SG's forward contract gains.

9,119% increase in Fair Value Gains on Investment Properties

Fair value gains on investment properties leased to third party customers.

475% increase in Equity Share in Net Income of a Joint Venture

This is the net share from all the operating Joint Ventures during the year.

986% increase in Other income

From other non-fuel related businesses, gain on reversal of impairments, contract terminations.

167% decrease in Tax Expense

Due to the decrease in consolidated net income before tax.

25% increase in Translation Adjustments Loss

Due to the increased forex exposure on the increased transactions of the foreign denominated subsidiary.

449% increase in Gain in Revaluation of Land (OCI)

Related to the gain in the investment properties of Duta being leased to PLPI.

60% increase in Remeasurement of Post-Employment Benefit Obligation Loss (OCI)

Based on the actuarial valuation.

537% increase in Tax Expense (OCI)

Net effect of the increase in Gain in Revaluation of Land and Remeasurement of Post-employment Benefit Obligation Loss under Other Comprehensive Income (OCI)

There are no other material changes in the Group's financial position (5% or more) and conditions that will warrant a more detailed discussion. Furthermore, there are no material events and uncertainties known to management that would impact or change the reported financial information and condition of the Group.

III. EXTERNAL AUDIT FEES

(please refer to pages 30-32 of the Information Statement - form 20-IS)

IV. Brief Description of the general nature and scope of the Business of the Registrant and its subsidiaries

(please refer to pages 1-5 of this Management Report)

V. Market price of and Dividends on required by Part V of Annex C, as amended

(1) Market Information

The Company's common shares were listed and traded at the Philippine Stock Exchange ("PSE") starting on July 11, 2007. The high and low sale prices of each period of First and Second Quarters of 2023, Fiscal Year of 2022 and Fiscal Year 2021 are hereunder shown:

2023

PNX

	Highest Close	Lowest Close
Period	Price	Price
First Quarter	8.59	7.8
Second Quarter	8.00	7.58

2022

PNX

	Highest Close	Lowest Close
Period	Price	Price
First Quarter	10.86	10.22
Second Quarter	10.50	9.30
Third Quarter	9.99	8.71
Fourth Quarter	9.30	7.02

2021

PNX

	Highest Close	Lowest Close
Period	Price	Price
First Quarter	12.86	10.78
Second Quarter	13.58	11.50
Third Quarter	13.08	11.96
Fourth Quarter	11.98	10.70

As of September 29, 2023, the Company's closing share price is at Php 5.25, with a market capitalization of approximately Php7,571,635,743.00.

Preferred Shares

The 1st tranche preferred shares of the Company were issued on September 21, 2010 by way of private placement and/or sale under SRC Rule 10.1 (k) and (l) to qualified institutional buyers, hence, exempt from the registration requirement of the SRC. Therefore, these shares were not listed with and traded in the Exchange.

The 2nd tranche preferred (PNXP) shares of the Company were redeemed last December 20, 2018 at Php 100.00 per share or a total of Five Hundred Million Pesos (Php500,000,000.00). These PNXP shares shall form part of the preferred treasury shares of the company.

The 3rd tranche preferred shares of the Company consisting of 20,000,000 preferred shares were registered on December 3, 2015 and listed with the Exchange on December 18, 2015. The 3rd tranche were issued under the following series:

Series 3A (PNX3A) is entitled to an Optional Redemption on the 3rd Anniversary of the Listing Date and is subject to a Step-Up Dividend Rate on the 5th anniversary of the Listing Date and was eventually redeemed on December 18, 2020; and

Series 3B (PNX3B) is entitled to an Optional Redemption on the 5th anniversary of the Listing Date and is subject to a Step-Up Dividend Rate on the 7th anniversary of the Listing Date.

The 4th tranche of preferred shares (PNX4) of the Company consisting of 7,000,000 preferred shares was granted by the Securities and Exchange Commission (SEC) a Certificate of Permit to Offer Securities for Sale covering such shares on October 21, 2019 and listed with the Exchange on November 7, 2019.

The high and low sale prices for each period of PNX3B and PNX4 shares for the year **2022 and 2021**, as well as for the **First and Second Quarter of 2023** are hereunder shown:

2023

Series 3B (PNX3B)

	Highest Close	Lowest Close
Period	Price	Price
First Quarter	70.00	46.15
Second Quarter	49.45	39.50

2022

Series 3B (PNX3B)

Highest Close	Lowest Close
----------------------	---------------------

Period	Price	Price
First Quarter	103.10	100.50
Second Quarter	101.90	100.10
Third Quarter	101.00	79.95
Fourth Quarter	92.90	64.90

2021

Series 3B (PNX3B)

	Highest Close	Lowest Close
Period	Price	Price
First Quarter	108.00	101.00
Second Quarter	108.00	103.00
Third Quarter	107.60	104.50
Fourth Quarter	107.60	102.00

2020

Series 3B (PNX3B)

	Highest Close	Lowest Close
Period	Price	Price
First Quarter	109.70	100.00
Second Quarter	107.00	100.00
Third Quarter	109.00	100.00
Fourth Quarter	105.50	101.90

2023

Series 4 (PNX4)

	Highest Close	Lowest Close
Period	Price	Price
First Quarter	399.80	280.00
Second Quarter	325.80	280.00

2022

Series 4 (PNX4)

	Highest Close	Lowest Close
Period	Price	Price
First Quarter	1,005.00	970.00
Second Quarter	998.00	973.00
Third Quarter	979.00	600.00
Fourth Quarter	751.50	325.00

2021

Series 4 (PNX4)

	Highest Close	Lowest Close
Period	Price	Price
First Quarter	1,019.00	987.50
Second Quarter	1,010.00	990.00
Third Quarter	1,019.00	997.00
Fourth Quarter	1,012.00	989.00

(2) Holders

**Top 20 Stockholders of Common Shares
As of August 31, 2023**

#	NAME OF STOCKHOLDERS	OWNERSHIP (in %)	OUTSTANDING & ISSUED SHARES
1	PHOENIX PETROLEUM HOLDINGS INC.	40.84	588,945,630
2	ES CONSULTANCY GROUP, INC.	23.59	340,270,980
3	UDENNA CORPORATION	18.53	267,245,918
4	PCD NOMINEE CORPORATION (FILIPINO)	10.51	151,643,197
5	PCD NOMINEE CORPORATION - (NON-FILIPINO)	4.31	62,270,413
6	UDENNA MANAGEMENT & RESOURCES CORP.	0.81	11,661,195
7	DENNIS A. UY	0.42	6,081,611
8	UDENCO CORPORATION	0.11	1,614,787
9	JOSELITO R. RAMOS	0.07	1,110,600
10	DENNIS A. UY &/OR CHERYLYN C. UY	0.07	1,098,060
11	DOMINGO T. UY	0.04	645,919
12	ERIC U. LIM OR CHRISTINE YAO LIM	0.02	319,000
13	MARJORIE ANN LIM LEE OR PAULINE ANN LIM	0.02	300,000
14	EDWIN U. LIM OR GENEVIEVE LIM	0.02	300,000
15	SOCORRO ERMAC CABREROS	0.01	167,216
16	ZENAIDA CHAN UY	0.01	149,058
17	IGNACIA S. BRAGA IV	0.00	71,019
18	REBECCA PILAR CLARIDAD CATERIO	0.00	68,558
19	RODOLFO B. APILADO	0.00	53,235
20	GIGI QUEJADA FUENSALIDA	0.00	28,400

Preferred Shares

The holders of the preferred shares 3rd tranche and Series 4 of the Company as of 31 August 2023 are as follows:

3rd Tranche

PNX3B (Series B)

COMPANY NAME : PHOENIX PETROLEUM PHILS, INC. - PRF3				
LIST OF ALL STOCKHOLDERS				
As Of August 31, 2023				
STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL
PCD NOMINEE CORPORATION (FILIPINO)	7,470,210	0	7,470,210	99.603
PCD NOMINEE CORPORATION (NON-FILIPINO)	17,180	0	17,180	0.229
KNIGHTS OF COLUMBUS FRATERNAL ASSOCIATION OF THE PHILS., INC.	6,910	0	6,910	0.092
ANTONIO T. CHUA	5,700	0	5,700	0.076
GRAND TOTAL (4)	7,500,000	0	7,500,000	100.000
THIS IS A COMPUTER GENERATED REPORT AND IF ISSUED WITHOUT ALTERATION, DOES NOT REQUIRE ANY SIGNATURE.				

Series 4

PNX4

COMPANY NAME : PHOENIX PETROLEUM PHILS., INC.-PREF SERIES 4				
LIST OF ALL STOCKHOLDERS				
As Of August 31, 2023				
STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL
PCD NOMINEE CORPORATION (FILIPINO)	6,937,095	0	6,937,095	99.101
PCD NOMINEE CORPORATION (NON-FILIPINO)	48,555	0	48,555	0.694
G. D. TAN & CO., INC.	8,000	0	8,000	0.114
KNIGHTS OF COLUMBUS FRATERNAL ASSOCIATION OF THE PHILIPPINES.,	3,350	0	3,350	0.048
ANTONIO T. CHUA	3,000	0	3,000	0.043
GRAND TOTAL (5)	7,000,000	0	7,000,000	100.000
THIS IS A COMPUTER GENERATED REPORT AND IF ISSUED WITHOUT ALTERATION, DOES NOT REQUIRE ANY SIGNATURE.				

The issuance of the Offer Shares shall have no effect on the amount and percentage of the present holdings of the Company's common shareholders. Neither is there any effect of this issuance on the percentage of the Company's shares beneficially owned by foreigners.

(3) Dividends

The Company's dividend policy is to declare dividends of up to 20% of the Company's net income of the previous year after appropriation. This will be taken out of the Company's unrestricted retained earnings.

Each holder of a common share is entitled to such dividends as may be declared in accordance with the Company's dividend policy. The Company's current dividend policy entitles holders of common shares to receive dividends based on the recommendation of the Board of Directors. Such recommendations will consider such factors as operating expenses, implementation of business plans, and working capital.

History of Dividend Income Payment

1. Company

a. Dividends on Common Shares

Date Declared	Dividend Rate	Record Date	Payment Date	Total Amount
March 14, 2019	Cash Dividend of P0.15 per share	April 8, 2019	May 8, 2019	P210,495,634.80
January 25, 2018	Cash Dividend of P0.15 per share	Apr 2, 2018	April 26, 2018	P207,954,037.36
January 25, 2017	Cash Dividend of P0.10 per share	March 30, 2017	April 27, 2017	P136,468,719.08
March 18, 2016	Cash Dividend of P0.08 per share	April 05, 2016	April 29, 2016	P114,302,178.56
March 4, 2015	Cash Dividend of P0.05 per share	March 18, 2015	April 16, 2015	P71,438,861.60
January 29, 2014	Cash Dividend of P0.10 per share	March 17, 2014	April 11, 2014	P142,877,723.20
January 24, 2013	30% Stock Dividend	May 15, 2013	June 10, 2013	P329,717,232.00
	Cash Dividend of P0.10 per share	April 11, 2013	May 8, 2013	P103,605,941.60

b. Cash Dividend on Preferred Shares

Since the issuance of the preferred shares of the Company on September 21, 2010 (the 1st tranche), the Company has declared quarterly dividends fixed at 11.50% per annum, calculated in respect of each share with reference to the Issue Price thereof on each dividend period. This translates to a cash dividend amounting to P2.875 per share per quarter. The cash dividends were paid on September 21, December 21, March 21 and June 21 of each year starting December 21, 2010 until the preferred shares were redeemed on December 20, 2013.

1st Tranche				
Date Declared	Dividend Rate	Record Date	Payment Date	Total Amount
December 5, 2013	P2.875 per share	N/A	Dec. 20, 2013	P14,375,000.00
September 5, 2013	P2.875 per share	N/A	Sep. 21, 2013	P14,375,000.00
June 5, 2013	P2.875 per share	N/A	June 21, 2013	P14,375,000.00
Mar 5, 2013	P2.875 per share	N/A	Mar. 21, 2013	P14,375,000.00
December 5, 2012	P2.875 per share	N/A	Dec. 21, 2012	P14,375,000.00
September 5, 2012	P2.875 per share	N/A	Sep. 21, 2012	P14,375,000.00
June 4, 2012	P2.875 per share	N/A	June 21, 2012	P14,375,000.00
March 05, 2012	P2.875 per share	N/A	Mar. 21, 2012	P14,375,000.00
December 1, 2011	P2.875 per share	N/A	Dec. 21, 2011	P14,375,000.00
August 12, 2011	P2.875 per share	N/A	Sep. 21, 2011	P14,375,000.00
May 12, 2011	P2.875 per share	N/A	June 21, 2011	P14,375,000.00
March 11, 2011	P2.875 per share	N/A	Mar. 21, 2011	P14,375,000.00
September 21, 2010	P2.875 per share	N/A	Dec. 21, 2010	P14,375,000.00

On December 20, 2013, in order to redeem the 1st tranche of preferred shares, the Company issued the 2nd tranche of preferred shares with the same amount and features except for the rate, which was reduced to 8.25% per annum. The dividends are calculated on a 30/360 day basis and have a priority in the payment of dividends at the fixed rate of 8.25% per annum at the time of issuance, which translates to a cash dividend amounting to P2.0625 per share per quarter. These shares are also preferred in the distribution of corporate assets in the event of liquidation and dissolution of the Company.

The 2nd tranche preferred (PNXP) shares of the Company were redeemed last December 20, 2018 at Php 100.00 per share or a total of Five Hundred Million Pesos (Php500,000,000.00). These PNXP shares shall form part of the preferred treasury shares of the company.

2nd Tranche				
Date Declared	Dividend Rate	Record Date	Payment Date	Total Amount
Nov. 7, 2018	P2.0625 per share	Nov. 23, 2018	Dec. 20, 2018	P10,312,500.00
Aug 6, 2018	P2.0625 per share	Aug 24, 2018	Sep. 20, 2018	P10,312,500.00
May 7, 2018	P2.0625 per share	May 24, 2018	June 20, 2018	P10,312,500.00
Feb, 2018	P2.0625 per share	Feb 22, 2018	Mar. 20, 2018	P10,312,500.00
Nov. 6, 2017	P2.0625 per share	Nov. 23, 2017	Dec. 20, 2017	P10,312,500.00
Aug 3, 2017	P2.0625 per share	Aug. 24, 2017	Sep. 20, 2017	P10,312,500.00
May 4, 2017	P2.0625 per share	May 24, 2017	June 20, 2017	P10,312,500.00
Feb 6, 2017	P2.0625 per share	Feb 22, 2017	Mar. 20, 2017	P10,312,500.00
Nov 7, 2016	P2.0625 per share	Nov 2016	Dec. 2016	P10,312,500.00
Aug 10, 2016	P2.0625 per share	Aug 24, 2016	Sep. 20, 2016	P10,312,500.00
May 11, 2016	P2.0625 per share	May 26, 2016	June 20, 2016	P10,312,500.00
March 10, 2016	P2.0625 per share	Feb 23, 2016	Mar. 21, 2016	P10,312,500.00
Nov 10, 2015	P2.0625 per share	Nov. 26, 2015	Dec. 20, 2015	P10,312,500.00
Aug 10, 2015	P2.0625 per share	Aug. 25, 2015	Sep. 21, 2015	P10,312,500.00
May 12, 2015	P2.0625 per share	May 12, 2015	June 22, 2015	P10,312,500.00
Feb 6, 2015	P2.0625 per share	Feb. 24, 2015	Mar. 20, 2015	P10,312,500.00
N/A	P2.0625 per share	N/A	Dec. 22, 2014	P10,312,500.00

N/A	P2.0625 per share	N/A	Sep. 22, 2014	P10,312,500.00
N/A	P2.0625 per share	N/A	June 20, 2014	P10,312,500.00
N/A	P2.0625 per share	N/A	Mar. 20, 2014	P10,312,500.00

The 3rd tranche preferred shares of the Company consisting of 20,000,000 preferred shares were registered on December 3, 2015 and listed with the Exchange on December 18, 2015. The 3rd tranche were issued under the following series:

Series 3A (PNX3A) is entitled to an Optional Redemption on the 3rd Anniversary of the Listing Date and is subject to a Step-Up Dividend Rate on the 5th anniversary of the Listing Date; and

Series 3A (PNX3A) was redeemed last December 18, 2020 at a redemption price of Php100.00.

Series 3B (PNX3B) is entitled to an Optional Redemption on the 5th anniversary of the Listing Date and is subject to a Step-Up Dividend Rate on the 7th anniversary of the Listing Date.

3rd Tranche PNX3A				
Date Declared	Dividend Rate	Record Date	Payment Date	Total Amount
Nov. 6, 2020	P1.857 per share	Nov. 20, 2020	Dec. 18, 2020	P23,212,500.00
Aug. 6, 2020	P1.857 per share	Aug. 24, 2020	Sep. 18, 2020	P23,212,500.00
May 4, 2020	P1.857 per share	May 22, 2020	June 18, 2020	P23,212,500.00
Feb. 5, 2020	P1.857 per share	Feb. 20, 2020	Mar. 18, 2020	P23,212,500.00
Nov. 6, 2019	P1.857 per share	Nov. 22, 2019	Dec. 18, 2019	P23,212,500.00
Aug. 5, 2019	P1.857 per share	Aug. 22, 2019	Sep. 18, 2019	P23,212,500.00
May 6, 2019	P1.857 per share	May 22, 2019	June 18, 2019	P23,212,500.00
Feb. 4, 2019	P1.857 per share	Feb. 19, 2019	March 18, 2019	P23,212,500.00
Nov. 7, 2018	P1.857 per share	Nov. 21, 2018	Dec. 18, 2018	P23,212,500.00
Aug. 6, 2018	P1.857 per share	Aug. 22, 2018	Sep. 18, 2018	P23,212,500.00
May 7, 2018	P1.857 per share	May. 22, 2018	June 18, 2018	P23,212,500.00
Feb. 5, 2018	P1.857 per share	Feb. 21, 2018	Mar 19, 2018	P23,212,500.00
Nov. 3, 2017	P1.857 per share	Nov. 23, 2017	Dec. 18, 2017	P23,212,500.00
Aug. 2, 2017	P1.857 per share	Aug. 24, 2017	Sep. 16, 2017	P23,212,500.00
May 3, 2017	P1.857 per share	May 24, 2017	June 19, 2017	P23,212,500.00
Feb. 13, 2017	P1.857 per share	Feb. 22, 2017	Mar. 20, 2017	P23,212,500.00
Nov. 7, 2016	P1.857 per share	Nov. 22, 2016	Dec. 19, 2016	P23,212,500.00
Aug. 10, 2016	P1.857 per share	Aug. 23, 2016	Sep. 19, 2016	P23,212,500.00
May 11, 2016	P1.857 per share	May. 25, 2016	June 21, 2016	P23,212,500.00
Mar.10, 2016	P1.857 per share	Feb. 23, 2016	Mar 18, 2016	P23,212,500.00

3rd Tranche PNX3B				
Date Declared	Dividend Rate	Record Date	Payment Date	Total Amount
Sep. 2, 2022	P2.027 per share	Sep. 16, 2022	Sep. 19, 2022	P15,202,500.00

June 6, 2022	P2.0283 per share	June 17,2022	June 21, 2022	P15,212,250.00
Mar. 9, 2022	P2.1846 per share	Mar. 23, 2022	Mar. 25, 2022	P16,384,500.00
Nov. 29, 2021	P2.027 per share	Dec. 15, 2021	Dec. 20, 2021	P15,202,500.00
Sep. 2, 2021	P2.027 per share	Sep.16, 2021	Sep. 18, 2021	P15,202,500.00
June 1, 2021	P2.027 per share	June 15, 2021	June 18, 2021	P15,202,500.00
Feb. 5, 2021	P2.027 per share	Feb. 22, 2021	March 18, 2021	P15,202,500.00
Nov.6, 2020	P2.027 per share	Nov. 20, 2020	Dec. 18, 2020	P15,202,500.00
Aug. 6, 2020	P2.027 per share	Aug. 24, 2020	Sep. 18, 2020	P15,202,500.00
May 4, 2020	P2.027 per share	May 22, 2020	June 18, 2020	P15,202,500.00
Feb. 5, 2020	P2.027 per share	Feb. 20, 2020	Mar.18, 2020	P15,202,500.00
Nov. 6, 2019	P2.027 per share	Nov. 22, 2019	Dec. 18, 2019	P15,202,500.00
Aug. 5, 2019	P2.027 per share	Aug. 22, 2019	Sep. 18, 2019	P15,202,500.00
May 6, 2019	P2.027 per share	May 22, 2019	June 18, 2019	P15,202,500.00
Feb. 4, 2019	P2.027 per share	Feb. 19, 2019	Mar. 18, 2019	P15,202,500.00
Nov. 7, 2018	P2.027 per share	Nov. 21, 2018	Dec. 18, 2018	P15,202,500.00
Aug. 6, 2018	P2.027 per share	Aug. 22, 2018	Sep. 18, 2018	P15,202,500.00
May 7, 2018	P2.027 per share	May. 22, 2018	June 18, 2018	P15,202,500.00
Feb. 5, 2018	P2.027 per share	Feb. 21, 2018	Mar 19, 2018	P15,202,500.00
Nov. 3, 2017	P2.027 per share	Nov. 23, 2017	Dec. 18, 2017	P15,202,500.00
Aug. 2, 2017	P2.027 per share	Aug. 24, 2017	Sep. 16, 2017	P15,202,500.00
May 3, 2017	P2.027 per share	May 24, 2017	June 19, 2017	P15,202,500.00
Feb. 13, 2017	P2.027 per share	Feb. 22, 2017	Mar. 20, 2017	P15,202,500.00
Nov. 7, 2016	P2.027 per share	Nov. 22, 2016	Dec. 19, 2016	P15,202,500.00
Aug. 10, 2016	P2.027 per share	Aug. 24, 2016	Sep. 19, 2016	P15,202,500.00
May 11, 2016	P2.027 per share	May. 26, 2016	June 21, 2016	P15,202,500.00
Mar.10, 2016	P2.027 per share	Feb. 23, 2016	Mar. 18, 2016	P15,202,500.00

The 4th tranche of the preferred shares of the Company under PN4 consisting of 7,000,000 preferred shares were issued at P1,000 per share and listed with the Exchange on November 7, 2019. It has a fixed dividend rate of 7.5673% or P75.673 per annum, payable quarterly, and is entitled to an Optional Redemption on the 3rd Anniversary of the Listing Date and is subject to a Step-Up Dividend Rate on the 3rd anniversary of the Listing Date.

4th Tranche (PN4)				
Date Declared	Dividend Rate	Record Date	Payment Date	Total Amount
Nov. 7, 2022	P18.92 per share	Nov. 21, 2022	April. 27, 2023	P132,427,750.00
Aug. 5, 2022	P18.92 per share	Aug. 19, 2022	Aug. 22, 2022	P132,427,750.00
May 5, 2022	P18.92 per share	May 20, 2022	May 23, 2022	P132,427,750.00
Feb. 4, 2022	P18.92 per share	Feb. 18, 2022	Feb. 22, 2022	P132,427,750.00
Nov. 2, 2021	P18.92 per share	Nov. 17, 2021	Nov. 22, 2021	P132,427,750.00
Aug. 3, 2021	P18.92 per share	Aug. 17, 2021	Aug. 20, 2021	P132,427,750.00
May 7, 2021	P18.92 per share	May 21, 2021	May 24, 2021	P132,427,750.00
Feb. 5, 2021	P18.92 per share	Feb.22, 2021	Feb.26, 2021	P132,427,750.00
Nov. 4, 2020	P18.92 per share	Nov. 19, 2020	Nov. 20, 2020	P132,427,750.00
Aug. 4, 2020	P18.92 per share	Aug. 18, 2020	Aug. 20, 2020	P132,427,750.00
May 4, 2020	P18.92 per share	May 18, 2020	May 22, 2020	P132,427,750.00
Feb. 5, 2020	P18.92 per share	Feb.19, 2020	Feb.21, 2020	P132,427,750.00

(4) Recent Sale of Unregistered Securities or Exempt Securities Including Recent Issuance of Securities Constituting an Exempt Transaction

The Company has not sold or transferred any securities that are not registered under the Code nor did it issue any additional securities in exchange for any properties, services and other securities.

V. DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE.

Corporate powers and governance of the Company is exercised by the Board of Directors which consists of eleven (11) members, three (3) of whom are independent directors. As a matter of policy and based on good corporate practice, unless a special meeting is called upon for a specific purpose, the Board regularly meets every quarter wherein the relevant corporate issues may be raised for discussion and voted on by the members of the Board.

Last March 07, 2008, during the regular meeting of the Board, the Manual of Corporate Governance which incorporated the best practices was approved and adopted to establish the principles of good corporate governance for the entire Corporation. The adoption of the new Manual of Corporate Governance replaces the old manual of corporate governance prescribed by the SEC which was then observed and followed by the Company. Moreover, the adoption of the new Manual now complies with the SEC requirement that before assuming office, a director must attend a seminar on corporate governance conducted by a duly recognized government or private institution.

Last January 30, 2008, the Company through the Corporate Secretary has submitted a document certifying the attendance of the members of the Board of Directors in all regular meetings for the year 2007 as well as the compliance to the provisions of the Manual of Corporate Governance prescribed by the SEC as adopted by the Company.

March 03, 2009 was the submission and compliance with the Certification of the Company's Compliance Officer to the extent of compliance with its Manual for Corporate Governance.

As of 2019, there were no reported deviations on the Company's Manual of Corporate Governance.

In its November 2019 Board of Directors Meeting, the Board approved several new and/or revised policies of the company relating to its Confidentiality of Information, Conflict of Interest, Whistleblowing, Anti-Corruption and Bribery, Insider Trading, Related Party Transactions, and Health, Safety and Environment Policies.

On July 30, 2020, the Board approved and adopted a new Code of Corporate Governance which supersedes the Code of Corporate Governance approved by the Corporation on 30 May 2017-

https://www.phoenixfuels.ph/wp-content/uploads/2020/08/8-3-Revised-Code-of-Corporate-Governance-30Jul2020_compressed.pdf

As part of the Corporate Governance, the Group works on the early disclosures of quarterly and annual reports to SEC and PSE.

Internal Audit Group of the Company conducts regular internal audit review to both processes, compliance to Company policies and procedures and risk analysis. Reports and recommendations submitted for board review and actions.

The Company plans on constantly improving corporate governance. The Company recognizes that corporate governance is not just a set of rules but a way of life, not just for the directors and officers of the Company but for every single employee. The Company intends to continuously re-evaluate its existing policies, implement reforms, emulate and improve on the best existing corporate practices of industry leaders in order to improve the quality of life of every employee, maximize returns to shareholders, to improve its relationship with business partners, and strengthen and widen the reach of its corporate social responsibility programs.

- VI. AS PART OF THE CORPORATE GOVERNANCE, THE COMPANY WILL PROVIDE WITHOUT CHARGE, UPON WRITTEN REQUEST TO THE CORPORATE SECRETARY OF THE COMPANY AT THE ADDRESS LISTED ON THE COVER PAGE OF THIS INFORMATION STATEMENT, A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A, INCLUDING THE FINANCIAL STATEMENTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION FOR THE PERIOD ENDED DECEMBER 31, 2022. HOWEVER, UPON THE DISCRETION OF THE MANAGEMENT OF THE COMPANY, A CHARGE MAY BE MADE FOR EXHIBITS REQUESTED, WHICH CHARGE SHALL BE LIMITED TO REASONABLE EXPENSES THAT MAY BE INCURRED BY THE COMPANY IN FURNISHING SUCH EXHIBITS.**
- VII. ANNUAL AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED December 31, 2022** (Please see attached Annex "C")
- VIII. FINANCIAL STATEMENTS FOR THE 2nd QUARTER ENDED June 30, 2023** (Please see attached Annex "C-1")



FOR SEC FILING

Financial Statements and
Independent Auditors' Report

P-H-O-E-N-I-X Petroleum Philippines, Inc.

December 31, 2022, 2021 and 2020
(With Corresponding Figures as of January 1, 2021)

Report of Independent Auditors

Punongbayan & Araullo

20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders
P-H-O-E-N-I-X Petroleum Philippines, Inc.

Stella Hizon Reyes Road
Barrio Pampanga, Davao City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of P-H-O-E-N-I-X Petroleum Philippines, Inc. (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the three years in the period ended December 31, 2022, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 1 to financial statements, which describes the management's assessment of the impact of the Russia-Ukraine Conflict on the Company's business, continuing impact on the Company's financial statements of the business disruption brought by the COVID-19 pandemic, and the increasing liquidity risk arising from the Company's high debt-leveraged status. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

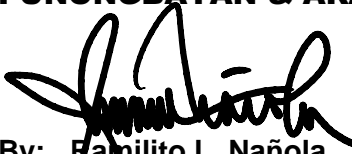
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2022 required by the Bureau of Internal Revenue as disclosed in Note 32 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO


By: **Familito L. Nañola**
Partner

CPA Reg. No. 0090741

TIN 109-228-427

PTR No. 9566640, January 3, 2023, Makati City

SEC Group A Accreditation

Partner - No. 90741-SEC (until financial period 2025)

Firm - No. 0002 (until Dec. 31, 2024)

BIR AN 08-002511-019-2020 (until Dec. 21, 2023)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

August 16, 2023

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(With Corresponding Figures as of January 1, 2021)
(Amounts in Philippine Pesos)

	Notes	December 31, 2022	December 31, 2021 (As Restated — see Note 2)	January 1, 2021 (As Restated — see Note 2)
<u>A S S E T S</u>				
CURRENT ASSETS				
Cash and cash equivalents	6	P 2,240,435,920	P 2,693,758,352	P 5,062,667,464
Trade and other receivables - net	7	13,364,699,132	12,789,561,080	10,097,622,399
Inventories	8	1,124,364,052	4,802,314,394	4,701,466,396
Advances to subsidiaries - net	27	8,372,967,106	7,887,920,215	6,263,556,322
Due from related parties - net	27	39,693,741	31,005,031	50,459,688
Prepayments and other current assets	9	5,699,120,030	5,327,136,110	3,558,983,760
		<u>30,841,279,981</u>	<u>33,531,695,182</u>	<u>29,734,756,029</u>
Non-current asset classified as held for disposal	16	310,048,000	-	-
Total Current Assets		<u>31,151,327,981</u>	<u>33,531,695,182</u>	<u>29,734,756,029</u>
NON-CURRENT ASSETS				
Property, plant and equipment - net	11	24,430,465,380	25,464,699,231	24,844,389,227
Investments in subsidiaries - net	10	10,294,953,495	9,985,410,043	8,767,094,946
Deferred tax assets - net	26	1,907,079,615	924,127,761	99,448,667
Right-of-use assets - net	12	834,177,025	908,415,685	625,555,609
Intangible assets - net	13	131,224,181	209,982,927	235,996,050
Investment in a joint venture	14	131,885,977	121,633,669	114,704,794
Other non-current assets	15	6,466,860,845	5,325,323,937	6,873,978,844
Total Non-current Assets		<u>44,196,646,518</u>	<u>42,939,593,253</u>	<u>41,561,168,137</u>
TOTAL ASSETS		<u>P 75,347,974,499</u>	<u>P 76,471,288,435</u>	<u>P 71,295,924,166</u>
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	17	P 28,723,392,882	P 23,723,531,606	P 28,675,382,346
Trade and other payables	19	12,858,568,139	14,334,599,803	7,217,888,907
Lease liabilities	12	33,656,152	31,040,041	29,068,583
Advances from a subsidiary	27	-	4,411,847	2,767,140
Total Current Liabilities		<u>41,615,617,173</u>	<u>38,093,583,297</u>	<u>35,925,106,976</u>
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	17	13,966,184,160	15,722,711,732	12,731,324,612
Lease liabilities	12	945,232,192	951,575,804	720,758,981
Advances from a subsidiary	27	5,686,716,534	5,358,245,381	5,387,477,622
Other non-current liabilities	20	297,798,375	440,581,358	345,072,793
Total Non-current Liabilities		<u>20,895,931,261</u>	<u>22,473,114,275</u>	<u>19,184,634,008</u>
Total Liabilities		<u>62,511,548,434</u>	<u>60,566,697,572</u>	<u>55,109,740,984</u>
EQUITY				
Capital stock	28	1,456,716,332	1,456,415,332	1,453,477,232
Additional paid-in capital		10,886,771,041	10,884,918,470	10,862,198,461
Revaluation reserves		1,516,812,189	1,110,114,390	912,394,706
Retained earnings (deficit)		(1,023,873,497)	2,453,142,671	2,958,112,783
Total Equity		<u>12,836,426,065</u>	<u>15,904,590,863</u>	<u>16,186,183,182</u>
TOTAL LIABILITIES AND EQUITY		<u>P 75,347,974,499</u>	<u>P 76,471,288,435</u>	<u>P 71,295,924,166</u>

See Notes to Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021 (As Restated — see Note 2)	2020 (As Restated — see Note 2)
REVENUES				
Sale of goods	21	P 29,446,060,072	P 54,811,813,075	P 39,636,332,716
Fuel service and other revenues	7, 21, 24	1,658,759,702	1,594,258,358	1,583,604,953
Rent and storage income	20, 30	191,776,769	177,888,720	125,278,366
		<u>31,296,596,543</u>	<u>56,583,960,153</u>	<u>41,345,216,035</u>
COSTS AND EXPENSES				
Cost of sales	21	28,582,009,621	50,382,278,511	35,426,523,741
Selling and administrative expenses	22	4,054,819,080	3,992,707,949	4,073,634,745
Impairment losses on non-financial assets	22	504,088,866	-	-
Impairment losses on financial assets	22	110,438,356	-	56,677,819
		<u>33,251,355,923</u>	<u>54,374,986,460</u>	<u>39,556,836,305</u>
OPERATING PROFIT (LOSS)		(1,954,759,380)	2,208,973,693	1,788,379,730
FINANCE INCOME (COSTS)				
Finance costs	23	(2,618,634,247)	(3,273,113,531)	(1,788,124,266)
Finance income		580,534,726	366,423,522	79,990,204
		<u>(2,038,099,521)</u>	<u>(2,906,690,009)</u>	<u>(1,708,134,062)</u>
PROFIT (LOSS) BEFORE TAX		(3,992,858,901)	(697,716,316)	80,245,668
TAX INCOME	26	1,092,845,873	781,771,458	259,084,558
NET PROFIT (LOSS)		(2,900,013,028)	84,055,142	339,330,226
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Gain on revaluation of land	11	474,602,884	152,681,392	152,532,400
Remeasurements of post-employment defined benefit obligation	24	67,660,848	15,119,686	(60,506,451)
Tax income (expense)	26	(135,565,933)	29,918,606	(27,607,785)
Other Comprehensive Income — net of tax		406,697,799	197,719,684	64,418,164
TOTAL COMPREHENSIVE INCOME (LOSS)		(P 2,493,315,229)	P 281,774,826	P 403,748,390
Loss per Share:				
Basic	29	(P 2.41)	(P 0.35)	(P 0.17)
Diluted		(P 2.41)	(P 0.35)	(P 0.17)

See Notes to Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

Capital Stock									
	Preferred Stock	Preferred Treasury Stock - At Cost	Common Stock	Common Treasury Stock - At Cost	Total	Additional Paid-in Capital	Revaluation Reserves	Retained Earnings	Total Equity
Balance at January 1, 2022									
As previously reported	P 24,500,000	(P 10,000,000)	P 1,441,915,332	P -	P 1,456,415,332	P 10,884,918,470	P 1,110,114,390	P 5,662,268,107	P 19,113,716,299
Effect of prior year adjustments	-	-	-	-	-	-	-	(3,209,125,436)	(P 3,209,125,436)
As restated	24,500,000	(10,000,000)	1,441,915,332	-	1,456,415,332	10,884,918,470	1,110,114,390	2,453,142,671	15,904,590,863
Transactions with owners:									
Cash dividends	-	-	-	-	-	-	-	(576,559,250)	(576,559,250)
Issuance of shares during the year	-	-	301,000	-	301,000	1,852,571	-	(443,890)	1,709,681
Total comprehensive income for the year:									
Net loss	-	-	-	-	-	-	-	(2,900,013,028)	(2,900,013,028)
Other comprehensive income	-	-	-	-	-	-	406,697,799	-	406,697,799
Balance at December 31, 2022	P 24,500,000	(P 10,000,000)	P 1,442,216,332	P -	P 1,456,716,332	P 10,886,771,041	P 1,516,812,189	(P 1,023,873,497)	P 12,836,426,065
Balance at January 1, 2021									
As previously reported	P 24,500,000	(P 10,000,000)	P 1,438,977,232	P -	P 1,453,477,232	P 10,862,198,461	P 912,394,706	P 5,827,968,932	P 19,056,039,331
Effect of prior year adjustments	-	-	-	-	-	-	-	(2,869,856,149)	(2,869,856,149)
As restated	24,500,000	(10,000,000)	1,438,977,232	-	1,453,477,232	10,862,198,461	912,394,706	2,958,112,783	16,186,183,182
Transactions with owners:									
Cash dividends	-	-	-	-	-	-	-	(587,171,557)	(587,171,557)
Issuance of shares during the year	-	-	2,938,100	-	2,938,100	22,720,009	-	(4,954,296)	20,703,813
Share-based compensation	-	-	-	-	-	-	-	3,100,599	3,100,599
Total comprehensive income for the year:									
Net profit	-	-	-	-	-	-	-	84,055,142	84,055,142
Other comprehensive income	-	-	-	-	-	-	197,719,684	-	197,719,684
Balance at December 31, 2021	P 24,500,000	(P 10,000,000)	P 1,441,915,332	P -	P 1,456,415,332	P 10,884,918,470	P 1,110,114,390	P 2,453,142,671	P 15,904,590,863
Balance at January 1, 2020									
As previously reported	P 37,000,000	(P 10,000,000)	P 1,437,204,232	(P 344,300,000)	P 1,119,904,232	P 12,042,788,045	P 847,976,542	P 6,509,617,608	P 20,520,286,427
Effect of prior year adjustments	-	-	-	-	-	-	-	(P 3,209,742,491)	(P 3,209,742,491)
As restated	37,000,000	(10,000,000)	1,437,204,232	(344,300,000)	1,119,904,232	12,042,788,045	847,976,542	P 3,299,875,117	17,310,543,936
Transactions with owners:									
Cash dividends	-	-	-	-	-	-	-	(683,341,723)	(683,341,723)
Issuance of shares during the year	-	-	1,773,000	-	1,773,000	13,710,416	-	(5,412,777)	10,070,639
Redemption of shares during the year	(12,500,000)	-	-	-	(12,500,000)	(1,237,500,000)	-	-	(1,250,000,000)
Sale of treasury shares	-	-	-	344,300,000	344,300,000	43,200,000	-	-	387,500,000
Share-based compensation	-	-	-	-	-	-	-	7,661,940	7,661,940
Total comprehensive income for the year:									
Net profit	-	-	-	-	-	-	-	339,330,226	339,330,226
Other comprehensive income	-	-	-	-	-	-	64,418,164	-	64,418,164
Balance at December 31, 2020	P 24,500,000	(P 10,000,000)	P 1,438,977,232	P -	P 1,453,477,232	P 10,862,198,461	P 912,394,706	P 2,958,112,783	P 16,186,183,182

See Notes to Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021 (As Restated — see Note 2)	2020 (As Restated — see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		(P 3,992,858,901)	(P 697,716,316)	P 80,245,668
Adjustments for:				
Interest expense	23	1,386,623,919	2,014,793,715	1,781,086,598
Depreciation and amortization	22	1,096,914,880	921,517,528	874,637,609
Finance cost due to extended inventory settlement	23	1,002,439,391	946,210,274	-
Interest income	23	(580,534,726)	(365,802,188)	(45,469,804)
Impairment losses on non-financial assets	22	504,088,866	-	-
Unrealized foreign currency exchange loss - net		246,434,682	312,109,542	34,812,531
Loss on disposal of property, plant and equipment		234,280,082	254,680,388	12,898,822
Impairment losses on financial assets	22	110,438,356	-	56,677,819
Share in net income of joint venture	14	(10,252,308)	(6,928,875)	(4,722,698)
Employee share options	24	-	3,100,599	7,661,940
Operating profit (loss) before working capital changes		(2,425,759)	3,381,964,667	2,797,828,485
Increase in trade and other receivables		(682,114,199)	(2,691,938,681)	(57,027,836)
Decrease in inventories		22,559,818,799	24,460,811,426	22,059,880,417
Decrease in restricted deposits		-	-	55,002,263
Decrease (increase) in prepayments and other current assets		1,992,377,551	(1,768,152,353)	(292,469,786)
Decrease (increase) in other non-current assets		(4,078,497,482)	204,937,279	1,125,369,888
Increase (decrease) in trade and other payables		(1,271,115,429)	6,809,284,826	(3,390,234,875)
Increase (decrease) in other non-current liabilities		(107,156,529)	338,734,290	(64,903,230)
Cash generated from operations		18,410,886,952	30,735,641,454	22,233,445,326
Cash paid for income taxes		(32,227,775)	(4,683,472)	(8,448,777)
Net Cash From Operating Activities		18,378,659,177	30,730,957,982	22,224,996,549
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances to subsidiaries	27	(3,794,634,001)	(2,159,086,175)	(5,559,367,925)
Collections from subsidiaries	27	3,307,896,433	604,322,323	1,950,139,515
Interest received		580,534,726	365,802,188	41,797,726
Acquisitions of property, plant and equipment	11	(84,613,272)	(1,550,143,898)	(729,937,972)
Advances to related parties	27	(19,553,243)	(9,801,213)	(42,993,344)
Collections from related parties	27	10,802,682	29,255,870	6,898,440
Acquisitions of intangible assets	13	(3,735,522)	(3,142,635)	(14,337,321)
Additional investments in subsidiaries	10	-	(291,584,497)	(35,000,000)
Proceeds from disposal of property, plant and equipment		-	-	729,833,396
Net Cash Used in Investing Activities		(3,302,197)	(3,014,378,037)	(3,652,967,485)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of interest-bearing loans and borrowings and lease liabilities	18	(23,001,670,600)	(45,844,497,370)	(52,226,002,954)
Proceeds from additional interest-bearing loans and borrowings	18	6,698,868,279	19,216,749,860	29,043,239,379
Interest paid		(2,828,036,609)	(2,895,685,650)	(2,582,542,761)
Advances from a subsidiary	27	878,718,768	4,411,847	5,390,244,762
Payments of cash dividends	28	(576,559,250)	(587,171,557)	(683,341,723)
Proceeds from issuance of shares of stock	28	-	20,703,813	10,070,639
Redemption of shares of stock	28	-	-	(1,250,000,000)
Proceeds from sale of treasury shares	28	-	-	387,500,000
Net Cash Used in Financing Activities		(18,828,679,412)	(30,085,489,057)	(21,910,832,658)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(453,322,432)	(2,368,909,112)	(3,338,803,594)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>2,693,758,352</u>	<u>5,062,667,464</u>	<u>8,401,471,058</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>P 2,240,435,920</u>	<u>P 2,693,758,352</u>	<u>P 5,062,667,464</u>

Supplemental Information on Non-cash Investing and Financing Activities:

- In 2022, the Company reclassified the leasehold improvements incurred for its construction in progress amounting to P424.8 million to Advances to Suppliers due to cancellation of purchase of property (See Notes 11 and 7).
- In 2022, the Company reclassified certain assets, including a terminal property and parcels of land previously held for rental, that are previously classified as part of Property, Plant, and Equipment to Non-current Asset Classified as Held for Disposal amounting to P310.0 million, net of impairment losses of P178.2 million, as these group of assets were discounted and identified to be for sale in 2023 (see Notes 11 and 16).
- In 2022 and 2021, certain advances to DUTA, Inc. and P-F-L Petroleum Management, Inc. (PPMI) amounting to P572.6 million and P926.7 million, respectively, were converted to additional investment (see Notes 10 and 27).
- Interest payments amounting to P557.7 million, P717.0 million, P1,183.5 million and P695.7 million in 2021, 2020 and 2019, respectively, were capitalized as part of the cost of property, plant and equipment (see Notes 11 and 17).
- In 2021, the Company recognized right-of-use assets and lease liabilities amounting to P347.4 million and P245.2 million, respectively (see Note 12 and 18). No new leases were recognized in 2022 and 2020.
- In 2020, advances for future acquisition of properties amounting to P1,905.3 million were applied as payment for acquisition of properties from certain related parties (see Notes 16 and 27).
- In 2020, certain advances to PPMI and Subic Petroleum Trading and Transport Philippines, Inc. amounting to P39.4 million and P55.0 million, respectively, were converted to additional investments in these subsidiaries (see Notes 10 and 27).

See Notes to Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1. Incorporation and Operations

P-H-O-E-N-I-X Petroleum Philippines, Inc. (the Company) was incorporated in the Philippines on May 8, 2002 and is 40.84% owned by P-H-O-E-N-I-X Petroleum Holdings Inc. (PPHI or the Parent Company), a company organized in the Philippines.

The Company has made its initial public offering with the Philippine Stock Exchange (PSE) on July 11, 2007. The Company is presently engaged in trading of petroleum products on wholesale and retail basis and operating of gas stations, oil depots, storage facilities and allied services. The registered office address of the Company, which is also its principal place of business, is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

PPHI was incorporated in the Philippines and was registered with the Philippine Securities Exchange Commission (SEC) on May 31, 2006. PPHI's primary purpose is to provide management, investment and technical advice for commercial, industrial, manufacturing and other kinds of enterprises. PPHI's registered office address, which is also its principal place of business, is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

The ultimate parent is Udenna Corporation (Udenna), which is primarily organized to purchase, acquire, take over and manage all or any part of the rights, assets, business and property; undertake and assume the liabilities of any person, firm, association, partnership, syndicate of corporation; and to engage in the distribution, selling, importation, installation of pollution control devices, units and services, and all other pollution control related products and emission test servicing. Udenna's registered office address, which is also its principal place of business, is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

The Company has a total of 595 operating retail service stations, and a total of three service stations under construction as of December 31, 2022.

1.2. Subsidiaries, Joint Venture and their Operations

As of December 31, the Company holds ownership interests in the following entities, which are all incorporated and domiciled in the Philippines or otherwise stated:

Subsidiaries/Joint Ventures	Explanatory Notes	Percentage of Ownership 2022	2021
Direct interest:			
<u><i>Subsidiaries</i></u>			
P-F-L Petroleum Management, Inc. (PPMI)	(a)	100.00%	100.00%
P-H-O-E-N-I-X Global Mercantile, Inc. (PGMI)	(b)	100.00%	100.00%
Subic Petroleum Trading and Transport Phils., Inc. (SPTT)	(c)	100.00%	100.00%
Phoenix LPG Philippines, Inc. (PLPI)	(e)	100.00%	100.00%
Duta, Inc.(Duta) ⁴	(f)	100.00%	100.00%
Philippine FamilyMart CVS, Inc. (PFM)	(g)	100.00%	100.00%
PNX Energy International Holdings, Pte. Ltd. (PNX Energy)	(h)	100.00%	100.00%
Phoenix Pilipinas Gas and Power, Inc.	(i)	100.00%	100.00%
Phoenix Road Transport Pilipinas, Inc. (PNXRT)	(j)	100.00%	100.00%
PNX Petroleum Singapore Pte. Ltd. (PNX SG)	(d)	85.00%	100.00%

Subsidiaries/Joint Ventures	Explanatory Notes	Percentage of Ownership	
		2022	2021
Direct interest:			
<u>Subsidiaries</u>			
Action.Able, Inc.(AAI)	(k)	74.90%	74.90%
Think.Able Limited (TAL)	(l)	74.90%	74.90%
<u>Joint venture</u>			
Phoenix Asphalt Philippines, Inc. (PAPI) ²	(m)	40.00%	40.00%
Indirect interest:			
<u>Subsidiaries</u>			
Kaparangan, Inc. (Kaparangan) ^{1, 3}	(n)	100.00%	100.00%
PNX (Vietnam) Pte. Ltd. (PNX Vietnam) ⁴	(o)	100.00%	100.00%
PT Phoenix Petroleum Indonesia (PNX Indonesia) ⁶	(p)	100.00%	100.00%
Phoenix Gas (Vietnam) Limited Liability Company (PGV LLC) ⁵	(q)	75.00%	75.00%
<u>Joint ventures</u>			
Galaxi Petroleum Fuel, Inc. (Galaxi) ⁷	(r)	51.00%	51.00%
Phoenix Southern Petroleum Corp. (PSPC) ⁷	(s)	49.00%	49.00%
Top Concord Quality Petroleum Corp. (TCQPC) ⁷	(t)	49.00%	49.00%
CJI Fuels Corp. (CJI) ⁷	(u)	49.00%	49.00%
Firebird Evzon Fuels Corp. (FEFC) ⁷	(v)	49.00%	49.00%
Eastan Prime Development Corporation (EPDC) ⁷	(w)	49.00%	49.00%
Zae Falco Energy Corp. (ZFEC) ⁷	(x)	49.00%	49.00%
Tarlac Black Gold Petroleum Corporation ⁷	(y)	49.00%	49.00%
Abound Business Ventures Corporation ⁷	(z)	49.00%	49.00%
F1rstEnergy Corp. (FEC) ⁷	(aa)	49.00%	49.00%
JV Hauling and Trucking Corp. (JHTC) ⁸	(bb)	49.00%	49.00%
NGT Ventures Incorporated (NGTVI) ⁹	(cc)	49.00%	-
Road Fuel Joint Transporter, Inc. (RFJTI) ⁸	(dd)	49.00%	-
Petrocontinental Energy Corp. (PEC) ⁷	(ee)	51.00%	-

Notes:

1 Wholly-owned subsidiary of Duta

2 Joint venture of the Company

3 Duta and Kaparangan, collectively known as Duta Group

4 Subsidiary of PNX Energy

5 Subsidiary of PNX Vietnam

6 Subsidiary of PGMI

7 Joint venture of PPMI

8 Joint venture of PNXRT

9 Joint venture of PLPI

10 Collectively known as Phoenix Group

- (a) Incorporated on January 31, 2007 and is engaged in organizing, managing, administering, running and supervising the operations and marketing of various kinds of services-oriented companies such as petroleum service stations.

- (b) Incorporated on July 31, 2006 to engage in the manufacture, production and creation of all kinds of motor, and all other transportation lubricants, fluids and additives of all kinds and other petroleum products purposely for motor vehicles and other transportation. PGMI started commercial operations in 2007 and temporarily ceased its operation in 2008 but has resumed its business in October 2015 through selling of acid oil and coconut fatty acid distillates, both are by-products from manufacturing of coconut methyl ester (CME).
- (c) Incorporated on February 20, 2007 and is engaged in buying and selling, supply and distribution, importation and exportation, storage and delivery of all types of petroleum for industrial, marine, aviation and automotive use.
- (d) Incorporated on June 20, 1995 to engage in the buying, selling, storing, distributing, and marketing at wholesale of all kinds of goods, including but not limited to liquefied petroleum gas (LPG) and other petroleum products.
- (e) Incorporated on November 9, 1994 to engage in the business of buying, investing, exchanging, selling securities of every kind and description and leasing of land.
- (f) Incorporated on November 29, 2012. PFM is engaged in the business of operating convenience stores (CVS) under the trademark "FamilyMart" either by direct operation and/or by franchise system in the Philippines and to conduct business activities related to and in support to the aforesaid CVS platforms including importation and export, advertisement and promotion, and in general, to exercise and perform any and all powers necessary, incidental, or convenient to the business.
- (g) Incorporated on October 29, 2018 in Singapore to engage in activities related to investment in downstream and upstream energy activities and businesses.
- (h) Incorporated on March 14, 2019 to engage in, conduct and carry on the business of selling, trading, on wholesale basis, natural gas and liquefied natural gas (LNG).
- (i) Incorporated on February 19, 2020 to engage in and carry on the business of organizing, managing, administering, running, and supervising the operations and marketing of various kinds of services-oriented companies, such as petroleum service stations, hauling companies and such other companies desirous of strengthening and establishing their operation process, except management of funds, securities and portfolio of similar assets in managed entities.
- (j) Incorporated on October 30, 2012 in Singapore and started operations in October 2017. It is the regional trading arm of the Phoenix Group. It currently holds office in Singapore and is able to buy directly from the refineries in the region due to its bigger requirements. It also sells to other local and regional buyers.
- (k) Incorporated on May 6, 2015 to engage in the business of selling, leasing or distributing electronic devices to distributors, merchants or retailers for the purpose of digital marketing and/or ecommerce and to engage in the business of providing an outline digital network for the purpose of digital marketing and/or e-commerce accessible through electronic devices.
- (l) Incorporated on May 5, 2014 and is a Hong Kong based company that handles the trademark of AAI.
- (m) Incorporated on March 23, 2018 and was established to import, store, manufacture, sell market, distribute bitumen, bitumen-related products and such other by-products of crude oil and such other petroleum products including the operation of terminals and depots.
- (n) Incorporated on January 21, 1994 to engage in the business of buying, investing, exchanging, selling securities of every kind and description and leasing land.
- (o) Incorporated on October 30, 2018 in Singapore to engage in activities related to investment in downstream and upstream energy activities and businesses.

- (p) Incorporated on September 10, 2018 in Indonesia to serve as an avenue for the Parent Company to explore business opportunities in different parts of Indonesia. PNIX Indonesia has not yet started its commercial operations as of December 31, 2021.
- (q) Formerly known as Origin LPG (Vietnam) Limited Liability Company, was incorporated and licensed to conduct business under the laws of Vietnam on August 6, 2008 to engage in wholesale of solid, liquid, gas fuels and other related products.
- (r) Incorporated on August 2, 2017 and is a joint venture with its previous owners. Galaxi owns and operates a number of petroleum service stations in different parts of the Philippines.
- (s) Incorporated on July 5, 2018 to operate petroleum service stations in areas within Southern Luzon under the Parent Company's name and brand.
- (t) Incorporated on July 15, 2019 to operate petroleum service stations in areas of Cotabato.
- (u) Incorporated on July 31, 2019 to operate petroleum service stations in areas of Iloilo.
- (v) Incorporated on August 28, 2019 to operate petroleum service stations in areas of South Luzon.
- (w) Incorporated on August 28, 2019 to operate petroleum service stations in areas of Metro Manila.
- (x) Incorporated on November 6, 2019 to operate petroleum service stations in Northern part and other areas of Luzon.
- (y) Incorporated on February 20, 2020 to buy and sell on retail basis, refined petroleum, LPG, and various kinds of products; to operate, manage, and carry out gasoline retail stations and such other services necessary to the business; and to operate convenience stores and such other non-fuel related businesses that may complement that business.
- (z) Incorporated on June 10, 2020 to buy and sell on retail basis, refined petroleum, LPG, and various kinds of products; to operate, manage, and carry out gasoline retail stations and such other services necessary to the business; and to operate convenience stores and such other non-fuel related businesses that may complement that business.
- (aa) Incorporated on July 10, 2019 to buy and sell, on a retail basis, refined petroleum, LPG, and various kinds of products; , manage, and carry out gasoline retail stations and such other services necessary to the business; and to operate convenience stores and such other non-fuel related businesses that may complement that business, in the areas of Cebu.
- (bb) Incorporated on November 21, 2019 to engage in the business of hauling services including but not limited to fuel products; to do and perform such other acts as necessary or incidental to the accomplishment of the foregoing corporate business.
- (cc) Incorporated on January 29, 2021 to buy, refill, and sell LPG and various kinds of products; to operate, manage and carry out LPG refilling plants, selected dealership within an area as authorized by PLPI, and such other services necessary, incidental and complementary to the business; and to operate other LPG-related businesses that may complement the business of operating an LPG Plant Facility and, buy and sell such other merchandise, wares, goods, and services that may complement the business activities of the NGTVI. NGTVI started its commercial operation in May 2021.

(dd) Incorporated on November 26, 2020 primarily engage in the business of hauling services including but not limited to fuel and petroleum products; To do and perform such other acts as necessary or incidental to the accomplishment of the foregoing corporate business and objects insofar as may be allowed by applicable laws and rules and regulations, including without limitation, to invest, own, or hold interest in similar business. RFJTI has not yet started commercial operations as of December 31, 2021. In 2021, PNXRT paid the subscribed 8.9 million common shares and 18.8 million preferred shares of RFJTI.

(ee) Incorporated on January 29, 2021 to engage in, conduct and carry on the business of buying and selling, on retail basis, refined petroleum, LPG, and various kinds of products. PEC started its operations in January 16, 2022.

1.3. Other Corporate Information

The registered office address and principal place of business of the existing subsidiaries, except those presented below and in the succeeding page, is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

SPTT	– Room 203 Greenwoods Park, Central Business District, Subic Bay Freeport Zone, Zambales
PNX SG, PNX Energy and PNX Vietnam	– 350 Orchard Road, #17-05/06 Shaw House, Singapore
Duta and Kaparangan	– 15 th Floor, Citibank Tower, Valero St., Salcedo Village, Makati City
PFM	– 4 th Floor, Tara Building, No. 389 Sen. Gil Puyat Avenue, Makati City, Metro Manila
AAI	– 2 nd Floor, Crown Center, 158 Jupiter Street Corner N. Garcia Street, Bel-Air Village, Makati City
TAL	– Room 1902, W Wilson House, 19-27 Wyndham Street, Central, Hong Kong
PAPI and PSPC	– 25 th Floor Fort Legend Tower, 3 rd Avenue Fort corner 31 st Street, Bonifacio Global City, Taguig City
PNX Indonesia	– The Prominence Office Tower, 12 th Floor B, Jl. Jalur Sutera Barat No. 15, Alam Sutera, Indonesia
Galaxi	– 1846 FB Harrison Street Pasay City
PGV LLC	– No. 456 Phan Xich Long Street, Ward 2, Phu Nhuan District, Ho Chi Minh City, Vietnam
JHTC	– Pookni Banal, San Pascual, Batangas
NGTVI	– Purok 1, Barangay Alasas, San Fernando City, Pampanga
RFJTI	– Dona Pilar Don Julian Road Sasa, Davao City

1.4. Impact of Russia-Ukraine Conflict on the Company's Business

In early January 2022, heightened volatility was noted in the oil and gas markets with the growing geopolitical tension between Russia and Ukraine. The feared risk materialized in late February 2022 when Russia invaded Ukraine, which caused the imposition of heavy economic sanctions on Russia by other nations. As Russia is the second largest crude oil exporter next to Saudi Arabia, expectedly these developments had significant consequence on markets. At its peak in the first half, crude oil benchmarks had risen more than 60% to historic highs, and as of the date of issuance of the consolidated financial statements, these volatile movements continue. Overall, the impact of the Russia and Ukraine conflict is far-reaching for world economies, markets, and businesses.

From historical lows in 2020 during the peak of the pandemic, global and domestic oil prices had begun to rebound in 2022. Advances in COVID-19 vaccines allowed economies and markets to re-open worldwide. However, the geopolitical tensions between Russia and Ukraine brought about oil and gas price volatility anew. By mid-2022, Brent crude climbed to a high of \$123.7 per barrel from \$87.2 per barrel at the start of the year. By the fourth quarter of 2022, prices dove and dropped erratically, before closing at \$81.1 per barrel in December 2022.

The war between Russia and Ukraine only compounded what was already a significant time in history where the world was only emerging from an unprecedented COVID-19 pandemic. As the situation escalated through 2022, the crisis heavily weighed on global economies and highly affected interest rates, foreign exchange, commodities, and more. In the Philippines, the increase in oil prices drove up the value of foreign exchange as well, as the country imports approximately 90% of its oil requirements. The Philippine Peso has hit an all-time low of close to Php59.0 to \$1.0 in late October 2022, dropping all the way from Php51 at the start of the year. In effect, as the peso plummets, imported goods become much more expensive.

Furthermore, domestic pump prices were seen to go up to as much as 30% this year – the highest since 2008. The skyrocketing fuel prices have impacted the country's inflation rate, which closed at a staggering 8.1% in December 2022, coming from 3.0% in January 2022. This will only further dampen consumption even as COVID-19 restrictions are eased to Alert Level 1 in the country.

As an independent trader and importer of fuel and oil, the Company, is heavily affected by the increasing prices of oil in the global market. While the high oil prices are expected to further drive the cost of sales and working capital requirements higher, its volatility has likewise driven losses in the Company's inventory management in 2022. Moving forward, the Company continues to exercise risk management measures in order to mitigate the impact. In addition, there are ongoing initiatives that will reduce the working capital requirement for the Company as well as by actively managing inventories and optimizing volume to maximize sales and profitability.

1.5. Continuing Impact of COVID-19 Pandemic on the Company's Business

The COVID-19 pandemic and the containment measures implemented by the Philippine Government disrupted domestic businesses and trade. Although the spread of the virus has abated, and most health and safety restrictions have been relaxed and businesses have re-opened, as of the end of 2022, the threat of new variants of the virus still remains. Just when the economic restrictions relaxes and recovery was on its way, in early 2022, the escalating geopolitical tensions in Europe caused an unprecedented increase in fuel prices that hit oil-exporting developing countries like the Philippines.

The double blow of the lingering effects of COVID-19 outbreak and the rising fuel prices hampered the anticipated economic and business recovery of the Group during the year. In response to these matters, the Group has taken the following actions:

- Kept most of its employees on a work from home (WFH) arrangement. However, staff at terminal and depot operations have now started to report to duty on a full-time basis. The HSE (Health, Safety, and Environment) Group, along with the Leadership, monitor and look after the physical and mental wellbeing of the employees;
- The Company sought preservation of its resources by keeping inventory at an optimal level while pursuing capital light supply models in order to mitigate the volatility of fuel prices. In 2022, the Company likewise scaled back its capital expenditures spending by 61%, while benefiting from the structural cost actions implemented years prior, which included streamlining supply chains and rationalization of road transport operations;
- Continued to build on its digital presence to further capture its customer needs under the 'new normal', banking on cashless payments at retail stations as well as the LIMITLESS app, the Company's lifestyle rewards program enjoyed through a free downloadable mobile application;
- Reduce non-essential capital expenditures and defer or cancel discretionary spending;
- Freeze non-urgent recruitment; and,
- Restructuring of debt with the Liability Management Exercise (LME) conducted by the Company with bankers and other financial institutions to refinance or restructuring and payment deferral of debt service.

Unfortunately, despite the Company's efforts to minimize the impact of the lingering effects of the pandemic and geopolitical tensions, in addition to streamlining its operations, there was a significant dip in revenue and volumes for 2022, driven by pricing volatility and constraints with its working capital. Drop in total domestic volumes by 57% was noted in 2022 against the previous year.

Management will continue to take actions to continually improve the operations as the need arises. Based on the foregoing improvements, management projects that the Company would start to churn in positive results of operations, as additional funds are raised and access to working capital is restored. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern due to the effects of the pandemic.

1.6. Increasing Liquidity Risk Arising from the Company's High Debt-leveraged Status

The Company's current liabilities exceeded its current assets by P10,464.3 million and P4,561.9 million as of December 31, 2022 and 2021, respectively. To address the Company's increasing liquidity risk arising from its debt-leveraged status, the Company is pursuing various fundraising options, including private placements, stock rights and follow-on offerings. Also, the Company has been actively looking to sell and/or dispose of certain assets in order to generate the necessary cash to pay down its current and outstanding obligations. Part of the proceeds from these fundraising activities will be used to repay interest-bearing loans thus reducing annual principal and interest. Furthermore, the Company is currently conducting a liability management exercise with bankers, other financial institutions and suppliers for the refinancing or restructuring of existing obligations, which exercise is expected to be completed in the second half of 2023. Finally, Udenna is committed to providing additional capital from its own fundraising exercises, where part of the proceeds will be infused to the Company to address its working capital requirements.

1.7. Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2022 (including the comparative financial statements as of December 31, 2021 and for the years ended December 31, 2021 and 2020) were authorized for issue by the Company's Board of Directors (BOD) on August 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board (IASB), and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income, expenses and the comprehensive income or loss, if any, in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

In 2022, the Company made prior period adjustments that resulted in retrospective restatements of certain accounts in the 2021 and 2020 comparative statements of financial position and 2021 and 2020 comparative statements of comprehensive income. Accordingly, the Company presents a third statement of financial position as of January 1, 2021, without related notes, except for the disclosures required under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

These adjustments were taken due to the following:

- Change in the Group's accounting policy to measure the cost of its fuels and by-products from weighted average cost method to first-in first-out (FIFO) method to accurately reflect the flow of the Company's fuels inventories. With the government mandating a weekly price adjustment, the FIFO method would best match the change in fuel prices;
- Accrual of various expenses amounting to P107.3 million as of December 31, 2021; and,
- Reclassification to Trade and Other Receivables - net account of advances to certain supplier amounting to P3,209.7 million, which was previously recognized as deduction from Trade and Other Payables account, and recognition of allowance for impairment on the full amount of the advances as of January 1, 2020, which is the beginning of the earliest period presented.

- (i) The analysis of the impact on the affected accounts due to prior period adjustments in the Company's statements of financial position is presented below.

			Adjustments			
	Notes	As Previously Reported	Errors	Change in Policy	As Restated	
<u>December 31, 2021</u>						
Changes in assets and liabilities:						
Inventories	8	P 4,694,382,811	P -	P 107,931,583	P 4,802,314,394	
Trade and other payables	19	(11,017,542,784)	(3,317,057,019)	-	(14,344,599,803)	
Net increase in assets and liabilities			(P 3,317,057,019)	(P 107,931,583)		
Change in equity – Retained earnings			(P 5,662,268,107)	P 3,317,057,019	(P 107,931,583) (P 2,453,142,671)	
<u>December 31, 2020</u>						
Changes in assets and liabilities:						
Inventories	8	4,361,580,054	-	P 339,886,342	P 4,701,466,396	
Trade and other payables	19	(4,008,146,416)	(3,209,724,490)	-	(7,217,888,907)	
Net increase in assets and liabilities			(P 3,209,724,490)	P 339,886,342		
Change in equity: Retained earnings			(P 5,827,968,932)	P 3,209,724,490	(P 339,886,342) (P 2,958,112,783)	

- (ii) The analysis of the affected line items in the statements of comprehensive income of the Company is shown below.

			Adjustments		
	Notes	As Previously Reported	Errors	Change in Policy	As Restated
<u>December 31, 2021</u>					
Changes in profit or loss:					
Cost of sales	21.2	(P 50,150,323,752)	P -	(P 231,954,759)	(P 50,382,278,511)
Selling and administrative expenses	22	(3,885,393,421)	(107,314,528)	-	(3,992,707,949)
Increase in net loss			(P 107,314,528)	(P 231,954,759)	
Basic loss per share	29	(P 0.12)	(P 0.07)	(P 0.16)	(P 0.35)
Diluted loss per share	29	(P 0.12)	(P 0.07)	(P 0.16)	(P 0.35)
<u>December 31, 2020</u>					
Changes in profit or loss:					
Cost of sales and services	21.2	(P 35,766,410,083)	P -	P 339,886,342	P 35,426,523,741
Increase in net profit			P -	P 339,886,342	
Basic earnings per share	29	(P 0.41)	P -	(P 0.24)	(P 0.17)
Diluted earnings per share	29	(P 0.41)	P -	(P 0.24)	(P 0.17)

- (iii) The analysis of the affected line items in the statements of cash flows of the Company is shown below and in the succeeding page.

	As Previously Reported	Adjustments		As Restated
		Errors	Change in Policy	
<u>December 31, 2021</u>				
Changes in cash flows from operating activities:				
Loss before tax	P 358,447,029	P 107,314,528	P 231,954,759	P 697,716,316
Decrease in inventories	(24,228,856,667)	-	(231,954,759)	(24,460,811,426)
Increase in trade and other payables	(6,701,970,298)	(107,314,528)	-	(6,809,284,826)
Net effect on cash and cash equivalents		P -	P -	
<u>December 31, 2020</u>				
Changes in cash flows from operating activities:				
Loss (profit) before tax	P 259,640,674	P -	(P 339,886,342)	(P 80,245,668)
Decrease (increase) in inventories	(22,399,766,759)	-	339,886,342	(22,059,880,417)
Net effect on cash and cash equivalents		P -	P -	

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2. Adoption of Amended Standards

(a) Effective in 2022 that are Relevant to the Company

The Company adopted for the first time the following amendments and annual improvements to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the ‘10 percent’ Test for Derecognition of Liabilities
PFRS 16 (Amendments)	:	Leases – Lease Incentives

Discussed below are the relevant information about these amendments.

- i. PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact on the Company's financial statements as there were no sales of such items produced by property, plant and equipment made before being available for use on or after the beginning of the earliest period presented.
- ii. PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments resulted in a revision in the Company's policy to include both incremental costs and an allocation of other costs when determining whether a contract was onerous. The amendments apply prospectively to contracts existing at the date when the amendments are first applied. Management assessed that there is no significant impact on the Company's financial statements as a result of the change since none of the existing contracts as of January 1, 2022 would be identified as onerous after applying the amendments.
- iii. Annual Improvements to PFRS 2018-2020 Cycle.
 1. PFRS 9 (Amendments), *Financial Instruments – Fees in the ‘10 percent’ Test for Derecognition of Liabilities*. The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

2. Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The amendments remove potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

(b) *Effective in 2022 that are not Relevant to the Company*

Among the annual improvements to PFRS 2018-2020 Cycle which are mandatorily effective for annual periods beginning on or after January 1, 2022, the following are not relevant to the Company's financial statements:

- i. Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments are not relevant to the Company:
 - PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Subsidiary as a First-time Adopter*
 - PFRS 3, *Business Combinations – Reference to the Conceptual Framework*
 - PAS 41, *Agriculture – Taxation in Fair Value Measurements*

(c) *Effective Subsequent to 2022 but not Adopted Early*

There are pronouncements effective for annual periods subsequent to 2022, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

- i. PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- ii. PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)
- iii. PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)
- iv. PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)
- v. PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely)

2.3. Separate Financial Statements, Investments in Subsidiaries and Joint Venture

These financial statements are prepared as the Company's separate financial statements. The Company also prepares its consolidated financial statements.

Subsidiaries are entities (including structured entities) over which the Company has control. The Company controls an entity when (i) it has power over the entity; (ii) it is exposed; or has rights to, variable returns from its involvement with the entity; and, (iii) it has the ability to affect those returns through its power over the entity.

The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above.

The Company's investments in subsidiaries are accounted for in these separate financial statements at cost, less any impairment loss (see Note 2.15).

A joint venture pertains to a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint venture entity pertains to whose economic activities are controlled jointly by the Company and by other venturers independent of the Company (joint venturers). Investment in a joint venture is accounted for under the equity method of accounting. Under this method, on initial recognition the investment in a joint venture is recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share in the profit or loss of the investee after the date of the acquisition. The Company's share of the investee's profit or loss is recognized as equity share in the net income of joint venture in the Company's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for a change in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income.

The investment in a joint venture is subject to impairment testing (see Note 2.15). The management has assessed that no impairment loss is required to be recognized for its investments in a joint venture in 2022 and 2021.

The Company holds interests in various subsidiaries and joint venture as presented in Notes 10 and 14, respectively.

2.4. Current versus Non-current Classification

The Company presents assets and liabilities in the statement of financial position based on current or non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and non-current liabilities, respectively.

2.5. Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual terms of the financial instrument.

(a) Financial Assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(i) *Classification, Measurement and Reclassification of Financial Assets*

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The financial assets are classified into the following categories: financial assets at amortized cost, financial assets at fair value through comprehensive income and financial assets at fair value through profit or loss. Currently, the financial assets category relevant to the Company is financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses (ECL).

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables (excluding advances to suppliers and advances subject to liquidation), Advances to Subsidiaries, Due from Related Parties, Restricted Deposits, and Refundable rental deposits (presented as part of Other Non-current Assets account).

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Refundable rental deposits are initially recognized at fair value. Interest on the rental deposits arising from subsequent amortization is accounted for using the effective interest method and is presented as part of Finance Income in the statement of comprehensive income. The excess of the principal amount of the deposit over its present value is immediately recognized as deferred minimum lease payments (presented as part of Other Non-current Assets in the statement of financial position). Meanwhile, the rent expense arising from subsequent amortization of deferred minimum lease payments is accounted for using the straight-line method over the lease term and is presented as part of Rent under Selling and Administrative Expenses in the statement of comprehensive income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of comprehensive income as part of Finance Income (Costs).

(ii) *Impairment of Financial Assets*

At the end of the reporting period, the Company assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets.

For trade and other receivables, advances to subsidiaries, due from related parties and refundable deposits, the Company recognizes lifetime ECL. The ECL on these assets are estimated by applying the simplified approach using a provision matrix developed based on the credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

The Company determines whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets.

The key elements used in the calculation of ECL are as follows:

- *Probability of default (PD)* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.
- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral or effect of any credit enhancement.
- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The Company recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(iii) *Derecognition of Financial Assets*

The financial assets (or where applicable, a part of a financial asset or part of a Company of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) Financial Liabilities

Financial liabilities, which include interest-bearing loans and borrowings, trade and other payables (excluding tax-related payables), advances from a subsidiary, and security deposits (presented as part of Other Non-current Liabilities in the statement of financial position), are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges incurred on financial liability are recognized as an expense in profit or loss under the caption Finance Costs in the statement of comprehensive income, except for interest charges that are attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale), which are capitalized as part of the cost of such asset (see Note 2.17).

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables (excluding tax-related payables), advances from a subsidiary and security deposits are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Interest on the security deposits arising from subsequent amortization is presented as part of Finance Costs. The excess of the principal amount of the deposit over its present value is immediately recognized as unearned rent (presented as part of Other Non-current Liabilities in the statement of financial position). Meanwhile, the rent income arising from subsequent amortization of unearned rent is accounted for using the straight-line method over the lease term and is presented as part of Rent and Storage Income in the statement of comprehensive income.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Company.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Financial liabilities are also derecognized when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.6. Inventories

Inventories are valued at the lower of cost and net realizable value. Effective January 1, 2022, the Company changed its accounting policy to measure the cost of its fuels and by-products inventories using the FIFO method. Previously, the Company measured the cost of these inventories using weighted average cost. For the remaining inventories, such as lubricants, merchandise and other inventories, cost is determined using the moving average method. The cost of inventories includes all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.7. Prepayments and Other Assets

Prepayments and other current assets, which are generally non-financial assets, pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably.

2.8. Non-current Asset Classified as Held for Disposal

Non-current asset classified as held for disposal pertains to the depot that the Company intends to sell within one year from the date of classification as held for sale.

The Company classifies a non-current asset (or disposal group) as held for disposal if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In the event that the sale of the asset is extended beyond one year, the extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the Company's control and there is sufficient evidence that the Company remains committed to its plan to sell the asset.

Non-current asset classified as held for disposal is measured at the lower of their carrying amounts, immediately prior to their classification as held for sale, and their fair value less costs to sell. The Company shall recognize an impairment loss for any initial or subsequent write-down of the asset at fair value less cost to sell. Gain from any subsequent increase in fair value less cost to sell of an asset is recognized to the extent of the cumulative impairment loss previously recognized. Assets classified as held for disposal are not subject to depreciation.

If the Company has classified an asset as held for disposal, but the criteria for it to be recognized as held for disposal are no longer satisfied, the Company shall cease to classify the asset as held for disposal.

The gain or loss arising from the disposal or remeasurement of held for disposal assets is recognized in profit or loss and included as part of Other Charges (Income) in the consolidated statements of comprehensive income.

2.9. Property, Plant and Equipment

Land is measured at fair value less any impairment in value. As no finite useful life for land can be determined, related carrying amount are not depreciated. All other property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of replaced part is derecognized. All other expenditures for repairs and maintenance are charged to expense as incurred.

Following initial recognition at cost, land is carried at revalued amounts which are the fair values at the date of the revaluation, as determined by independent appraisers, less any accumulated impairment losses.

Appraisal is made once every two years or more frequently if market factors indicate a material change in fair value (see Note 5.5).

Any revaluation surplus is recognized in other comprehensive income and credited to the Revaluation Reserves account in the statement of changes in equity. Any revaluation deficit directly offsetting a previous surplus in the same asset is charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and the remaining deficit, if any, is recognized in profit or loss. Annually, an amount from the Revaluation Reserves account is transferred to Retained Earnings account for the impairment, if any, relating to the revaluation surplus. Upon disposal of revalued assets, amounts included in Revaluation Reserves account relating to them are transferred to Retained Earnings account.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings, depot and pier facilities	5-25 years
Gasoline station equipment	1-5 years
Office furniture and equipment	1-3 years
Hauling and heavy equipment	1-5 years

Leasehold and land improvements are amortized over the terms of the related leases or the useful lives of the improvements of 5-25 years, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs (see Note 2.17) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.15).

The residual values, estimated useful lives and method of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment, including the related accumulated depreciation, amortization and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.10. Intangible Assets

Intangible assets include acquired computer software licenses, software development costs and basketball franchise, which are accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition. The useful lives of intangible assets are assessed as either finite or indefinite.

The Company assessed the useful life of basketball franchise to be indefinite because this is expected to contribute to net cash flows indefinitely. The basketball franchise is not amortized but is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software and those costs associated with research activities are recognized as expense in profit or loss as incurred.

Capitalized costs for computer software licenses are amortized on a straight-line basis over the estimated useful lives (ranging from one to ten years) as the lives of these intangible assets are considered finite. In addition, intangible assets are subject to impairment testing as described in Note 2.15.

Costs that are directly attributable to the development phase of new customized software for information technology and telecommunications systems are recognized as intangible assets if, and only if, the Company can demonstrate all of the following recognition requirements:

- (i) technical feasibility of completing the prospective product for internal use or sale;
- (ii) the intangible asset will generate probable economic benefits through internal use or sale;
- (iii) intention and ability to complete, i.e., availability of sufficient technical, financial and other resources necessary for completion, and use or sell the asset; and,
- (iv) ability to measure reliably the expenditure attributable to the intangible asset during development.

Development costs not meeting these criteria for capitalization are expensed as incurred. Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.11. Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.12. Revenue and Expense Recognition

Revenue arises mainly from the sale of goods (fuels and by-products, and lubricants) and from rendering into-plane, terminalling and hauling services.

To determine whether to recognize revenue, the Company follows a five-step process:

- (1) identifying the contract with a customer;
- (2) identifying the performance obligation;
- (3) determining the transaction price;
- (4) allocating the transaction price to the performance obligations; and,
- (5) recognizing revenue when/as performance obligations are satisfied.

The Company determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

- (i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- (ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
- (iii) the payment terms for the goods or services to be transferred or performed can be identified;
- (iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
- (v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- (i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- (ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- (iii) the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

In addition, the following specific recognition criteria must also be met before revenue is recognized:

- (a) *Sale of goods* – Sale of goods include fuel and by-products (such as CME), and lubricants. Revenue is recognized at a point in time when the Company transfers control of the assets to the customer. Invoices for goods transferred are due upon receipt by the customer.
- (b) *Fuel service and other revenues* – Fuel service and other revenues, mainly consist of hauling, into-plane services, management services and transport services, is recognized over time and is based on a fixed agreed fee. These services are generally performed within the day. Invoices for services transferred are due upon receipt by the customer. This also includes service revenue rendered to related parties as management fee that is recognized over time as the service is provided and is based on a fixed agreed fee (see Note 27.13).

The Company presents a contract asset when performing services to a customer before the customer pays consideration or before payment is due. A contract asset is the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer.

The Company presents a contract liability when a customer pays the consideration, or a Company has the right to an amount of consideration that is unconditional (i.e., a receivable), before the Company performs services to the customer. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

In obtaining customer contracts, the Company incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Company uses the practical expedient in PFRS 15 and expenses such costs as incurred. The Company also incurs costs in fulfilling contracts with customers. However, as those costs are within the scope of other financial reporting standards, the Company accounts for those costs in accordance with accounting policies related to those financial reporting standards.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. Expenditure for warranties is recognized and charged against the associated provision when the related revenue is recognized. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.17).

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Company concluded that it is acting as a principal in all of its revenue arrangements.

2.13. Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

The Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.15).

On the other hand, the Company measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets and lease liabilities have been presented separately from property, plant and equipment and other liabilities, respectively.

(b) Company as Lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.14. Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.15. Impairment of Non-financial Assets

The Company's investments in subsidiaries, property, plant and equipment, right-of-use assets, intangible assets, investment in a joint venture and other non-financial assets are subject to impairment testing. Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.16. Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan and a defined contribution plan, and other employee benefits which are recognized as follows:

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment defined benefit plan remains with the Company, even if plan assets, if any, for funding the defined benefit plan have been acquired. Plan assets, if any, may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's post-employment benefit pension plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The liability recognized in the statement of financial position (included as part of Other Non-current Liabilities) for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds [using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL)], that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs or Finance Income in the statement of comprehensive income.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) Post-employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(d) Profit-sharing and Bonus Plans

The Company recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Trade and Other Payables account in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

(f) Share-based Payments

The Company grants share options to its qualified employees eligible under a share option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. This fair value excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions), if any.

The share-based remuneration, if any, is recognized as an expense in profit or loss and the corresponding credit to retained earnings.

The expense is recognized during the vesting period based on the best available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number that ultimately vests on vesting date. No subsequent adjustment is made to expense after vesting date, even if share options are ultimately not exercised.

Upon exercise of share option, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as additional paid-in capital.

2.17. Borrowing Costs

Borrowing costs, which consists of interest and other costs that the Company incurs in connection with borrowing of funds, are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.18. Income Taxes

Tax expense or income recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets, if any, are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

2.19. Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and, (d) the Company's partially-funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to ten percent (10%) or more of the Phoenix Group's total assets that were entered into with related parties, either individually or in aggregate over a twelve-month period, are considered material. All material related party transactions shall be approved by the majority of the BOD and shareholders. Attendance and votes of directors with personal interest in the transactions shall not be counted for the purposes of assessing the quorum and determining majority approval, respectively.

2.20. Equity

Preferred and common stock represent the nominal value of shares that have been issued.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of.

Additional paid-in capital includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Revaluation reserves comprise of gains arising from the revaluation of the Company's land under property, plant and equipment and from the remeasurements of post-employment defined benefit obligation, net of applicable taxes.

Retained earnings or deficit represent all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income, reduced by the amounts of dividends declared.

2.21. Deposit on Future Stock Subscription

Deposit on future stock subscription refers to the payment made by the Company's stockholders that is intended to subscribe to the increase in the authorized capital. The said deposit cannot be directly credited to capital stock issued yet due to the pending approval by the SEC of the approved amendment to the Articles of Incorporation by increasing its authorized capital stock. Such payment is treated as part of Liabilities unless the Company has complied with all the requirements set forth by the SEC under the Financial Reporting Bulletin No. 006 (as revised in 2022). Such requirements are as follows:

- i. The unissued authorized capital stock of the entity is insufficient to cover the number of shares indicated in the contract;
- ii. There is BOD's approval on the proposed increase in authorized capital stock (for which a deposit was received by the Company);
- iii. There is stockholders' approval of said proposed increase; and,
- iv. The application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

2.22. Earnings or Loss per Share

Basic earnings or loss per share is computed by dividing net profit or loss attributable to equity holders of the Company by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted earnings or loss per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares, if any.

2.23. Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1. Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the judgments presented in the succeeding page, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

a. Determination of Lease Term of Contracts with Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

The lease term is reassessed if an option is actually exercised or not exercised or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

b. Determination of Timing of Satisfaction of Performance Obligations

(i) Rendering of Fuel Services and Other Revenues

The Company determines that its revenue from rendering of fuel services and other revenues shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company transfers control of the services over time, based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. However, significant services are generally performed within the day.

(ii) Sale of Goods

The Company determines that its revenue from sale of goods shall be recognized at a point in time when the control of the goods have passed to the customer, i.e., generally when the customer has acknowledged delivery of the goods.

c. Determination of ECL of Financial Assets at Amortized Costs

The Company uses an external benchmarking to calculate ECL for financial assets at amortized cost. The Company applies the PFRS 9 using internal credit ratings translated to external credit ratings [i.e. Standard & Poor's (S&P)] in order to reference/benchmark with published equivalent external cumulative PD (see Note 4.2).

The Company's internal credit rating for each customer is re-assessed when there are changes in credit limit and payment terms.

d. Evaluation of Business Model Applied in Managing Financial Instruments

The Company developed business models which reflect how it manages its portfolio of financial instruments. The Company's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Company evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Company (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Company's investment and trading strategies.

e. Distinction between Operating and Finance Leases for Contracts where the Company is the Lessor

The Company has entered into various lease agreements as lessor. Critical judgment was exercised by management to distinguish each lease agreement, either as a lessor or a lessee, as either an operating or finance lease by looking at the transfer or retention of significant risks and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

f. Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.11 and disclosures on relevant contingencies are presented in Note 30.

g. Determination of Qualifying Assets on Borrowing Costs

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Determining if an asset is a qualifying asset will depend on the circumstances and requires the use of judgment in each case. In making judgment, the management takes into account its planned use when it determines whether the asset is a qualifying asset and considers the facts and circumstances and uses its judgment to determine whether an asset takes a substantial period of time to get ready for its intended use or sale. Based on the facts and circumstances affecting the Company's qualifying asset, the management concludes that the Company's retail station, depot facilities, and tankers are qualifying assets as the management assesses that it takes substantial period of time for the completion of those assets.

h. Impairment of Basketball Franchise

The determination when the Company's basketball franchise is considered impaired requires significant judgment. In making this judgment, the Company evaluates, among other factors, the continuity and going concern status of the Philippine Basketball Association, changes in viewership of basketball leagues and the period over which the Company expects to benefit from holding the franchise, which include but are not limited to marketing and publicity, brand awareness and media mileage. Based on the recent evaluation of information and circumstances affecting the Company's basketball franchise, management has assessed that the basketball franchise is impaired, and an impairment loss amounting to P62.9 million is required to be recognized on the Group's basketball franchise in 2022. No impairment loss is required to be recognized in 2021 and 2020. Future changes in those information and circumstances might significantly affect the carrying amount of the basketball franchise disclosed in Note 13.

3.2. Key Sources of Estimation Uncertainty

Presented below and in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract, for new lease contracts. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset, credit risk of the Company and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 4.2(b).

(c) Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the dates the estimates are made. Future realization of the carrying amounts of inventories as presented in Note 8 is affected by price changes and action from the competitors. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Company's inventories within the next financial reporting period.

(d) Estimation of Useful Lives of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

The Company estimates the useful lives of property, plant and equipment, right-of-use assets and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are analyzed in Notes 11, 12 and 13, respectively. Based on management's assessment as of December 31, 2022 and 2021, there is no change in estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) Fair Value Measurement of Property, Plant and Equipment

The Company's property, plant and equipment includes parcels of land that are carried at revalued amount at the end of the reporting period. In determining the fair value of these assets, the Company engages the services of professional and independent appraisers applying the relevant valuation methodologies as discussed in Note 5.5.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as of December 31, 2022 and 2021 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 26.

(g) Valuation of Post-employment Defined Benefit Obligation

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions, as described in Note 24.3, include, among others, discount rates and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit obligation are presented in Note 24.3.

(h) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.15). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management has assessed that impairment losses are required to be recognized on the Company's investment in subsidiaries, and intangible assets in 2022. There are no similar transactions in 2021 and 2020. However, no impairment losses are required to be recognized on the Company's investments in joint ventures, property, plant and equipment, investment properties and right-of-use assets in 2022, 2021 and 2020.

(i) Fair Value of Share Options

The Company estimates the fair value of the share option by applying Black-Scholes Option Pricing Model, taking into consideration the price of the underlying stock at grant date, strike price of the option, term of the option, and expected rate of return. The fair value of the share options excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions), if any.

The management has assessed no changes in the fair value per share option in 2022, 2021 and 2020.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 5. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated with its ultimate parent company, in close cooperation with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below and in the succeeding pages.

4.1. Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and market price risk which result from its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Company's sales to a certain customer and fuel importation, which are primarily denominated in United States dollars (U.S. Dollar). The liability covering the importation is covered by letter of credits (LCs) which is subsequently closed to Philippine peso trust receipts (TRs). The Company also holds U.S. dollar-denominated cash and cash equivalents.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored. Foreign currency-denominated financial assets and financial liabilities, translated into Philippine pesos at the closing rate follow:

	<u>2022</u>	<u>2021</u>
Financial assets	P 4,251,080	P 9,166,998
Financial liabilities	(<u>6,665,604,878</u>)	(<u>6,334,675,463</u>)
Exposure	(<u>P 6,661,353,798</u>)	(<u>P 6,325,508,465</u>)

The following table illustrates the sensitivity of the Company's profit before tax with respect to changes in Philippine peso against U.S. dollar and Singapore dollar exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at a 99.00% confidence level.

	<u>2022</u>	<u>2021</u>
Reasonably possible change in rate	15.94%	7.22%
Effect in profit (loss) before tax	(P 1,061,819,795)	(P 456,701,711)
Effect in equity after tax	(<u>796,364,846</u>)	(<u>342,526,283</u>)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's foreign currency risk.

(b) Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually made at fixed rates. As of December 31, 2022 and 2021, the Company is exposed to changes in market interest rates through its cash and cash equivalents and bank borrowings, which are subject to variable interest rates (see Notes 6 and 17). All other financial assets and financial liabilities have fixed rates.

Cash in banks are tested on a reasonably possible change of +/-1.97% and +/-2.87% in 2022 and 2021, respectively for Philippine Peso. Short-term money placements and time deposits are tested on a reasonably possible change of +/-1.92% and +/-1.44% in 2022 and 2021. Bank loans subject to variable interest rates are tested on a reasonably possible change of +/-1.45% and +/-0.13% for Philippine peso in 2022 and 2021. These percentages have been determined based on the average market volatility of interest rates, using standard deviation, in the previous 12 months estimated at 99.00% level of confidence. The sensitivity analysis is based on the Company's financial instruments held at the end of each reporting period, with effect estimated from the beginning of the year. All other variables are held constant.

The changes in percentages would affect profit or loss before tax by +/-P574.0 million and +/-P97.2 million for the years ended December 31, 2022 and 2021, respectively, and equity after tax by +/-P428.4 million and +/-P68 million for the years ended December 31, 2022 and 2021, respectively.

(c) Other Price Risk

The Company's market price risk arises from its purchases of fuels. It manages its risk arising from changes in market prices by monitoring the daily movement of the market price of fuels and to some extent, using forward and other similar contracts to manage the fluctuation of the fuel price.

4.2. Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from granting of loans and selling goods and services to customers including related parties, and placing deposits with banks.

The Company employs range of policies and practices to mitigate credit risk. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk. Estimates of fair values are based on the value of collaterals assessed at the time of first dealing with the customer and are updated and monitored periodically.

Estimate of the fair value of collateral held against trade and other receivables as of December 31 follows:

	<u>2022</u>	<u>2021</u>
Cash bond	P 138,742,602	P 184,690,899
Standby letter of credits	<u>52,611,300</u>	<u>320,192,168</u>
	<u>P 191,353,902</u>	<u>P 504,883,067</u>

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized below.

	Notes	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	6	P 2,240,435,920	P 2,693,758,352
Trade and other receivables – net*	7	11,721,835,653	10,755,416,916
Advances to subsidiaries – net**	27.4	3,001,999,523	2,774,994,902
Due from related parties – net	27.5	39,693,741	31,005,032
Refundable rental deposits	9, 15	<u>193,467,830</u>	<u>200,260,915</u>
		<u>P17,197,432,667</u>	<u>P16,455,436,117</u>

* Excludes certain advances to suppliers, advances subject to liquidation and certain non-trade and other receivables not classified as financial assets

** Excludes portion of advances intended for future stock subscriptions

(a) *Cash and Cash Equivalents and Restricted Deposits*

The credit risk for cash and cash equivalents and restricted deposits is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) *Trade and Other Receivables, Advances to Subsidiaries and Due from Related Parties*

The Company applies simplified approach in measuring ECL which uses a lifetime expected loss allowance for all Trade and Other Receivables, Advances to Subsidiaries, and Due from Related Parties. The Company's trade and other receivables, advances to subsidiaries, and due from related parties are assessed individually or on a per customer basis.

The Company computes expected losses using internal credit ratings translated to external credit ratings [i.e., Standard & Poor's (S&P)] in order to reference/benchmark with published equivalent external cumulative PD. The Company's definition of Trade and Other Receivables and Due from Related Parties classification [known as Phoenix Risk Rating (PRR)] and corresponding credit risk ratings are presented in the succeeding page.

Phoenix Risk Rating (PRR)	Description (PRR)		Equivalent S&P Rating	S&P Loss Rate (%)	
	Financial and Business Profiles	Other Information		2022	2021
PRR 3A	Counterparties with both very strong financial and business profiles. Lowest risk of default in the scale.	These counterparties do not have a greater-than-normal risk. The track record of the client in terms of profit is very good and exhibits highest quality under virtually all economic conditions. Probability of default is quite low and it bears some degree of stability and substance. However, client may be susceptible to cyclical changes and more concentration of business risk, by product or by market.	BBB	0.10 – 0.46	0.11 – 0.47
PRR 2A	Counterparties with strong financial profile and very strong business profile or vice versa.		BBB	0.10 – 0.46	0.11 – 0.47
PRR 1A	Counterparties with a strong to adequate financial profile and very strong to adequate business profile.		BBB	0.10 – 0.46	0.11 – 0.47
PRR 3B	Counterparties with a sustainable financial profile and adequate business profile.	Counterparties whose risk elements are sufficiently pronounced to withstand normal business cycles but any prolonged unfavorable economic and/or market period would create an immediate deterioration beyond acceptable levels.	BB	0.58 – 1.64	0.54 – 1.58
PRR 2B	Counterparties with an average financial profile and sustainable business profile.		BB	0.58 – 1.64	0.54 – 1.58
PRR 1B	Counterparties with both average financial and business profile.	Credit exposure is not at risk of loss at the moment but performance of the client has weakened and unless present trends are reversed, could lead to losses.	B	3.16 – 6.58	3.06 – 6.42
PRR 3C	Counterparties with an average financial profile and adequate business profile.	This rating is given to a client where repayment of the receivable, through normal course of business, may be in jeopardy due to adverse events. There exists the possibility of future losses to the institution unless given closer supervision.	B	3.16 – 6.58	3.06 – 6.42
PRR 2C	Counterparties with a weak financial profile and adequate business profile.		B	3.16 – 6.58	3.06 – 6.42
PRR 1C	Counterparties with a weak financial profile and sustainable business profile.	Counterparties credits or portions thereof which exhibit more severe weaknesses. This rating is given to a counterparties whose receivables or portions thereof are considered uncollectible. The collectible amount, with no collateral or which collateral is of little value, is difficult to measure and more practical to write-off than to defer even though partial recovery may be obtained in the future.	CCC/C D	100	100
PRR D	Counterparties with a weak financial profile and average business profile.		CCC/C D	100	100
PRR F	Counterparties with both weak financial profile and business profiles.		CCC/C D	100	100

The credit loss allowance provided as of December 31, 2022 is as follows:

Trade and Other Receivables (see Note 7)				
PRR	S&P Rating	PD Rate Range	Estimated Gross Carrying Amount at Default	Credit Loss Allowance
PRR 2A	BBB	0.10 – 0.46	87,706,135	142,044
PRR 1A	BBB	0.10 – 0.46	6,128,008,743	22,018,818
PRR 3B	BB	0.54 – 1.58	2,034,964,119	15,146,135
PRR 2B	BB	0.54 – 1.58	453,407,625	2,817,253
PRR 1B	B	3.06 – 6.42	2,453,521,644	133,941,021
PRR 3C	B	3.06 – 6.42	687,366,584	22,049,579
PRR 2C	B	3.06 – 6.42	75,411,906	2,436,253
PRR 1C/D/F	D	100	3,587,636,627	3,587,636,627
			P 15,508,023,383	P 3,786,187,730

Advances to Subsidiaries (see Note 27.4)				
PRR	S&P Rating	PD Rate Range	Estimated Gross Carrying Amount at Default	Credit Loss Allowance
PRR 2A	BBB	0.10 – 0.46	P 247,765,690	P 247,766
PRR 1A	BBB	0.10 – 0.46	1,706,269,815	1,706,270
PRR 3B	BB	0.54 – 1.58	1,056,667,167	6,749,113
			P 3,010,702,672	P 8,703,149

Due from Related Parties (see Note 27.5)				
PRR	S&P Rating	PD Rate Range	Estimated Gross Carrying Amount at Default	Credit Loss Allowance
PRR 1A	BBB	0.10 – 0.46	P 285,700	P 286
PRR 3B	BB	0.54 – 1.58	39,638,228	229,901
			39,923,928	P 230,187

The credit loss allowance provided as of December 31, 2021 is as follows:

Trade and Other Receivables (see Note 7)				
PRR	S&P Rating	PD Rate Range	Estimated Gross Carrying Amount at Default	Credit Loss Allowance
PRR 3A	BBB	0.11 – 0.47	P 313,321	P 345
PRR 2A	BBB	0.11 – 0.47	129,434,384	140,337
PRR 1A	BBB	0.11 – 0.47	4,854,847,897	17,142,121
PRR 3B	BB	0.54 – 1.58	1,966,161,071	14,803,590
PRR 2B	BB	0.54 – 1.58	467,688,221	2,547,808
PRR 1B	B	3.06 – 6.42	2,383,968,596	115,005,895
PRR 3C	B	3.06 – 6.42	1,085,002,332	33,650,102
PRR 2C	B	3.06 – 6.42	52,916,319	1,625,027
PRR 1C/D/F	D	100	282,844,187	282,844,187
			P 14,432,918,818	P 3,677,501,902

Advances to Subsidiaries (see Note 27.4)				
PRR	S&P Rating	PD Rate Range	Estimated Gross Carrying Amount at Default	Credit Loss Allowance
PRR 2A	BBB	0.11 – 0.47	P 245,402,464	P 269,943
PRR 1A	BBB	0.11 – 0.47	1,618,906,199	1,780,797
PRR 3B	BB	0.54 – 1.58	917,698,711	4,961,732
			<u>P 2,782,007,374</u>	<u>P 7,012,472</u>
Due from Related Parties (see Note 27.5)				
PRR	S&P Rating	PD Rate Range	Estimated Gross Carrying Amount at Default	Credit Loss Allowance
PRR 3B	BB	0.54 – 1.58	<u>P 31,173,368</u>	<u>P 168,336</u>

In 2022 and 2021, the management has assessed that the published S&P Global Rating already considered the continuing effects of COVID-19 on economic conditions and credit.

(c) Refundable Rental Deposits

The credit risk for refundable rental deposits is considered negligible as the Company has ongoing lease agreements with the counterparties and the latter are considered to be with sound financial condition and sufficient liquidity.

4.3. Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business (see Note 2.4). Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Company maintains cash and cash equivalents to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in short-term money placements and time deposits. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As of December 31, 2022, the Company's financial liabilities (except lease liabilities – see Note 12) have contractual maturities which are summarized as follows:

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans and borrowings	P28,716,977,023	P 2,082,422,427	P15,606,518,061	P -
Trade and other payables (excluding tax-related payables)	-	12,763,654,944	-	-
Advances from a subsidiary	-	-	-	5,686,716,534
Security deposits	<u>62,269,739</u>	<u>31,141,570</u>	<u>72,913,060</u>	<u>-</u>
	<u>P28,779,246,762</u>	<u>P14,972,132,136</u>	<u>P15,679,431,121</u>	<u>P5,686,716,534</u>

As of December 31, 2021, the Company's financial liabilities (except lease liabilities – see Note 12) have contractual maturities which are summarized as follows:

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans and borrowings	P24,631,189,081	P 732,879,453	P14,253,631,613	P -
Trade and other payables (excluding tax-related payables)	-	7,937,589,282	-	-
Advances from a subsidiary	-	4,411,847	-	5,358,245,381
Security deposits	-	-	203,763,999	-
	<u>P24,631,189,081</u>	<u>P 8,674,880,582</u>	<u>P13,304,770,812</u>	<u>P 5,358,245,381</u>

5. CATEGORIES, FAIR VALUE MEASUREMENT AND DISCLOSURES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1. Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are presented below.

		2022		2021	
	Notes	Carrying Values	Fair Values	Carrying Values [As Restated – See Note 2.1 (b)]	Fair Values [As Restated – See Note 2.1 (b)]
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	6	P 2,240,435,920	P 2,240,435,920	P 2,693,758,352	P 2,693,758,352
Trade and other receivables – net*	7	8,525,871,507	8,525,871,507	11,690,935,740	11,690,935,740
Advances to subsidiaries – net**	27.4	3,001,999,523	3,001,999,523	2,774,994,902	2,774,994,902
Due from related parties – net	27.5	39,693,741	39,693,741	31,005,032	31,005,032
Refundable rental deposits	9, 15	193,467,830	193,467,830	200,260,915	200,260,915
		<u>P 14,001,468,521</u>	<u>P 14,001,468,521</u>	<u>P 17,390,954,941</u>	<u>P 17,390,954,941</u>
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	17	P 42,689,577,041	P 42,885,251,048	P 39,446,243,338	P 41,248,702,798
Trade and other payables***	19	12,763,654,944	12,763,654,944	11,254,138,942	11,254,138,942
Lease liabilities	12	978,888,344	1,464,284,692	982,615,846	1,187,689,644
Advances from a subsidiary	27.4	5,686,716,534	4,165,711,558	5,362,657,228	4,425,951,978
Security deposits	19, 20	166,324,369	147,756,389	203,763,999	191,738,482
		<u>P 62,285,161,232</u>	<u>P 61,426,658,631</u>	<u>P 57,249,419,353</u>	<u>P 58,308,221,844</u>

* Excludes advances to suppliers and advances subject to liquidation

** Excludes portion of advances intended for future stock subscriptions

*** Excludes tax-related payables

See Note 2.5 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

5.2. Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurements*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

5.3. Financial Instruments Measured at Fair Value

The Company has no financial assets and financial liabilities measured at fair value as of December 31, 2022 and 2021.

5.4. Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

		2022			
	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
<i>Loans and receivables:</i>					
Cash and cash equivalents	6	P2,240,435,920	P -	P -	P 2,240,435,920
Trade and other receivables – net*	7	-	-	8,525,871,507	8,525,871,507
Advances to subsidiaries - net**	27.4	-	-	3,001,999,523	3,001,999,523
Due from related parties - net	27.5	-	-	39,693,741	39,693,741
Refundable rental deposits	9, 15	-	-	193,467,830	193,467,830
		P2,240,435,920	P -	P11,761,032,601	P 14,001,468,521
Financial Liabilities					
<i>Financial liabilities at amortized cost:</i>					
Interest-bearing loans and borrowings	17	P -	P -	P42,885,251,048	P 42,885,251,048
Trade and other payables***	19	-	-	12,763,654,944	12,763,654,944
Lease liabilities	12	-	-	1,464,284,692	1,464,284,692
Advances from a subsidiary	27.4	-	-	4,165,711,558	4,165,711,558
Security deposits	20	-	-	147,756,389	147,756,389
		P -	P -	P61,426,658,631	P 61,426,658,631
		2021			
		[As Restated – See Note 2.1 (b)]			
	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
<i>Loans and receivables:</i>					
Cash and cash equivalents	6	P2,693,758,352	P -	P -	P 2,693,758,352
Trade and other receivables – net*	7	-	-	11,690,935,740	11,690,935,740
Advances to subsidiaries - net**	27.4	-	-	2,774,994,902	2,774,994,902
Due from related parties - net	27.5	-	-	31,005,032	31,005,032
Refundable rental deposits	9, 15	-	-	200,260,915	200,260,915
		P2,693,758,352	P -	P14,697,196,589	P 17,390,954,941
Financial Liabilities					
<i>Financial liabilities at amortized cost:</i>					
Interest-bearing loans and borrowings	17	P -	P -	P41,248,702,798	P 41,248,702,798
Trade and other payables***	19	-	-	11,254,138,942	11,254,138,942
Lease liabilities	12	-	-	1,187,698,644	1,187,698,644
Advances from a subsidiary	27.4	-	-	4,425,951,978	4,425,951,978
Security deposits	20	-	-	191,738,482	191,738,482
		P -	P -	P58,308,221,844	P 58,308,221,844

* Excludes advances to suppliers and advances subject to liquidation

** Excludes portion of advances intended for future stock subscriptions

*** Excludes tax-related payables

For financial assets with fair value included in Level 1, management considers that the carrying amounts of these short-term financial instrument approximates their fair value.

The fair values of the financial assets and financial liabilities included in Level 3 above which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. Since not all significant inputs required to determine the fair value of the other instruments not included in Level 1 are observable, these are included in Level 3.

5.5. Fair Value Measurement for Non-financial Assets

The fair values of the Company's parcels of land, included as part of Property, Plant and Equipment account, was determined based on the appraisal reports of Asian Appraisal Company, Inc., who is a professional and independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Company's management with respect to the determination of the inputs such as the size, age, and condition of the vessels. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's non-financial assets indicated above is their current use.

The Level 3 fair value of the parcels of land for both recognized under property, plant and equipment and investment properties was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations adjusted for differences in key attributes such as property size, zoning, and accessibility. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value.

5.6. Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

December 31, 2022						
	Gross amounts recognized in the statement of financial position		Net amount presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
	Financial assets	Financial liabilities set-off	position	Financial instruments	Cash collateral received	Net amount
December 31, 2022						
Trade and other receivables – net*	<u>P 8,525,871,507</u>	<u>P -</u>	<u>P 8,525,871,507</u>	<u>P -</u>	<u>(P 138,742,602)</u>	<u>P 8,387,128,905</u>
December 31, 2021						
Trade and other receivables – net*	<u>P 7,561,255,495</u>	<u>P -</u>	<u>P 7,561,255,495</u>	<u>P -</u>	<u>(P 184,690,899)</u>	<u>P 7,376,564,596</u>

* Excludes advances to suppliers and advances subject to liquidation

The following financial liabilities with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	December 31, 2021					
	Gross amounts recognized in the statement of financial position		Net amount presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
	Financial liabilities	Financial assets set-off		Financial instruments	Cash collateral received	Net amount
December 31, 2022						
Security deposits	<u>P 166,324,369</u>	<u>P -</u>	<u>P 166,324,369</u>	<u>P -</u>	<u>(P 138,742,602)</u>	<u>P 27,581,767</u>
December 31, 2021						
Security deposits	<u>P 203,763,999</u>	<u>P -</u>	<u>P 203,763,999</u>	<u>P -</u>	<u>(P 184,690,899)</u>	<u>P 19,073,100</u>

For financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Company and counterparties allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

	<u>2022</u>	<u>2021</u>
Cash in banks	P 86,031,954	P 407,811,690
Revolving fund	16,151,980	10,109,167
Short-term placements	<u>2,138,251,986</u>	<u>2,275,837,495</u>
	<u>P 2,240,435,920</u>	<u>P 2,693,758,352</u>

Cash in banks generally earn interest at rates based on daily bank deposit rates ranging from 0.10% to 2.50% per annum in all years presented. The short-term placements are made for varying periods from seven to 90 days and earn effective interest ranging from 0.25% to 1.00% per annum in all years presented. Interest income earned amounted to P23.1 million, P23.0 million and P41.8 million in 2022, 2021, and 2020, respectively, and are included as part of Finance Income in the statements of comprehensive income (see Note 23.2).

The Company is required by the banks to maintain certain compensating deposits for the credit line facility provided to the Company for working capital requirements (See Note 17.1).

7. TRADE AND OTHER RECEIVABLES

This account consists of the following:

	<u>Notes</u>	<u>2022</u>	2021 [As Restated – See Note 2.1(b)]
Trade receivables:			
Third parties		P 1,242,045,366	P 2,683,429,594
Other related parties	27.1	3,339,704,892	3,257,741,164
Subsidiaries	27.1	14,234,616	14,547,802
Ultimate parent	27.1	<u>373,599</u>	<u>288,187</u>
		<u>4,596,358,473</u>	<u>5,956,006,747</u>
Non-trade receivables:			
Third parties		1,090,393,493	791,993,260
Other related parties	27.1, 27.5, 27.7, 27.8, 27.13, 27.14	3,335,311,482	2,339,915,874
Ultimate parent	27.13	2,413,634,319	1,837,833,837
Subsidiaries	27.4, 27.7, 27.13 27.14	<u>862,583,128</u>	<u>297,426,610</u>
		<u>7,701,922,422</u>	<u>5,267,169,581</u>
<i>Balance carried forward</i>		<u>12,298,280,895</u>	<u>11,223,176,328</u>

		<u>2022</u>	2021 [As Restated – See Note 2.1 (b)]
<i>Balance brought forward</i>		<u>P 12,298,280,895</u>	<u>P 11,223,176,328</u>
Advances to suppliers:			
Third parties		<u>4,191,451,479</u>	5,216,356,853
Other related parties	11, 27.2	<u>642,370,322</u>	<u>6,005,414</u>
		<u>4,833,821,801</u>	<u>5,222,362,267</u>
Advances subject to liquidation		<u>5,005,824</u>	<u>5,943,318</u>
Other receivables		<u>13,778,342</u>	<u>15,581,069</u>
Allowance for impairment		<u>(3,786,187,730)</u>	<u>(3,677,501,902)</u>
		<u>P 13,364,699,132</u>	<u>P 12,789,561,080</u>

Trade and other receivables do not bear any interest. All receivables excluding certain advances to suppliers and advances subject to liquidation are subject to credit risk exposure (see Note 4.2).

Non-trade receivables mostly pertain to receivable for management and consultancy fees and accrued rent.

A reconciliation of the allowance for impairment at the beginning and end of 2022 and 2021 is shown below.

	<u>Note</u>	<u>2022</u>	2021 [As Restated – see Note 2.1 (b)]
Balance at beginning of year		<u>P 3,677,501,902</u>	P 3,748,456,521
Impairment loss for the year	22	<u>108,685,828</u>	-
Recovery of bad debts		<u>-</u>	<u>(70,954,619)</u>
Balance at end of year		<u>P 3,786,187,730</u>	<u>P 3,677,501,902</u>

Impairment losses amounting to P108.7 million and P55.1 million in 2022 and 2020 respectively, are presented as part of Selling and Administrative Expenses in the 2022 and 2020 statements of comprehensive income (see Note 22). In 2021, recovery of bad debts amounting to P71.0 million, net of impairment losses of P65.0 million, is presented as part of Others under Fuel Service and Other Revenues in the 2021 statement of comprehensive income.

8. INVENTORIES

Inventories which are stated at cost, which is lower than its net realizable value, are broken down as follows:

	<u>2022</u>	2021 [As Restated – see Note 2.1(b)]
Fuels	P 1,070,876,702	P 4,692,582,953
Lubricants	<u>53,487,350</u>	<u>109,731,441</u>
	<u>P 1,124,364,052</u>	<u>P 4,802,314,394</u>

Under the terms of agreements covering the liabilities under TRs, inventories with carrying value of P1,070.0 million and P4,694.4 million as of December 31, 2022 and 2021, respectively, have been released to the Company in trust for by the banks. The Company is accountable to the banks for the trusted inventories or their sales proceeds (see Note 17.1).

There was no inventory write-down in 2022 and 2021.

An analysis of the cost of inventories included in the cost of sales for the year is presented in Note 21.2.

9. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account as of December 31 is shown below.

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Net input VAT		P 3,608,219,861	P 3,736,084,804
Creditable withholding tax		1,275,675,137	946,015,101
Prepayments		381,360,085	218,003,974
Refundable rental deposits	15, 27.3	184,292,739	191,793,238
Supplies		118,319,921	127,640,480
Others		<u>131,252,287</u>	<u>107,598,513</u>
		<u>P 5,699,120,030</u>	<u>P 5,327,136,110</u>

10. INVESTMENTS IN SUBSIDIARIES

The components of the carrying values of investments in subsidiaries accounted for under the cost method as of December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
PLPI	P 6,772,646,302	P 6,772,646,302
PPMI	1,361,355,600	1,361,355,600
PNX SG	1,166,998,860	1,166,998,860
Duta Group	699,466,517	126,867,414
PFM	352,070,202	352,070,202
TAL	71,246,903	71,246,903
SPTT	57,800,000	57,800,000
PNXRT	35,000,000	35,000,000
PGMI Group	25,000,000	25,000,000
PNX Power	<u>15,625,000</u>	<u>15,625,000</u>
<i>Balance carried forward</i>	<u>10,557,209,384</u>	<u>9,984,610,281</u>

	<u>2022</u>	<u>2021</u>
Balance brought forward	P 10,557,209,384	P 9,984,610,281
AAI Group	748,750	748,750
PNX Energy Group	51,012	51,012
	10,558,009,146	9,985,410,043
Allowance for impairment	(263,055,651)	-
	<u>P 10,294,953,495</u>	<u>P 9,985,410,043</u>

In 2022, certain advances to DUTA amounting to P572.6 million were converted to additional investment in DUTA (see Note 27.4). Prior to approval of the SEC on the increase in authorized capital stock of DUTA, these advances are presented as Advances to Subsidiaries under Other Non-current Assets (see Note 15).

Investments in subsidiaries are subject to impairment testing whenever there is an indication of impairment. For impairment testing purposes, when the carrying amount of the investment in a subsidiary exceeds the carrying amount of the net assets of such subsidiary (including goodwill), then there is an indication of impairment. The carrying amount and the recoverable amounts of the subsidiaries tested are as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Carrying Amount</u>	<u>Recoverable Amount</u>	<u>Carrying Amount</u>	<u>Recoverable Amount</u>
PLPI	P 6,772,646,302	P 22,532,497,156	P 6,772,646,302	P 50,309,180,620
PPMI	1,361,355,600	48,390,577,240	1,361,355,600	1,361,355,600
PFM	161,010,202	161,010,202	352,070,202	63,197,593,813
TAL	-	-	71,246,903	71,246,903
AAI	-	-	748,749	748,749

Based on the above, the Company recognized impairment loss of P191.1 million, P71.2 million and P0.7 million attributable to its investment in PFM, AAI and TAL, respectively, in 2022. The impairment loss totaling P263.1 million is presented as part of Impairment losses on non-financial assets in the statement of comprehensive income (see Note 22). No such loss was recognized in 2021.

The recoverable amounts of these investments were determined based on the value-in-use calculation which requires the use of assumptions. The calculations use cash flow projections based on budgets approved by the management covering a five-year period with assumed terminal growth rate and are discounted using the internal corporate hurdle rate. The growth rates reflect the long-term growth rates for the industries of the trading segment. Budgeted earnings before interest, taxes, depreciation, and amortization (EBITDA) were based on expectations of future outcomes taking into account past experience of five years, adjusted for anticipated revenue growth. It is also further assumed that revenues coming from sales volume and sales price would grow at a constant margin above forecasted inflation over the next five years.

	<u>2022</u>		<u>2021</u>	
	<u>Average Discount Rate</u>	<u>Terminal Growth Rate</u>	<u>Average Discount Rate</u>	<u>Terminal Growth Rate</u>
PLPI	7.32%	3.70%	6.27%	2.83%
PPMI	6.22%	3.70%	12.00%	2.83%
PFM	12.00%	0.00%	3.24%	2.83%
TAL	12.00%	0.00%	8.91%	2.83%
AAI	12.00%	0.00%	8.91%	2.83%

In 2021, certain advances to PPMI were converted to additional investments amounting to P926.7 million (see Note 27.4). Prior to approval of the SEC on the increase in authorized capital stock of PPMI, the additional investments are presented as Advances to subsidiaries under Other Non-current Assets (see Note 15).

In 2021, the Company received cash dividend from PLPI amounting to P291.6 million, presented as part of Fuel service and other revenues in the 2022 statement of comprehensive income (see Notes 21 and 27).

A reconciliation of the carrying amount of investments in subsidiaries at the beginning and end of 2022 and 2021 is shown below:

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year		P 9,985,410,043	P 8,767,094,946
Conversion from advances to subsidiaries	27.4	572,599,103	926,730,600
Impairment of investment in subsidiaries	22	(263,055,651)	-
Additional investments in subsidiaries		<u>-</u>	<u>291,584,497</u>
Balance at end of year		<u>P 10,294,953,495</u>	<u>P 9,985,410,043</u>

11. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property, plant and equipment at the beginning and end of 2022 and 2021 are shown below.

	<u>Land</u>	<u>Buildings, Depot and Pier Facilities</u>	<u>Leasehold and Land Improvements</u>	<u>Gasoline Station Equipment</u>	<u>Office Furniture and Equipment</u>	<u>Hauling and Heavy Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
December 31, 2022								
Cost or revalued amount	P 4,751,716,000	P 14,376,090,191	P 816,222,448	P 3,827,150,045	P 9,516,093	P 168,161,903	P 1,530,642,078	P25,479,498,758
Accumulated depreciation and amortization	<u>-</u>	<u>(714,804,915)</u>	<u>(28,204,341)</u>	<u>(263,077,249)</u>	<u>(1,101,907)</u>	<u>(41,844,966)</u>	<u>-</u>	<u>(1,049,033,378)</u>
Net carrying amount	<u>P 4,751,716,000</u>	<u>P 13,661,285,276</u>	<u>P 788,018,107</u>	<u>P 3,564,072,796</u>	<u>P 8,414,186</u>	<u>P 126,316,937</u>	<u>P 1,530,642,078</u>	<u>P 24,430,465,380</u>
December 31, 2021								
Cost or revalued amount	P 4,240,882,000	P 11,995,753,069	P 705,548,589	P 4,391,313,623	P 138,235,191	P 660,423,928	P 8,752,732,484	P 30,884,888,884
Accumulated depreciation and amortization	<u>-</u>	<u>(2,322,205,339)</u>	<u>(160,514,882)</u>	<u>(2,233,751,305)</u>	<u>(127,438,423)</u>	<u>(576,279,704)</u>	<u>-</u>	<u>(5,420,189,653)</u>
Net carrying amount	<u>P 4,240,882,000</u>	<u>P 9,673,547,730</u>	<u>P 545,033,707</u>	<u>P 2,157,562,318</u>	<u>P 10,796,768</u>	<u>P 84,144,224</u>	<u>P 8,752,732,484</u>	<u>P 25,464,699,231</u>
January 1, 2021								
Cost or revalued amount	P 4,085,968,000	P 9,017,402,181	P 240,171,321	P 4,056,700,567	P 138,147,830	P 682,191,019	P 11,441,542,545	P 29,662,123,463
Accumulated depreciation and amortization	<u>-</u>	<u>(2,040,846,271)</u>	<u>(154,016,795)</u>	<u>(1,949,614,696)</u>	<u>(117,652,825)</u>	<u>(555,603,649)</u>	<u>-</u>	<u>(4,817,734,236)</u>
Net carrying amount	<u>P 4,085,968,000</u>	<u>P 6,976,555,910</u>	<u>P 86,154,526</u>	<u>P 2,107,085,871</u>	<u>P 20,495,005</u>	<u>P 126,587,370</u>	<u>P 11,441,542,545</u>	<u>P 24,844,389,227</u>

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of 2022 and 2021 is shown below and in the succeeding page.

	<u>Land</u>	<u>Buildings, Depot and Pier Facilities</u>	<u>Leasehold and Land Improvements</u>	<u>Gasoline Station Equipment</u>	<u>Office Furniture and Equipment</u>	<u>Hauling and Heavy Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 4,240,882,000	P 9,673,547,730	P 545,033,707	P 2,157,562,318	P 10,796,768	P 84,144,224	P 8,752,732,484	P 25,464,699,231
Additions	36,231,116	4,710,337	-	9,155,823	106,103	2,611,615	589,549,245	642,364,239
Revaluation increments	474,602,884	-	-	-	-	-	-	474,602,884
Reclassifications	-	4,860,684,978	271,198,655	2,157,052,254	4,817,822	88,861,662	(7,382,615,371)	-
Cost of assets transferred to Non-Current Assets Classified as Held for Disposal (Note 16)		(393,448,221)		(4,236,184)	(613,095)	(1,322,573)		(399,620,073)
Accumulated depreciation of assets transferred (Note 16)		77,156,735		8,630,483	612,131	3,172,725	-	89,572,074
Cost of asset disposed	-	-	-	(256,360,635)	(5,593,032)	(16,389,764)	(3,366,556)	(281,709,987)
Impairment losses (Note 16)	-	(166,856,826)	-	(9,464,021)	(555)	(1,850,152)	-	(178,171,554)
Accumulated depreciation of asset disposed	-		-	37,091,419	5,501,295	17,000	-	42,609,714
Depreciation and amortization charges for the year	-	(625,104,824)	(28,204,341)	(299,335,130)	(7,214,778)	(43,184,539)	-	(1,003,043,612)
Transfer to Advances to Supplier (Note 7)							(425,657,724)	(425,657,724)
Adjustments	-	230,595,367	(9,914)	(236,023,531)	1,527	10,256,739	-	4,820,188
Balance at December 31, 2022, net of accumulated depreciation and amortization	<u>P 4,751,716,000</u>	<u>P 13,661,285,276</u>	<u>P 788,018,107</u>	<u>P 3,564,072,796</u>	<u>P 8,414,186</u>	<u>P 126,316,937</u>	<u>P 1,530,642,078</u>	<u>P 24,430,465,380</u>

	<u>Land</u>	<u>Buildings, Depot and Pier Facilities</u>	<u>Leasehold and Land Improvements</u>	<u>Gasoline Station Equipment</u>	<u>Office Furniture and Equipment</u>	<u>Hauling and Heavy Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 4,085,968,000	P 6,976,555,910	P 86,154,526	P 2,107,085,871	P 20,495,005	P 126,587,370	P 11,441,542,545	P 24,844,389,227
Additions	2,232,608	5,823,606	454,634,309	135,978,484	4,061,540	9,811,857	937,601,494	1,550,143,898
Revaluation increments	152,681,392	-	-	-	-	-	-	152,681,392
Reclassifications	-	3,403,677,972	10,742,959	210,470,616	503,379	1,016,629	(3,626,411,555)	-
Cost of asset disposed	-	(431,150,690)	-	(11,836,044)	(4,477,558)	(32,595,577)	-	(480,059,869)
Accumulated depreciation of asset disposed	-	185,700,556	-	6,150,273	3,785,548	29,743,104	-	225,379,481
Depreciation and amortization charges for the year	-	(467,059,624)	(6,498,087)	(290,286,882)	(13,571,146)	(50,419,159)	-	(827,834,898)
Balance at December 31, 2021, net of accumulated depreciation and amortization	<u>P 4,240,882,000</u>	<u>P 9,673,547,730</u>	<u>P 545,033,707</u>	<u>P 2,157,562,318</u>	<u>P 10,796,768</u>	<u>P 84,144,224</u>	<u>P 8,752,732,484</u>	<u>P 25,464,699,231</u>

The transfers to Advances to Suppliers in 2022 pertains to the improvement on the building of Udenna Tower Corporation (UTOWCO), a related party under common ownership, rented out by the Company which was financed through advances. Based on initial agreement, upon completion of the improvement, it will be owned by the Company. Subsequently in 2022, upon management's directives, the ownership was retracted and the amount was reverted back to advances to suppliers which will serve as advance rent payments.

11.1. Borrowing Costs

Construction in progress includes accumulated costs incurred on the various depot facilities and retail stations being constructed as part of the Company's expansion program, including capitalized borrowing costs of P557.7 million, P717.0million, and P1,183.5 million in 2022, 2021, and 2020, respectively (see Note 17.5), representing the actual borrowing costs incurred on loans obtained to fund the construction of depot facilities and retail stations. The average capitalization rate used was 6.30%, 6.06%, 6.03% in 2022, 2021, and 2020 respectively.

11.2. Depreciation and Amortization

The amount of depreciation and amortization is allocated as follows:

	Notes		<u>2022</u>		<u>2021</u>
Cost of sales and services	21.2	P	3,259,812	P	3,267,007
Selling and administrative expenses			<u>994,536,857</u>		<u>824,567,891</u>
	22	P	<u>997,796,669</u>	P	<u>827,834,898</u>

The Company retired in its books fully-depreciated assets with a total cost of P10.3 million and P33.4 million in 2022 and 2021, respectively. As of December 31, 2022 and 2021, the cost of fully-depreciated assets that are still being used in the Company's operations amounted to P1,891 million and P1,752.8 million, respectively.

11.3. Fair Value of Land

The Company's parcels of land are stated at their revalued amounts as of December 31, 2022 and 2021, being the fair value at December 31, 2022 and 2021, the dates of appraisal reports, less any subsequent impairment losses. The revaluation surplus, net of applicable deferred income taxes, is presented as part of the Revaluation Reserves account in the equity section of the statements of financial position.

The information on the fair value measurement and disclosures related to the revalued lands are presented in Note 5.5.

If the parcels of land were carried at cost model as of December 31, 2022 and 2021, the cost would be P2,945.4 million and P2,919.2 million, respectively.

11.4. Assets under Real Estate Mortgage and Security Interest Agreement

As of December 31, 2022 and 2021, all parcels of land, buildings, depot, plant and pier facilities, leasehold and land improvements, and gasoline station equipment of the Company, amounting to P22,765.3 million and P13,296.2 million, respectively, are subject to real estate mortgage and security interest agreement with BDO [see Note 17.2(a)].

12. LEASES

The Company has leases for parcels of land where stations are built. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security.

The table below describes the nature of the Company's leasing activities of right-of-use assets recognized in the statement of financial position.

Number of right-of-use assets leased	65
Range of remaining term	5 to 20 years
Average remaining lease term	15 years
Number of leases with options to purchase	65
Number of leases with termination options	65

12.1. Right-of-use Assets

The gross carrying amounts and accumulated amortization of the Company's right-of-use assets at the beginning and end of 2022 and 2021 are shown below.

	Note	<u>2022</u>	<u>2021</u>
Cost			
Balance at the beginning of the year		P1,078,645,612	P 731,258,664
Additions		<u>-</u>	<u>347,386,948</u>
Balance at the end of the year		<u>1,078,645,612</u>	<u>1,078,645,612</u>
Accumulated amortization			
Balance at the beginning of the year		170,229,927	105,703,055
Amortization for the year	22	<u>74,238,660</u>	<u>64,526,872</u>
Balance at the end of the year		<u>244,468,587</u>	<u>170,229,927</u>
Carrying amount at the end of the year		<u>P 834,177,025</u>	<u>P 908,415,685</u>

12.2. Lease Liabilities

Lease liabilities are presented in the statement of financial position as follows:

	<u>2022</u>	<u>2021</u>
Current	P 33,656,152	P 31,040,041
Non-current	<u>945,232,192</u>	<u>951,575,804</u>
	<u>P 978,888,344</u>	<u>P 982,615,845</u>

The use of termination options gives the Company added flexibility in the event it has identified more suitable premises in terms of cost and/or location. An option is only exercised when consistent with the Company's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

The leases of the Company has no extension options. The termination option of the leases is at the option of the Company without any need of judicial action. The Company does not expect to exercise pre-termination options for all its lease contracts. The Company is not subject to any penalties, should the Company exercise pre-termination of the lease.

As at December 31, 2022 and 2021, the Company is not committed to leases which had not commenced.

The undiscounted maturity analysis of lease liabilities at December 31 is as follows :

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	10 to 20 years	Total
December 31, 2022								
Lease payments	P 94,441,572	P 120,152,216	P 120,461,581	P 129,962,234	P 129,848,804	P 637,723,360	P 167,112,054	P 1,399,701,821
Finance charges	(60,785,421)	(53,715,214)	(49,692,000)	(50,430,636)	(49,822,358)	(142,509,083)	(13,858,765)	(420,813,477)
Net present values	<u>P 33,656,151</u>	<u>P 66,437,002</u>	<u>P 70,769,581</u>	<u>P 79,531,598</u>	<u>P 80,026,446</u>	<u>P 495,214,277</u>	<u>P 153,253,289</u>	<u>P 978,888,344</u>
December 31, 2021								
Lease payments	P 91,024,217	P 93,837,434	P 103,013,731	P 103,051,997	P 121,399,639	P 647,648,312	P 304,309,362	P 1,464,284,692
Finance charges	(59,984,176)	(56,903,119)	(53,392,090)	(49,589,614)	(50,479,796)	(178,600,960)	(32,719,092)	(481,668,847)
Net present values	<u>P 31,040,041</u>	<u>P 36,934,315</u>	<u>P 49,621,641</u>	<u>P 53,462,383</u>	<u>P 70,919,843</u>	<u>P 469,047,352</u>	<u>P 271,590,270</u>	<u>P 982,615,845</u>

12.3. Lease Payments Not Recognized as Liabilities

The Company has elected not to recognize a lease liability for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expenses relating to short-term leases and low-value assets are as follow:

	2022	2021 [As Restated – see Note 2.1(b)]
Short-term leases	<u>P 500,772,512</u>	P 479,219,704
Low-value assets	<u>-</u>	<u>1,220,799</u>
	<u>P 500,772,512</u>	<u>P 480,440,503</u>

These expenses are presented as Rent under Selling and administrative expenses in the statements of comprehensive income (see Note 22).

At December 31, 2022 and 2021, the Company is committed to short-term leases, and the total commitment at that date is P491.2 million and P477.3 million, respectively.

12.4. Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P82.2 million, P70.8 million and P109.5 million in 2022, 2021 and 2020, respectively. Interest expense in relation to lease liabilities amounted to P78.5 million, P61.2 million and P58.1 million in 2022, 2021 and 2020, respectively, and is presented as part of Finance Costs in the statements of comprehensive income (see Note 23.1).

13. INTANGIBLE ASSETS

The gross carrying amounts and accumulated amortization of intangible assets at the beginning and end of 2022 and 2021 are shown below.

	<u>Basketball Franchise</u>	<u>Computer Software Licenses</u>	<u>Software Development Costs</u>	<u>Others</u>	<u>Total</u>
December 31, 2022					
Cost	P 176,861,660	P 248,124,415	P 44,519,726	P 1,585,143	P 471,090,944
Accumulated amortization	-	(235,416,016)	(41,589,087)	-	(277,005,103)
Allowance for impairment loss	(62,861,660)	-	-	-	(62,861,660)
Net carrying amount	<u>P 114,000,000</u>	<u>P 12,708,399</u>	<u>P 2,930,639</u>	<u>P 1,585,143</u>	<u>P 131,224,181</u>
December 31, 2021					
Cost	P 176,861,660	P 247,775,018	P 41,189,625	P 1,585,143	P 467,411,446
Accumulated amortization	-	(221,372,305)	(36,056,214)	-	(257,428,519)
Net carrying amount	<u>P 176,861,660</u>	<u>P 26,402,713</u>	<u>P 5,133,411</u>	<u>P 1,585,143</u>	<u>P 209,982,927</u>
January 1, 2021					
Cost	P 176,861,660	P 247,775,018	P 38,046,990	P 1,585,143	P 464,268,811
Accumulated amortization	-	(202,981,575)	(25,291,186)	-	(228,272,761)
Net carrying amount	<u>P 176,861,660</u>	<u>P 44,793,443</u>	<u>P 12,755,804</u>	<u>P 1,585,143</u>	<u>P 235,996,050</u>

A reconciliation of the carrying amounts of intangible assets at the beginning and end of 2022 and 2021 is shown below.

	<u>Basketball Franchise</u>	<u>Computer Software Licenses</u>	<u>Software Development Costs</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2022, net of accumulated amortization	P 176,861,660	P 26,402,713	P 5,133,411	P 1,585,143	P 209,982,927
Additions	-	405,422	3,330,100	-	3,735,522
Cost of asset disposed	-	(56,025)	-	-	(56,025)
Accumulated depreciation of asset disposed	-	56,025	-	-	56,025
Impairment loss on non-financial assets	(62,861,660)	-	-	-	(62,861,660)
Amortization during the year	-	(14,099,736)	(5,532,872)	-	(19,632,608)
Balance at December 31, 2022, net of accumulated amortization	<u>P 114,000,000</u>	<u>P 12,708,399</u>	<u>P 2,930,639</u>	<u>P 1,585,143</u>	<u>P 131,224,181</u>
Balance at January 1, 2021, net of accumulated amortization	P 176,861,660	P 44,793,443	P 12,755,804	P 1,585,143	P 235,996,050
Additions	-	-	3,142,635	-	3,142,635
Amortization during the year	-	(18,390,730)	(10,765,028)	-	(29,155,758)
Balance at December 31, 2021, net of accumulated amortization	<u>P 176,861,660</u>	<u>P 26,402,713</u>	<u>P 5,133,411</u>	<u>P 1,585,143</u>	<u>P 209,982,927</u>

14. INVESTMENT IN A JOINT VENTURE

The Company has entered into a joint venture (JV) agreement with TIPCO Asphalt Public Company Limited (TIPCO Asphalt) and certain individual to set-up and incorporate a JV company – Phoenix Asphalt Philippines, Inc. (PAPI). The JV company – PAPI was incorporated on March 23, 2018 primarily to import, store, manufacture, sell, market, distribute bitumen, bitumen-related products and such other by-products of crude oil and such other petroleum products including the operation of terminals and depots.

Under the JV agreement, PAPI's authorized share capital is P275.0 million divided into 275.0 million shares with par value of P1 per share. The Company owns P110.0 million shares or 40.00% of the outstanding capital stock of PAPI. The JV has no restrictions as to transfer of funds in the forms of cash dividend, or to pay advances made by PAPI. Moreover, the Company shall be responsible to enter into a lease agreement for land identified as part of a certain industrial park in Batangas for the construction of terminal at fair rental value, and to cause to provide a minimum of 20 to 30 years' access rights to the oil, gas and chemical jetty for receiving and importing bulk bitumen cargo and other rights necessary for the construction and operations of terminal.

The components of the carrying amount of the investment accounted for under equity method are as follows:

	<u>2022</u>	<u>2021</u>
Acquisition cost	<u>P 110,000,000</u>	<u>P 110,000,000</u>
Equity share in net income:		
Balance at beginning of year	11,633,669	4,704,794
Equity share in net income	<u>10,252,308</u>	<u>6,928,875</u>
Balance at the end of year	<u>21,885,977</u>	<u>11,633,669</u>
	<u>P 131,885,977</u>	<u>P 121,633,669</u>

Presented below are the financial information of the Company's joint venture and the movement of the carrying value as of December 31.

	<u>2022</u>	<u>2021</u>
Total current assets	P 327,413,057	P 86,303,905
Total non-current assets	215,112,545	208,315,061
Total current liabilities	211,130,391	50,160,318
Total non-current liabilities	-	-
Total revenues	1,076,764,550	686,256,336
Net income	25,630,771	17,322,187
Total other comprehensive income	-	-
Cash and cash equivalents*	124,466,193	12,928,583
Current financial liabilities**	210,586,818	48,982,015
Non-current financial liabilities	-	-
Depreciation and amortization	13,564,456	12,347,741
Interest income	141,186	77,966
Interest expense	1,227,356	1,542,898
Tax expense	-	1,713,183

*included in the total current assets

** included in the total current liabilities, excluding advances from customers and other payables.

15. OTHER NON-CURRENT ASSETS

This account consists of the following as of December 31:

	Note	2022	2021
Advances to subsidiaries	27.4	P 2,364,361,471	P 2,936,960,574
Advances to suppliers	27.2, 27.12	3,672,932,953	2,280,171,191
Deferred minimum lease payments		31,802,387	35,337,524
Refundable rental deposits	27.3	9,175,091	8,467,677
Others		388,588,942	64,386,971
		<u>P 6,466,860,845</u>	<u>P 5,325,323,937</u>

Advances to subsidiaries pertain to additional capital infusion of the Company to its subsidiaries. These are recognized as advances as of December 31, 2022 and 2021, pending the approval of the SEC on the subsidiaries' increase in authorized capital stock (see Note 27.4).

Advances to suppliers pertain to advances made for future acquisitions of real estate properties. There are no capital commitments outstanding as of December 31, 2022 and 2021 related to these acquisitions.

Refundable rental deposits represent deposits of the Company for the lease of various parcels of land. These deposits are refundable at the end of the term of agreement and are measured at amortized cost. The fair values on initial recognition of the lease deposits were determined by calculating the present value of the estimated future cash flows anticipated until the end of the lease terms using the market interest rate of comparable financial instrument at the inception of the lease (i.e. BVAL). Meanwhile, interest on subsequent amortization of rental deposits using effective interest method amounted to P3.5 million in 2022, P 3.4 million in 2021, and P3.1 million in 2020, and is presented as part of Finance Income in the statements of comprehensive income (see Note 23.2).

Refundable deposits amounting to P184.3 million and P191.8 million as of December 31, 2022 and 2021, respectively, which pertain to rental deposits of expired or terminated leases and short-term rental deposits, are presented under Prepayments and Other Current Assets (see Note 9).

The excess of the principal amount of the rental deposit over its present value is recognized in the statements of financial position as deferred minimum lease payments. Rent expense on subsequent amortization of the deferred minimum lease payments amounted to P3.5 million in 2022 and nil in 2021 and is presented as part of Rent under Selling and Administrative Expenses in the statements of comprehensive income (See Note 22). Rent expense on subsequent amortization of the deferred minimum lease payments amounted to P3.5 million in 2022 and 2021 and is presented as part of Rent under Selling and Administrative Expenses in the statements of comprehensive income (see Note 22).

In 2022, PPPI entered into a memorandum of agreement with PSPC to settle the outstanding trade receivables of PSPC by the issuance of an interest-bearing loan and a non-interest-bearing loan. The interest-bearing loan was agreed to be settled monthly from July 2022 to December 2023, while the non-interest-bearing loan was agreed to be settled monthly from January 2024 to June 2026. The amount of the interest-bearing loan, which represents the current portion, is presented as part of non-trade receivables under Trade and Other Receivables in the 2022 statements of financial position (see Note 7). The amount of the non-interest-bearing loan, which represents the non-current portion of the receivables, is presented as part of Others under Other Non-Current Assets in the 2022 statements of financial position.

Others include other long-term deposits, other long-term receivables, and other immaterial non-current assets.

16. NON-CURRENT ASSET CLASSIFIED AS HELD FOR DISPOSAL

In 2022, the Company reclassified certain assets, including a terminal property and parcels of land previously held for rental, that are previously classified as part of Property, Plant, and Equipment to Non-current Asset Classified as Held for Disposal, as these group of assets were discounted and identified to be for sale in 2023. The carrying value of these assets, which is equivalent to its net recoverable amount, amounted to P310.0 million as of December 31, 2022 (see Note 11). The Company recognized impairment loss amounting to P178.2 million because of the reclassification presented as part of Impairment Losses on Non-Financial Assets in the 2022 statement of comprehensive income (see Note 22).

17. INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings are broken down as follow:

	<u>2022</u>	<u>2021</u>
Current:		
Liabilities under LC and TR	P 9,034,853,940	P 5,409,604,937
Short-term loans	17,362,942,240	18,131,396,363
Current portion of long-term loans	<u>2,325,596,702</u>	<u>182,530,306</u>
	<u>28,723,392,882</u>	<u>23,723,531,606</u>
Non-current term loans	<u>13,966,184,160</u>	<u>15,722,711,732</u>
	<u>P 42,689,577,042</u>	<u>P39,446,243,338</u>

17.1 Liabilities under Letters of Credits and Trust Receipts

The Company avails of LC and TR lines with local banks to finance its purchases of inventories (see Note 8). These short-term trust receipts bear interests based on prevailing market interest rates at an average of 7.15%, 5.81% and 6.03% per annum in 2022, 2021 and 2020, respectively.

The Company incurred finance charges amounting to P1,002.4 million and P946.2 million in 2022 and 2021, respectively, attributable to the extension of payment terms with the Bank for the settlement of liability in connection with the purchase of inventory. The interest and other bank charges were presented as part of Finance Cost in the statement of comprehensive income (see Note 23.1). There was no similar transaction in 2020.

The Company is required by the banks to maintain certain collaterals for the credit line facility provided to the Company for working capital requirements. The collaterals are in the form of compensating deposits, inventories and surety of certain stockholders (see Notes 6, 8 and 27.6).

17.2 Term Loans

The breakdown of the outstanding balances of the term loans per creditor as of December 31 are as follows:

	<u>Explanatory Notes</u>	<u>Term</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>	
				<u>2022</u>	<u>2021</u>
BDO Unibank, Inc. (BDO)					
i. Term Loan Agreement	(a)	5 years	5.00%	P 1,980,000,000	P 7,662,004,249
	(a)	5 years	6.05%	3,941,111,257	-
ii. Notes Facility Agreements	(b)	5 years	7.75%	<u>1,741,000,000</u>	<u>-</u>
				<u>7,662,111,257</u>	<u>7,662,004,249</u>

	Explanatory Notes	Term	Interest Rates	Outstanding Balance	
				2022	2021
Philippine National Bank (PNB)					
i. Notes Payable	(b)	2 months to 3 years	7.00%	P 1,837,874,243	P 1,922,748,564
ii. Term Loan Agreement	(c)	5 years	7.00%	170,000,000	170,000,000
				2,007,874,243	2,092,748,564
Land Bank of the Philippines (LBP)					
i. Term Loan Agreement	(d)	7 years	6.50%	4,856,250,000	4,925,000,000
	(d)	3 years	6.50%	-	328,200,171
ii. Notes Payable	(b)	2 to 12 months	6.25% - 7.50%	3,828,019,022	2,690,287,907
iii. Notes payable arranged by MIB	(h)	3 to 12 months	6.25% - 7.50%	789,489,200	827,300,000
				8,684,269,022	7,943,488,078
Robinsons Bank Corporation (RBC)	(b)	3 months	5.50%	900,000,000	900,000,000
Development Bank of the Philippines (DBP)	(b)	3 to 12 months	7.75%	2,933,405,000	3,000,000,000
Asia United Bank (AUB)					
i. Term Loan Agreement	(i)	5 years	7.20%	588,930,963	-
ii. Notes Payable	(b)	1 to 2 months	7.00%	405,892,200	987,510,900
				994,823,163	987,510,900
China Banking Corporation					
i. Notes Payable	(b)	3 to 6 months	6.25%	400,000,000	400,000,000
ii. Notes Payable arranged by MIB	(h)	3 to 12 months	10.00%	35,492,000	37,360,000
				435,492,000	437,360,000
Rizal Commercial Banking Corporation	(b)	1 to 2 months	7.50%	2,030,969,657	2,096,969,657
Bank of the Philippine Islands (BPI)	(g)	3 years	10.00%	1,131,123,011	1,176,412,447
BDO Private Bank, Inc.	(h)	2 to 12 months	5.00% - 7.75%	2,042,799,817	2,101,438,983
Bank of China					
i. Term Loan Agreement	(e)	2 years	6.15%	1,405,365,631	1,493,825,342
ii. Notes Payable	(b)	3 months	5.25%	-	470,132,913
				1,405,365,631	1,963,958,255
Maybank Philippines, Inc.	(f)	3 months	6.75%	648,000,000	648,000,000
CTBC Bank (Philippines)	(b)	6 months	8.00%	647,881,803	710,324,444
Penta Capital Investment Corporation	(b)	6 months to 2 years	7.50%	215,000,000	350,000,000
Union Bank of the Philippines (UBP)	(b)	3 months	8.25%	998,680,261	979,283,787
Various Entities	(h)	6 months	5.50% - 7.75%	127,439,037	159,839,036
				P 33,654,723,102	P 34,036,638,401

(a) TLA with BDO

(i) TLA on P2,000.0 million loan

In 2017, the Company obtained a five-year loan amounting to P2,000.0 million. The loan was approved on a clean basis and is subject to an interest rate computed as the sum of the prevailing three-month BVAL rate (which replaced and succeeded the PDST-R2 as the benchmark rate effective October 29, 2018) and 150 basis points divided by 0.99, or 4.00% divided by 0.99 per annum for the period commencing from the availment of the commitment up to the end of the eighth quarter, whichever is higher.

In 2020, the TLA was amended to extend the term of the loan for another five years, provided that if the EBITDA and debt service coverage ratio of the Company, based on its 2021 audited separate financial statements, is at least P5,000.0 million and 1.1x, respectively, the Company shall make mandatory repayment of P500.0 million within six months of testing date. The amendment is in relation to the Company's qualification to avail the loan term extension under Section 4 (uu) of R.A. No. 11494.

It was further amended to remove the current ratio as negative covenants and to add affirmative covenants to maintain debt-to-equity ratio of not more than 3.0 and minimum debt service coverage ratio of 1.10x provided that the Company will issue certification showing the compliance of the covenants. The annual testing date is every April 30 and commences on April 30, 2023 using the audited separate financial statements of the Parent Company as of December 31, 2022.

The Company has complied with the financial, affirmative and negative covenants in 2021 but in 2022 it had higher than indicated debt-to-equity ratio and lower than minimum debt service coverage ratio. While the Company did not meet these financial ratio requirements, the loan agreement provides that the loan will only become due and demandable upon receipt of written notice by the Company from the bank relating to non-compliance of the said covenant. The Company did not receive any written notice as of the date of issuance of these financial statements. Consequently, the Company did not reclassify this loan liability as current as of December 31, 2022.

In anticipation of the potential breach, the Company executed a formal written request for a waiver to the Bank. The Company has not yet received any response from the bank as of the date of issuance of financial statements.

As of December 31, 2022 and 2021, the carrying amount of this term loan amounts to P1,980.0 million and P2,000.0 million, respectively.

(ii) TLA on P4,000.0 million loan

In 2020, the Company obtained a five-year term loan amounting to P4,000.0 million for the purpose of refinancing its third-party obligation on settlement of P3,000.0 million STCP series C, and redemption of its listed perpetual preferred shares Series 3 Tranche A at P100.00 per share amounting to P1,250.0 million (see Notes 28.1 and 28.4). The term of the loan shall be the period commencing on the initial drawdown date until five years thereafter, which shall in no case be later than 4 December 2025, and the principal of the loan is payable on the Final Repayment Date.

In consideration of the commitment made by BDO and to secure the payments of all secured obligations, the Company has granted, conveyed, assigned, transferred, set over, and confirm unto BDO, the Company executed a real estate mortgage and security interest agreement on the real and personal properties of the Company. Moreover, the TLA indicated the grant of security by the Company, and individual sureties by two stockholders in favor of BDO, the following: (i) real estate mortgage on real properties of the Company amounting to P11,062.5 million; and, (ii) security interests over the leasehold rights and personal properties of the Company, including machinery, equipment and other assets amounting to P2,233.7 million (see Note 11).

The TLA requires the Company to maintain a debt-equity ratio of not more than 3.0x and a minimum debt service coverage of 1.10x. The TLA also requires the Company to comply with affirmative and negative covenants relating to the exclusive use of the proceeds for the purpose indicated in the TLA, maintenance of adequate records, and prohibition to make any material change in the present nature of business of the Company. The annual testing date is every April 30 and commences on April 30, 2023 using the audited financial statements of the Company as of December 31, 2022.

The Company has complied with the financial, affirmative and negative covenants in 2021 but in 2022 it had higher than indicated debt-to-equity ratio and lower than minimum debt service coverage ratio. While the Company did not meet these financial ratio requirements, the loan agreement provides that the loan will only become due and demandable upon receipt of written notice by the Company from the bank relating to non-compliance of the said covenant. The Company did not receive any written notice as of the date of issuance of these financial statements. Consequently, the Company did not reclassify this loan liability as current as of December 31, 2022.

In anticipation of the potential breach, the Company executed a formal written request for a waiver to the Bank. The Company has not yet received any response from the bank as of the date of issuance of financial statements.

As of December 31, 2022 and 2021, the carrying amount of this loan amounts to P3,941.1 million and P3,921.0 million, respectively.

(b) Notes Payable

The promissory notes represented the borrowings from local banks with interest rates ranging from 5.00% to 10.00% per annum and normally has a tenor of less than a year. Some of these loans are clean and unsecured. Certain loans are guaranteed by certain stockholders through surety agreement with the banks (see Note 27.6).

The notes payable does not include financial, affirmative, and negative covenants.

As of December 31, 2022 and 2021, the carrying amount of the promissory notes payable and notes facility agreements of the Company amounts to P14,197.7 million and P14,507.3 million.

In 2020, the Notes Facility Agreements with BDO Unibank, Inc. amounting to P1,741.0 million in 2019, are further extended up to five years based on the benefit of a loan term extension under R.A. No. 11494, including the exemption from payment of documentary stamp taxes. Mandatory payment of P500.0 million is required provided that if the EBITDA and debt service coverage ratio of the Company, based on its 2021 audited financial statements, is at least P5,000.0 million and 1.1x, respectively.

These agreements require the Company to maintain a debt-equity ratio of not more than 3.0x and a minimum debt service coverage of 1.10x. The PN also requires the Company to comply with affirmative and negative covenants relating to the exclusive use of the proceeds for the purpose indicated in the PN, maintenance of adequate records, and prohibition to make any material change in the present nature of business of the Company.

The annual testing date is every April 30 and commences on April 30, 2023 using the audited financial statements of the Company as of December 31, 2022.

The Company has complied with the financial, affirmative and negative covenants in 2021 but in 2022 it had higher than indicated debt-to-equity ratio and lower than minimum debt service coverage ratio. While the Company did not meet these financial ratio requirements, the loan agreement provides that the loan will only become due and demandable upon receipt of written notice by the Company from the bank relating to non-compliance of the said covenant. The Company did not receive any written notice as of the date of issuance of these financial statements. Consequently, the Company did not reclassify this loan liability as current as of December 31, 2022.

In anticipation of the potential breach, the Company executed a formal written request for a waiver to the Bank. The Company has not yet received any response from the bank as of the date of issuance of financial statements.

As of December 31, 2022 and 2021, the carrying amount of this note facility agreement with BDO Unibank, Inc. amounts to P1,741.0 million.

(c) TLA with PNB

On January 29, 2016, the Company signed with PNB a five-year term clean loan amounting to P500.0 million to be used for capital expenditures and general corporate purposes. The loan is subject to annual interest rate of 6.21% and is payable in twenty quarterly installments. This TLA is due on January 31, 2023 after approval of rollover by the bank.

As of December 31, 2022 and 2021, the carrying amount of this term loan amounts to P170.0 million.

(d) TLA with LBP

On November 3, 2017, the Company signed with LBP a three-year term clean loan amounting to P1,000.0 million to partially finance the permanent working capital requirements of the Company. The loan is subject to a floating rate of 4.00% per annum subject to repricing semi-annually. Interest is payable semi-annually in arrears and the principal is payable in equal semi-annual amortization starting at the end of the first semester. As of December 31, 2021 and 2020, the outstanding principal balance amounted to P328.2 million and P333.3 million, respectively. This loan is fully settled in 2022.

On July 5, 2018, the Company signed with LBP a seven-year term loan with no grace period amounting to P5,000.0 million to partially finance the general corporate requirement of the company. The loan was approved on a clean basis and is subject to an interest rate of 4.85% and shall be repriced semi-annually. The principal loan is payable in semi-annually. The first 13 installments shall be for the amount of P25.0 million semi-annually while the last installment shall be P4.675.0 million.

The TLA requires the Company to maintain debt-to-equity ratio of not more than 3:1. The TLA also requires the Company to comply with affirmative and negative covenants relating to maintenance of adequate records, prohibition to engage in any business other than its registered activities and avoidance to enter into an agreement as guarantor of the loan of another company, business or person, among others.

The Company has complied with the financial, affirmative and negative covenants in 2021 but in 2022 it had higher than indicated debt-to-equity ratio and lower than minimum debt service coverage ratio. While the Company did not meet these financial ratio requirements, the loan agreement provides that the loan will only become due and demandable upon receipt of written notice by the Company from the bank relating to non-compliance of the said covenant. The Company did not receive any written notice as of the date of issuance of these financial statements. Consequently, the Company did not reclassify this loan liability as current as of December 31, 2022.

In anticipation of the potential breach, the Company executed a formal written request for a waiver to the Bank. The Company has not yet received any response from the bank as of the date of issuance of financial statements.

As of December 31, 2022 and 2021, the carrying amount of this loan amounts to P4,856.3 million and P4,925.0 million, respectively.

(e) TLA with BOC

In 2021, the Parent Company and Calaca Industrial Seaport, Corp. ("CISC" or "the mortgagor") agreed with BOC to enter into an Omnibus Loan and Security Agreement (OLSA) for a two-year term loan amounting to P1,500 million. The loan has maturity date of August 24, 2023. The net proceeds of the loan was used by the Parent Company to refinance the maturing Short Term Commercial Paper with PNB Capital Investment due by the end of July 2021.

The loan is subject to an interest rate, which is based on the 3-month BVAL or LIBOR plus margin. For 2021 (from drawdown date until December 31, 2021), margin shall be 600 basis points (bps) if the debt-to-equity ratio is lower than 3x; or 700 bps if more than 3x. From January 1, 2022 until final maturity date, margin shall be at 800 bps if the debt-to-equity ratio is lower than 3x; or 900 bps if more than 3x. It also requires an upfront fee of 5bps based on the facility amount.

Further, the OLSA indicated the grant of security by the Parent Company and CISC in favor of BOC, the following:

- i. Real Estate Mortgage on certain terminal assets (including land and improvements) under the name of the latter subject to maximum loanable amount of 50% of latest appraised value and/or third party mortgage on acceptable assets under the Udenna Group, subject to maximum loanable amount of 50% of latest appraised value. Loanable amount should include the existing loan outstanding at LBP under the same collateral. It is also added that in case the Loan-to-Value ratio fall below 50%, the mortgagor shall provide additional acceptable collateral to the bank, and/or pay down a portion of the principal within five (5) business days from notice; and,
- ii. Debt service reserve account which must be maintained for interest payment for one interest period plus 5% of outstanding principal amount. The interest shall be paid in quarterly installments. The principal loan is payable in equal quarterly amortizations beginning on the second year or 13th month. Principal repayment is mandated and the Parent Company shall apply: (1) proceeds from any asset sold under "Project Crown", (2) shares under "Project Throne"; and/or (3) proceeds from the primary share issuance of Phoenix under "Project Flagship" towards the repayment of the Facility. Prepayment without prepayment penalty is allowed. In case of default, it will be charge of 3% per month on unpaid principal and interest due.

The OLSA requires the Company to maintain on each testing date, commencing drawdown, debt-to-equity ratio of not more than 3.0 times. Moreover, it also requires to comply with affirmative and negative covenants including the use of proceeds strictly for its intended purpose, the total exposure shall peak at US\$80.0 million upon drawdown and be reduced to US\$ 69.0 million within 90 days from initial drawdown, additional committed cash flow of P200.0 million cash sweep weekly through BOC Manila with an aggregate amount of P400.0 million weekly, among others. Settlement must be done via debit account or check payment and/or via Philippine Domestic Dollar Transfer System.

The Company has complied with the financial, affirmative and negative covenants in 2021 but in 2022 it had higher than indicated debt-to-equity ratio and lower than minimum debt service coverage ratio. While the Company did not meet these financial ratio requirements, the loan agreement provides that the loan will only become due and demandable upon receipt of written notice by the Company from the bank relating to non-compliance of the said covenant. The Company did not receive any written notice as of the date of issuance of these financial statements. Consequently, the Company did not reclassify this loan liability as current as of December 31, 2022.

In anticipation of the potential breach, the Company executed a formal written request for a waiver to the Bank. The Company has not yet received any response from the bank as of the date of issuance of financial statements.

As of December 31, 2022 and 2021, the carrying amount of this loan amounts to P1,405.4 million and P1,493.8 million, respectively.

(f) TLA with MPI

On April 30, 2021, the Company obtained a three-year term clean loan amounting to P720.0 million with MPI. The loan was approved and intended for capital expenditures and general corporation purposes. The loan is subject to an annual interest rate of 6.75%. In case of default, the Parent Company shall bear a penalty charge of 24% per annum based on the defaulted principal or interest amortization or both.

As of December 31, 2022 and 2021, the carrying amount of this loan amounts to P648.0 million.

(g) TLA with BPI

In 2021, the Company signed a long-term agreement for three-year loan with BPI amounting to P1,176.4 million. The loan was intended for general corporate purposes. The loan was approved on a clean basis and is subject to an annual interest rate of 10%.

As of December 31, 2022 and 2021, the carrying amount of this loan amounts to P1,131.1 million and P1,176.4 million, respectively.

(h) Notes Payable arranged by Multinational Investment Bancorporation (MIB)

Certain promissory notes entered into by the Company are arranged by the MIB with local banks and other entities. The promissory notes have interest ranging from 4.25% to 6.75% per annum and normally has a tenor of less than a year. These loans are clean and unsecured.

The notes payable does not include financial, affirmative and negative covenants.

As of December 31, 2022 and 2021, the total carrying amount of notes payable arranged by MIB amounts to P2,995.2 million and P3,215.9 million, respectively.

(i) TLA with Asia United Bank

On December 29, 2022, P588.9 million worth of notes payable to AUB was converted to a P600.0 million term loan five years after effectivity of this conversion. The difference of P11.1 million was prepaid by the bank for loan origination costs. Although this was not received by the Company as loan proceeds, this will effectively form part of the total principal payable in five years.

As of December 31, 2022, the carrying amount of this loan amounts to P588.9 million.

17.3 Credit Line

The Company has an available credit line under LC/TR of P43.9 million and P208.6 million as of December 31, 2022 and 2021, respectively. These lines obtained from various banks are being utilized by the Company for procurement of inventories both local and foreign. The credit lines are mostly granted on a clean basis while some of the credit lines are partially secured by the Joint Several Signatures of certain stockholders.

17.4 Interest Expense

Interest expense for 2022, 2021 and 2020 presented as part of Finance Costs in the statements of comprehensive income amounted to P1,295.2 million, P1,940.2 million and P1,707.9 million (see Note 23.1), respectively, which is already exclusive of the capitalized borrowing cost of P557.7 million, P717.0 million and P1,183.5 million in 2022, 2021 and 2020, respectively (see Note 11.1).

18. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below and in the succeeding page is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

	<u>Term Loans</u> <u>(see Note 17)</u>	<u>Liabilities</u> <u>under LC</u> <u>and TR</u> <u>(see Note 17)</u>	<u>Liabilities</u> <u>under STCP</u> <u>(see Note 17)</u>	<u>Advances</u> <u>from a</u> <u>Subsidiary</u> <u>(see Note 27.4)</u>	<u>Lease</u> <u>Liabilities</u> <u>(see Note 12)</u>	<u>Total</u>
Balance as of January 1, 2022	P 34,036,638,401	P 5,409,604,937	P -	P 5,362,657,228	P 982,615,845	P 45,791,516,411
Cash flows from financing activities:						
Repayment of loans and borrowings and lease liabilities	(7,108,144,010)	(15,256,619,454)	-	(554,659,462)	(82,247,674)	(23,001,670,600)
Proceeds from borrowings	6,698,868,279	-	-	-	-	6,698,868,279
Advances from subsidiaries	-	-	-	878,718,768	-	878,718,768
Non-cash financing activities:						
Availment of LC and TR	-	18,881,868,457	-	-	-	18,881,868,457
Amortization of discount and bond issue cost	<u>27,360,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,520,173</u>	<u>105,880,605</u>
Balance as of December 31, 2022	<u>P 33,654,723,102</u>	<u>P 9,034,853,940</u>	<u>P -</u>	<u>P 5,686,716,534</u>	<u>P 978,888,344</u>	<u>P 49,355,181,920</u>
Balance as of January 1, 2021	P 27,266,700,365	P 11,172,638,090	P 2,967,368,503	P 5,390,244,762	P 749,827,562	P 47,546,779,282
Cash flows from financing activities:						
Repayment of loans and borrowings and lease liabilities	(12,446,811,824)	(30,324,692,577)	(2,967,368,503)	(31,999,381)	(73,625,085)	(45,844,497,370)
Proceeds from borrowings	19,216,749,860	-	-	-	-	19,216,749,860
Advances from subsidiaries	-	-	-	4,411,847	-	4,411,847
Non-cash financing activities:						
Availment of LC and TR	-	24,561,659,424	-	-	-	24,561,659,424
Additions to lease liability	-	-	-	-	245,179,034	245,179,034
Amortization of discount and bond issue cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,234,334</u>	<u>61,234,334</u>
Balance as of December 31, 2021	<u>P 34,036,638,401</u>	<u>P 5,409,604,937</u>	<u>P -</u>	<u>P 5,362,657,228</u>	<u>P 982,615,845</u>	<u>P 45,791,516,411</u>

	Term Loans (see Note 17)	Liabilities under LC and TR (see Note 17)	Liabilities under STCP (see Note 17)	Advances from a Subsidiary (see Note 27.4)	Lease Liabilities (see Note 12)	Total
Balance as of January 1, 2020	P 37,322,379,151	P 4,554,171,609	P 6,191,197,740	P 5,230,027	P 763,540,488	P 48,836,519,015
Cash flows from financing activities:						
Repayment of loans and borrowings and lease liabilities	(36,131,549,662)	(9,517,403,303)	(6,500,000,000)	(5,230,027)	(71,819,962)	(52,226,002,954)
Proceeds from borrowings	26,075,870,876	-	2,967,368,503	-	-	29,043,239,379
Advances from subsidiaries	-	-	-	5,390,244,762	-	5,390,244,762
Non-cash financing activities:						
Availment of LC and TR	-	16,135,869,784	-	-	-	16,135,869,784
Amortization of discount and bond issue cost	-	-	308,802,260	-	58,107,036	366,909,296
Balance as of December 31, 2020	<u>P 27,266,700,365</u>	<u>P 11,172,638,090</u>	<u>P 2,967,368,503</u>	<u>P 5,390,244,762</u>	<u>P 749,827,562</u>	<u>P 47,546,779,282</u>

19. TRADE AND OTHER PAYABLES

This account consists of:

	Note	2022	2021 [As Restated – see Note 2.1 (b)]
Trade payables:			
Third parties		P 10,519,775,745	P 12,473,616,541
Subsidiaries	27.2	427,100,027	755,018,169
Other related parties	27.2	166,965,327	23,517,306
Ultimate parent	27.3	1,443,825	7,946,237
		<u>11,115,284,924</u>	<u>13,260,098,253</u>
Accrued expenses		<u>1,253,701,212</u>	<u>747,406,048</u>
Contract liabilities	21.1		
Third parties		114,376,484	97,926,116
Other related parties	27.1	83,299,433	35,697,839
		<u>197,675,917</u>	<u>133,623,955</u>
Advances from customers		<u>103,702,488</u>	<u>7,588,807</u>
Security deposits	20	<u>93,411,309</u>	<u>-</u>
Retention payable		<u>68,903,942</u>	<u>99,580,604</u>
Non-trade payables		<u>5,603,892</u>	<u>3,404,787</u>
Others		<u>20,284,455</u>	<u>82,897,349</u>
		<u>P 12,858,568,139</u>	<u>P 14,334,599,803</u>

Trade payables are non-interest bearing and are generally settled within 30 to 90 days.

Accrued expenses mostly pertain to payables to various contractors for the construction of retail stations that remains unpaid at the end of the year. In addition, this comprises amounts to be paid in relation to repairs and maintenance, interest expenses arising from loans and professional fees.

Retention payable is the amount withheld by the Company from its contractors for the construction of buildings, depot and pier facilities. The amount of retention, which is equivalent to ten percent of the total contract price, is payable upon the completion and turnover by the contractor of a construction project and the acceptance thereof by the Company.

Advances from customers pertain to excess payments made by the customers which will be offset from the outstanding balances of the customer.

Non-trade payables pertain to rent payables to various lessors and others.

Other payables represent liability transactions or items, which cannot be appropriately classified under any of the foregoing liability accounts.

20. OTHER NON-CURRENT LIABILITIES

This account is composed of the following:

	Notes	<u>2022</u>	<u>2021</u>
Deposit for future stock Subscription		P 100,000,000	P 100,000,000
Post-employment defined benefit obligation	24.3	95,069,941	125,245,654
Security deposits		72,913,060	203,763,999
Contract liability	21.1(b)	22,694,682	-
Unearned rent		<u>7,120,692</u>	<u>11,571,705</u>
		<u>P 297,798,375</u>	<u>P 440,581,358</u>

In 2021, the Company received cash amounting to P100.0 million for the subscription of preferred shares. As of December 31, 2022 and 2021, the related Subscription Agreement was not yet finalized. As such, the advances for future stock subscription were classified as Liability presented under Other Non-Current Liabilities pending finalization of the Subscription Agreement.

Security deposits represent deposits received from dealers for the lease of retail stations and equipment that are installed in retail stations. These deposits are refundable at the end of the lease terms and are measured at amortized cost. The fair values on initial recognition of the security deposits were determined by calculating the present value of the estimated future cash flows anticipated until the end of the lease terms using the market interest rate of comparable financial instrument at the inception of the lease. Meanwhile, interest on subsequent amortization of rental deposits using effective interest method amounted to P6.5 million, nil, and P12.2 million in 2022, 2021 and 2020, respectively, and is presented as part of Finance Costs in the statements of comprehensive income (see Note 23.1).

The excess of the principal amount of the security deposit over its present value is recognized in the statements of financial position as unearned rent. Subsequent amortization of the unearned rent amounted to P6.2 million, P7.4 million and P9.1 million in 2022, 2021 and 2020, respectively, and is presented as part of Rent and Storage Income in the statements of comprehensive income.

Contract liability consists of payable for land acquisition that are not yet processed for payment at year-end. The Company will settle this liability at a future date beyond twelve months from year-end.

21. REVENUES AND COST OF SALES

21.1 Revenues

a. Disaggregation of Contract Revenues

The Company derives revenue from the transfer of goods and services in the following primary geographical markets and major goods or service lines:

	Note	Trading (point in time)	Depot and Logistics (over time)	Total
<u>December 31, 2022</u>				
Primary geographical markets				
Luzon		P 15,010,780,729	P 1,399,480,579	P 16,410,261,308
Visayas		2,429,598,716	42,634,663	2,472,233,379
Mindanao		<u>12,005,680,627</u>	<u>216,644,460</u>	<u>12,222,325,087</u>
		<u>P 29,446,060,072</u>	<u>P 1,658,759,702</u>	<u>P 31,104,819,774</u>
Major goods/service lines				
Fuel and by-products		P 29,094,261,638	P -	P 29,094,261,638
Management service		-	1,467,740,220	1,467,740,220
Lubricants		351,798,434	-	351,798,434
Hauling and into-plane		-	106,040,498	106,040,498
Others	24.1	<u>-</u>	<u>84,978,984</u>	<u>84,978,984</u>
		<u>P 29,446,060,072</u>	<u>P 1,658,759,702</u>	<u>P 31,104,819,774</u>
<u>December 31, 2021</u>				
Primary geographical markets				
Luzon		P 30,092,849,604	P 681,159,418	P 30,774,009,022
Visayas		5,085,889,783	307,996,355	5,393,886,138
Mindanao		<u>19,633,073,688</u>	<u>605,102,585</u>	<u>20,238,176,273</u>
		<u>P 54,811,813,075</u>	<u>P 1,594,258,358</u>	<u>P 56,406,071,433</u>
Major goods/service lines				
Fuel and by-products		P 54,401,944,429	P -	P 54,401,944,429
Management service		-	998,387,857	998,387,857
Lubricants		409,868,646	-	409,868,646
Hauling and into-plane		-	33,136,651	33,136,651
Others	24.1	<u>-</u>	<u>562,733,850</u>	<u>562,733,850</u>
		<u>P 54,811,813,075</u>	<u>P 1,594,258,358</u>	<u>P 56,406,071,433</u>

	Note	Trading (point in time)	Depot and Logistics (over time)	Total
<u>December 31, 2020</u>				
Primary geographical markets				
Luzon	P	18,065,684,180	P 1,075,930,110	P 19,141,614,290
Visayas		4,161,299,416	38,534,348	4,199,833,764
Mindanao		<u>17,409,349,120</u>	<u>469,140,495</u>	<u>17,878,489,615</u>
		<u>P 39,636,332,716</u>	<u>P 1,583,604,953</u>	<u>P 41,219,937,669</u>
Major goods/service lines				
Fuel and by-products	P	39,211,907,634	P -	P 39,211,907,634
Management service		-	1,101,459,260	1,101,459,260
Lubricants		424,362,582	-	424,362,582
Hauling and into-plane		-	67,968,689	67,968,689
Others	24.1	<u>62,500</u>	<u>414,177,004</u>	<u>414,239,504</u>
		<u>P 39,636,332,716</u>	<u>P 1,583,604,953</u>	<u>P 41,219,937,669</u>

All of the Company's revenues except revenues from management service, hauling and into-plane services and franchise fees (insignificant in amount), which are presented as part of Fuel Services and Other Revenues, are transferred at a point in time.

b. Contract Balances

A reconciliation of the movements of contract liabilities is shown below.

	Notes	<u>2022</u>	<u>2021</u>
Balance at beginning of year		P 133,623,955	P 183,668,960
Revenue recognized that was included in contract liabilities at the beginning of year		(133,623,955)	(186,668,960)
Increase due to cash received excluding amount recognized as revenue during the year		<u>220,370,599</u>	<u>133,623,955</u>
Balance at end of year	19, 20	<u>P 220,370,599</u>	<u>P 133,623,955</u>

The Company recognizes contract assets, due to timing difference of payment and satisfaction of performance obligation, to the extent of satisfied performance obligation on all open contracts as of the end of the reporting period. However, the management assess that contract assets, if any, are of insignificant amounts.

Changes in the contract assets and contract liabilities are recognized by the Company when a right to receive payment is already established and upon performance of unsatisfied performance obligation, respectively.

21.2 Cost of Sales

This account is composed of the following for the year ended December 31:

	Notes	2022	2021 [As Restated – see Note 2.1(b)]	2020 [As Restated – see Note 2.1(b)]
Inventories at beginning of year		P 4,802,314,394	P 4,701,466,396	P 10,625,477,029
Net purchases during the year		24,900,799,467	50,479,859,502	29,500,160,886
Overhead	11.2	3,259,812	3,267,007	2,352,222
Goods available for sale			55,181,325,898	40,127,990,137
Inventories at end of year	8	(1,124,364,052)	(4,802,314,394)	(4,701,466,396)
	22	P 28,582,009,621	P 50,382,278,511	P 35,426,523,741

22. COSTS AND EXPENSES BY NATURE

The details of the Company's costs and expenses by nature are shown below.

	Notes	2022	2021 [As Restated – See Note 2.1(b)]	2020 [As Restated – See Note 2.1(b)]
Change in inventories	21.2	P 28,582,009,621	P 50,382,278,511	P 35,426,523,741
Depreciation and amortization	11.2, 12.1, 13	1,091,667,937	921,517,528	872,285,386
Salaries and employee benefits	24.1	581,864,132	623,819,269	660,149,771
Impairment losses on non-financial assets	10, 13, 16	504,088,866	-	-
Rent	12.3, 15, 27.3	500,772,512	480,440,503	494,293,984
Freight and trucking charges		423,711,849	549,993,257	652,582,653
Taxes and licenses		447,446,101	524,695,805	394,128,319
Advertisement and promotion		313,592,535	249,889,607	249,937,355
Service fees	27.11	110,859,598	136,130,132	154,358,362
Impairment losses on financial assets	7, 27.4, 27.5	110,438,356	-	56,677,819
Repairs and maintenance		94,650,427	93,736,311	107,123,895
Security fees		93,674,111	100,394,080	97,742,212
Dues and subscriptions		89,837,920	83,137,436	71,948,401
Fuel, oil and lubricants		70,004,897	14,787,123	27,955,495
Utilities		56,010,080	57,712,025	59,201,126
Professional fees		52,152,676	55,780,633	66,555,790
Insurance		30,462,821	40,584,333	48,233,543
Travel and transportation		20,417,889	5,011,433	19,323,846
Office supplies		7,131,939	10,234,238	12,910,057
Representation		4,921,317	4,985,615	15,955,065
Donations	27.14	3,012,002	7,440,424	-
Trainings and seminars		1,986,272	1,050,998	-
Sales incentives		1,326,968	4,508,173	20,191,473
Miscellaneous		59,315,097	26,859,026	48,758,012
		P 33,251,355,923	P 54,374,986,460	P 39,556,836,305

These expenses are classified in the statements of comprehensive income as follows:

	Note	2022	2021 [As Restated – see Note 2.1(b)]	2020 [As Restated – see Note 2.1(b)]
Cost of sales	21.2	P 28,582,009,621	P 50,382,278,511	P 35,426,523,741
Selling and administrative expenses		4,054,819,080	3,992,707,949	4,073,634,745
Impairment losses on non-financial assets	10,13,16	504,088,866	-	-
Impairment losses on financial assets	7,27.4,27.5	110,438,356	-	56,677,819
		<u>P 33,251,355,923</u>	<u>P 54,374,986,460</u>	<u>P 39,556,836,305</u>

23. FINANCE INCOME (COSTS)

23.1 Finance Costs

The breakdown of this account is as follows:

	Notes	2022	2021	2020
Interest expense from bank loans and borrowings	17.4	P 1,295,206,683	P 1,940,180,271	P 1,707,858,916
Finance cost due to extended inventory settlement	17.1	1,002,439,391	946,210,274	-
Foreign currency exchange losses – net		155,841,234	312,109,542	-
Interest expense from lease liabilities	12.4	78,520,173	61,234,334	58,107,036
Bank charges		73,729,703	9,295,105	7,037,668
Interest expense from security deposits	20	6,534,583	-	12,152,559
Interest expense from post-employment defined benefit obligation – net	24.3	6,362,480	4,084,005	2,968,087
		<u>P 2,618,634,247</u>	<u>P 3,273,113,531</u>	<u>P 1,788,124,266</u>

23.2 Finance Income

The breakdown of this account is as follows:

	Notes	2022	2021	2020
Interest income from:				
Advances to subsidiaries	27.4	P 545,666,782	P 332,342,205	P -
Cash in banks	6	23,138,828	23,045,767	41,797,726
Due from related party	27.5	8,206,395	7,058,305	-
Amortization of rental deposits	15	3,522,721	3,355,911	3,132,141
Restricted deposits		-	-	539,937
Foreign currency exchange gains – net		-	-	34,520,400
Others		-	621,334	-
		P 580,534,726	P 366,423,522	P 79,990,204

24. EMPLOYEE BENEFITS

24.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

	Notes	2022	2021	2020
Short-term benefits:				
Salaries and wages		P 408,721,472	P 415,478,130	P 472,481,382
Employee welfare and other benefits		103,192,541	129,726,857	134,149,430
13 th month pay and bonuses		38,827,464	42,624,880	45,857,019
Employee share options	24.2	-	3,100,599	7,661,940
Post-employment defined benefit	24.3	31,122,655	32,888,803	-
	22	P 581,864,132	P 623,819,269	P 660,149,771

Negative past service cost, net of current service cost of post-employment defined benefit amounting to P7.6 million in 2020, and is presented as part of Others under Fuel Service and Other Revenues in the 2020 statement of comprehensive income (see Note 24.3).

24.2 Employee Share Option Plan (ESOP)

On January 24, 2013, the BOD of the Company approved the ESOP. Under the ESOP program, the Company will allocate up to a total of 2.20% of its issued and outstanding common shares to be granted to eligible employees. Share options benefit expense included as part of Salaries and employee benefits under Selling and Administrative Expenses in the statements of comprehensive income amounted to nil, P3.1 million, and P7.7 million in 2022, 2021 and 2020, respectively, while the corresponding credit to Retained Earnings of the same amount is presented under the Equity section of the statements of financial position. Other information related to the ESOP are presented in Note 28.7.

24.3 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Company has maintained a partially-funded, tax-qualified, noncontributory post-employment defined benefit plan that is being administered by a trustee bank that is legally separated from the Company. The trustee bank managed the fund in coordination with the Company's management who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. Normal retirement benefit is an amount equivalent to 75.00% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2022, 2021 and 2020.

The amounts of post-employment defined benefit obligation, which is presented as part of Other Non-current Liabilities account (see Note 20) in the statements of financial position, are determined as follows:

	<u>2022</u>	<u>2021</u>
Present value of obligation	P 212,993,565	P 247,250,898
Fair value of plan assets	(117,923,624)	(122,005,244)
	<u>P 95,069,941</u>	<u>P 125,245,654</u>

The movements in the present value of the post-employment defined benefit obligation recognized in the books are as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	P 247,250,898	P 223,202,068
Current service cost	31,122,655	32,888,803
Interest expense	12,560,346	8,816,482
Actuarial (gains) loss arising from:		
Changes in financial assumptions	(46,998,650)	(30,989,620)
Changes in demographic assumptions	(125,820)	17,813,347
Benefits paid from plan assets	(30,815,864)	(4,480,182)
Balance at end of year	<u>P 212,993,565</u>	<u>P 247,250,898</u>

The movements in the fair value of plan assets are presented below.

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	P 122,005,244	P 119,809,536
Contributions to the plan		
Interest income	6,197,866	4,732,477
Gain on plan assets (excluding amounts included in net interest)	(10,279,486)	(2,536,769)
Balance at end of year	<u>P 117,923,624</u>	<u>P 122,005,244</u>

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	P 45,478	P 4,901
Quoted equity securities:		
Manufacturing (preferred)	10,720,130	16,664,510
Holding	4,824,050	4,968,600
Property	2,940,000	4,111,800
	<u>18,484,180</u>	<u>25,744,910</u>
Unit investment trust funds (UITF)	51,151,168	33,664,147
Unit corporate bonds	24,247,224	25,873,300
Government bonds	23,995,574	36,717,982
	<u>P 117,923,624</u>	<u>P 122,005,240</u>

The fair value of the above investments are determined based on quoted market prices in active markets (classified as Level 1 in the fair value hierarchy), excluding UITF (classified as Level 2 in the fair value hierarchy). Plan assets do not comprise any of the Company's own financial instruments or any of its assets occupied and/or used in its operations.

The plan assets realized a return of (P4.1 million) in 2022 and P2.2 million in 2021, respectively.

The components of amounts recognized in profit or loss and in other comprehensive loss in respect of the defined benefit post-employment plan are shown below.

	Notes	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Reported in profit or loss:</i>				
Current service cost	P	31,122,655	P 32,888,803	P 29,318,555
Past service cost – curtailment		<u>-</u>	<u>-</u>	(36,905,335)
	24.1	31,122,655	32,888,803	(7,586,780)
Net interest expense	23.1	6,362,480	4,084,005	2,968,087
		<u>P 37,485,135</u>	<u>P 36,972,808</u>	(<u>4,618,693</u>)
<i>Reported in other comprehensive loss (income):</i>				
Actuarial losses (gains) arising from changes in:				
Financial assumptions	(P	46,998,650)	(P 30,989,620)	P 30,506,876
Demographic assumptions	(	125,820)	17,813,347	29,756,060
Experience adjustments	(	30,815,864)	(4,480,182)	1,669,300
Loss (return) on plan assets (excluding amounts included in net interest expense)		<u>10,279,486</u>	<u>2,536,769</u>	(<u>1,425,785</u>)
		<u>(P 67,660,848)</u>	<u>(P 15,119,686)</u>	<u>P 60,506,451</u>

In 2020, there was a curtailment on the plan of the Company, which significantly reduced the

headcount compared to that at the beginning of the year, in relation to the Company's rationalization of workforce (see Note 1.4) to which resulted in the recognition of past service cost. Negative past service cost, net of current service cost, is presented as part of Others under Fuel Service and Other Revenue in the 2020 statement of comprehensive income.

In 2022 and 2021, current service cost is presented as part of salaries and employee benefits under Selling and Administrative Expenses in the statements of comprehensive income (see Note 24.1).

The net interest expense is included in Finance Costs in the statements of comprehensive income (see Note 23.1).

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Discount rates	7.22%	5.08%	3.95%
Expected rate of salary increases	5.00%	5.00%	5.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 23.8 years for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Company to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Rate Risk*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has investment in cash and cash equivalents, quoted equity securities and UITF.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding page.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31:

<u>Impact on Post-employment Benefit Obligation</u>			
	<u>Change in Assumption</u>	<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
<u>December 31, 2022</u>			
Discount rate	+/- 1.00%	(P17,329,565)	P20,060,871
Salary increase rate	+/- 1.00%	20,309,803	(17,827,738)
<u>December 31, 2021</u>			
Discount rate	+/- 1.00%	(P23,118,180)	P27,124,202
Salary increase rate	+/- 1.00%	26,869,115	(23,339,916)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Asset-liability Matching Strategies*

To efficiently manage the retirement plan, the Company through its BOD, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme.

A large portion of the plan assets as of December 31, 2022 and 2021 is allocated to investments in quoted equity securities, UITF, corporate and government bonds .

(iii) *Funding Arrangements and Expected Contributions*

As of December 31, 2022, the plan is underfunded by P95.1 million based on the latest actuarial valuation. There is no minimum funding requirement in the country.

The Company is not required to pre-fund the future defined benefits payable under the Plan before they become due.

The maturity profile of undiscounted expected benefit payments from the plan within ten years as of December 31, follows:

	<u>2022</u>	<u>2021</u>
Within one year	P 28,797,324	P 17,846,010
More than one year to five years	99,561,478	79,703,762
More than five years to ten years	120,808,100	152,785,461
	<u>P 249,166,902</u>	<u>P 250,335,233</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is ten years.

25. REGISTRATION WITH THE BOARD OF INVESTMENTS (BOI)

The Company is registered with the Board of Investments (BOI) for certain terminal and facilities that entitled the entities certain tax and non-tax incentives. Terminal and facilities registered with the BOI are as follows:

Location of Project	Note	Date of Registration	Income Tax Holiday (ITH)	
			Period	Expiry
Tayud, Consolacion	25.1	Nov 24, 2017	5 Years	Nov 24, 2022
Calapan, Oriental Mindoro	25.2	Sep 9, 2017	5 Years	Sep 9, 2022
Villanueva, Misamis Oriental	25.3	Oct 12, 2017	5 Years	Oct 12, 2022
Calaca, Batangas Expansion	25.4	Dec 22, 2017	5 Years	Dec 22, 2022
Calaca, Batangas Expansion 2	25.4	April 3, 2019	5 Years	April 3, 2024
General Santos City	25.5	March 14, 2019	5 Years	March 14, 2024

25.1 BOI Registration for New Investment in Tayud, Consolacion, Cebu Oil Depot

On September 19, 2017, the Company has registered with BOI under Registration No. 2017-267 its new project for the Bulk Marketing of Petroleum Products in Tayud, Consolacion, Cebu Oil Depot with 16.7 million liters combined capacity of six storage tanks. Under its new registration, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investments Code of 1987. The Company's transactions relating to Cebu Oil Depot are entitled to avail the incentives, which include, among others, ITH for a period of five years without extension from September 2017 or date of registration whichever is earlier but in no case earlier than the date of registration.

25.2 BOI Registration for New Investment in Calapan, Oriental Mindoro Oil Depot

On October 12, 2017, the Company has registered with BOI under Registration No. 2017-287 its new project for the Bulk Marketing of Petroleum Products in Calapan, Oriental Mindoro Oil Depot with 5.0 million liters combined capacity of two storage tanks. Under its new registration, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investments Code of 1987. The Company's transactions relating to Calapan, Oriental Mindoro Oil Depot are entitled to avail the incentives which include, among others, ITH for a period of five years without extension from October 2017 or date of registration whichever is earlier but in no case earlier than the date of registration.

25.3 BOI Registration for New Investment in Villanueva, Misamis Oriental Oil Depot

On November 24, 2017, the Company has registered with BOI under Registration No. 2017-320 its new project for the Bulk Marketing of Petroleum Products in Villanueva, Oriental Mindoro Oil Depot with 49.7 million liters combined capacity of six storage tanks. Under its new registration, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investments Code of 1987. The Company's transactions relating to Villanueva, Oriental Mindoro Oil Depot are entitled to avail the incentives which include, among others, ITH for a period of five years without extension from November 2017 or date of registration whichever is earlier but in no case earlier than the date of registration.

25.4 BOI Registration for New Investment in Calaca, Batangas Oil Depot

On December 22, 2017, the Company has registered with BOI under Registration No. 2017-353 its new project for the Bulk Marketing of Petroleum Products in Calapan, Batangas Oil Depot with 78.3 million liters combined capacity of seven storage tanks. Under its new registration, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investments Code of 1987. The Company's transactions relating to Oriental Mindoro Oil Depot are entitled to avail the incentives which include, among others, ITH for a period of five years without extension from January 2018 or date of registration whichever is earlier but in no case earlier than the date of registration.

On April 3, 2019, the Company has registered with BOI under Registration No. 2019-068 its expansion for the Bulk Marketing of Petroleum Products in Calaca, Batangas Terminal, which pertains to the additional one storage tank with capacity of 16.1 million liters. Under its new registration, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investments Code of 1987. The Company's transactions relating to the additional one storage tank are entitled to avail the incentives which include, among others, ITH for a period of five years without extension from April 2019 or date of registration whichever is earlier but in no case earlier than the date of registration.

25.5 BOI Registration for New Investment in General Santos City Oil Depot

On March 14, 2019, the Company has registered with BOI under Registration No. 2019-051 its new project for the Bulk Marketing of Petroleum Products in General Santos City Oil Depot. Under its new registration, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investments Code of 1987. The Company's transactions relating to General Santos City Oil Depot are entitled to avail the incentives which include, among others, ITH for a period of five years without extension from March 2019 or date of registration whichever is earlier but in no case earlier than the date of registration.

As of December 31, 2022 and 2021, the Company has complied with the terms and conditions under its ITH registrations.

26. INCOME TAXES

The components of tax income as reported in the statements of comprehensive income are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Reported in profit or loss</i>			
Current tax expense:			
MCIT at 1.00% for 2022, 2021			
and 2.00% for 2020	(P 21,078,334)	(P 24,252,949)	(P 63,789,722)
Final tax at 20.00%	(4,593,580)	(4,683,472)	(8,448,777)
Effect of the change in			
income tax rates	-	15,947,431	-
	<u>(25,671,914)</u>	<u>(12,988,990)</u>	<u>(72,238,499)</u>
Deferred tax income			
arising from:			
Origination and			
reversal of temporary			
differences	1,118,517,787	857,308,731	331,323,057
Effect of the change in			
income tax rates	-	(62,548,283)	-
	<u>1,118,517,787</u>	<u>794,760,448</u>	<u>331,323,057</u>
	<u>P 1,092,845,873</u>	<u>P 781,771,458</u>	<u>P 259,084,558</u>
<i>Reported in other comprehensive</i>			
<i>income (expense):</i>			
Deferred tax expense relating			
to origination and reversal			
of temporary differences	(P 135,565,933)	(P 36,008,422)	(P 27,607,785)
Effect of the change in			
Income tax rates	-	65,927,028	-
	<u>(P 135,565,933)</u>	<u>P 29,918,606</u>	<u>(P 27,607,785)</u>

A reconciliation of tax on pretax loss (profit) computed at the applicable statutory rates to tax income reported in profit or loss is as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax on pretax loss (profit) at 25.00% in 2022 and 30.00% in 2021 and 2020	P 998,214,726	P 89,611,757	P 77,892,202
Adjustment for income subjected to lower income tax rates	1,191,127	1,166,663	4,224,388
Tax effects of:			
Adjustment for income and expenses under ITH	124,312,492	667,523,471	179,729,765
Non-taxable income	11,911,834	77,313,365	4,875,188
Change in income tax rates	-	(46,600,852)	-
Non-deductible expenses	(43,211,726)	(10,761,848)	(11,442,017)
Stock options	<u>472,420</u>	<u>3,518,902</u>	<u>3,805,032</u>
Tax income	<u>P 1,092,890,873</u>	<u>P 781,771,458</u>	<u>P 259,084,558</u>

The net deferred tax assets relate to the following as of December 31:

	Statements of		Statements of Comprehensive Income					
	Financial Position		Profit or Loss			Other Comprehensive Income		
	2022	2021	2022	2021	2020	2022	2021	2020
Deferred tax assets:								
Net operating loss carryover (NOLCO)	P1,935,701,714	P1,025,511,668	P 910,190,046	P 792,044,306	P 233,467,362	P -	P -	P -
Lease liabilities	181,948,239	185,074,250	(3,126,011)	(39,874,019)	(5,189,946)	-	-	-
Impairment losses	240,014,258	113,875,362	126,138,896	(50,680,090)	909,299	-	-	-
Unrealized foreign currency losses – net	93,916,283	56,231,628	37,684,655	43,299,646	10,443,759	-	-	-
MCIT	93,173,575	72,095,241	21,078,334	8,305,519	63,789,722	-	-	-
Post-employment benefit obligation	7,323,083	14,867,011	9,371,284	(5,958,900)	1,385,608	(16,915,212)	(10,191,849)	18,151,935
Unamortized past service cost	6,625,532	8,004,614	(1,379,082)	(3,255,821)	(1,654,898)	-	-	-
	<u>2,558,702,684</u>	<u>1,475,659,774</u>	<u>1,099,958,122</u>	<u>743,880,641</u>	<u>316,453,717</u>	<u>(16,915,212)</u>	<u>(10,191,849)</u>	<u>18,151,935</u>
Deferred tax liabilities:								
Gain on revaluation of land	(512,573,999)	(393,923,278)	-	-	-	(118,650,721)	40,110,455	(45,759,720)
Right-of-use assets	(121,697,519)	(140,257,184)	18,559,665	47,409,498	14,869,340	-	-	-
Accrued rent income	(17,351,551)	(17,351,551)	-	3,470,309	-	-	-	-
	<u>(651,623,069)</u>	<u>(551,532,013)</u>	<u>18,559,665</u>	<u>50,879,807</u>	<u>14,869,340</u>	<u>(118,650,721)</u>	<u>40,110,455</u>	<u>(45,759,720)</u>
Net Deferred Tax Assets	<u>P1,907,079,615</u>	<u>P 924,127,761</u>						
Deferred Tax Income (Expense)			<u>P1,118,517,787</u>	<u>P 794,760,448</u>	<u>P 331,323,057</u>	<u>(P 135,565,933)</u>	<u>P 29,918,606</u>	<u>(P 27,607,785)</u>

The Company is subject to the MCIT, which is computed at 1.00% (2.00% for 2020 and 2019) of gross income net of allowable deductions, as defined under the tax regulations or RCIT, whichever is higher. In 2022, 2021 and 2020, MCIT was higher than RCIT.

The amounts of NOLCO and the applicable years these are valid and deductible from the taxable income are shown below.

<u>Taxable Years</u>	<u>Original Amount</u>	<u>Tax Effect</u>	<u>Valid Until</u>
2022	P 3,640,760,184	P 910,190,046	2025
2021	3,222,744,767	805,686,192	2026
2020	<u>879,301,902</u>	<u>219,825,476</u>	2025
	<u>P 7,742,806,853</u>	<u>P 1,935,701,714</u>	

Ordinarily, the Company's NOLCO is allowed as a deduction from taxable income in the next three consecutive years. However, pursuant to *Section 4 (bbb) of the R.A. No. 11494* and as implemented under *Revenue Regulation 25-2020*, the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from taxable income for the next five years following the year of such loss.

The MCIT of P21.1 million in 2022, P24.3 million in 2021 and P63.8 million in 2020 is valid and deductible from future regular income tax until 2025, 2024 and 2023, respectively. No MCIT was reported in 2019.

In 2022, 2021 and 2020, the Company claimed itemized deductions in computing for its income tax due.

27. RELATED PARTY TRANSACTIONS

The Company's related parties include its parent company, subsidiaries, stockholders, entities under common ownership of the ultimate parent company and the Company's key management personnel as described below and in the succeeding pages.

The summary of the Company's transactions and outstanding balances with its related parties follows:

<u>Related Party Category</u>	<u>Notes</u>	<u>Amount of Transactions</u>			<u>Outstanding Balance</u>	
		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022</u>	<u>2021</u>
Subsidiaries						
Sale of goods	7, 27.1	P 5,819,007	P 17,841,374	P 45,177,516	P 14,234,616	P 14,547,802
Advances from Customers	19, 27.1	1,728,159	105,000	-	1,833,159	105,000
Purchases of goods and services	19, 27.2	4,991,320,508	11,070,758,876	17,645,449,455	427,100,027	755,018,169
Advances to suppliers	7, 27.2	-	-	(34,665,246)	-	-
Rentals (as lessor)	27.3	299,455	8,396,514	450,000	-	-
Rentals (as lessee)	22, 27.3	9,458,922	650,005	450,000	-	-
Advances to subsidiaries	15, 27.4	(87,552,212)	628,033,252	3,532,584,064	10,737,328,577	10,824,880,789
Interest on advances to subsidiaries	7, 27.4					
	27.14	562,875,884	332,342,205	-	861,400,736	177,595,267
Advances from subsidiaries	27.4	324,059,306	27,587,534	5,385,014,735	5,686,716,534	5,362,657,228
Management fees	7, 27.7	-	-	359,129,447	52,036	10,400
Service fees	27.11	5,578,216	21,263,517	803,571	-	-
Sale of services	7, 27.13	1,560,300	5,852,679	3,683,241	1,130,356	119,075,232
Others	7, 27.14	(28,742)	745,711	57,653,210	-	745,711
Dividend Income		-	291,584,267	-	-	-

Related Party Category	Notes	Amount of Transactions			Outstanding Balance	
		2022	2021	2020	2022	2021
Ultimate Parent – Udenna						
Sale of goods	7, 27.1	P 1,995,995	P 943,946	P 430,050	P 373,599	P 288,187
Advances to suppliers	15, 27.2	1,093,534,737	813,537,639	99,715,840	1,907,072,376	813,537,639
Rentals (as lessee)	19, 22, 27.3	12,170,466	10,593,725	9,147,490	1,443,825	7,946,237
Advances for future acquisition of properties	15, 27.12	-	-	-	200,000,000	200,000,000
Sale of services	7, 27.13	499,774,427	446,950,967	664,977,418	2,413,634,319	1,837,833,232
Other related parties under common ownership						
Sale of goods	7, 27.1	5,658,122,810	8,507,658,731	5,906,496,822	3,900,182,589	3,257,741,164
Advances from customers	19, 27.1	54,244,434	35,697,839	28,736,425	83,299,433	35,697,839
Purchase of goods and services	19, 27.2	5,788,879,549	265,809,393	270,456,560	166,965,327	23,517,306
Advances to suppliers	7,15,27.2	435,828,360	756,179,830	772,272,162	1,408,439,140	952,638,106
Rentals (as lessee)	27.3	22,752,241	31,059,525	59,731,647	-	-
Rentals (as lessor)	27.3	100,590,558	58,830,197	38,214,745	-	-
Prepaid rent	9, 27.3	(12,020,426)	-	-	-	787,859
Interest on due from related parties	7,27.5	-	7,058,305	-	-	7,058,305
Due from related parties	27.5	8,403,294	19,454,656	35,315,620	39,408,326	31,005,032
Management fees	7, 27.7	40,526,269	139,300,446	-	82,813,548	82,213,548
Sale of subsidiaries	7, 27.8	-	-	-	500,000,000	500,000,000
Advances for future acquisition of properties	7,15,27.12	-	19,972,675	(1,905,316,548)	-	19,972,675
Sale of services	7, 27.13	870,311,308	487,240,427	431,462,705	2,505,482,437	1,742,072,002
Donations	27.14	3,037,002	-	-	-	-
Others	7, 27.14	7,753,487	17,928,867	12,210,089	-	8,572,019
Key management personnel						
Salaries and employee benefits	27.9	207,386,990	207,386,990	197,511,418	-	-

27.1 Sale of Goods

The Company sells products to certain related parties. Goods are sold on the basis of the price lists in force with non-related parties. Revenues from these transactions are presented as part of Sale of Goods in the statements of comprehensive income. The outstanding receivables from sale of goods are presented as part of Trade receivables under Trade and Other Receivables account in the statements of financial position (see Note 7).

In 2022, the outstanding receivable from the sale of goods to PSPC was reclassified from trade receivables to non-trade receivables due to the signing of a memorandum of agreement by both parties to settle the outstanding trade receivable through a long-term payment plan. The current portion of P247.0 million is presented as part of Non-trade receivables under Trade and Other Receivables in the 2022 statement of financial position (see Note 7). The non-current portion of P313.5 million is presented as part of Others under Other Non-Current Assets in the 2022 statement of financial position (see Note 17).

The outstanding balances are unsecured, non-interest bearing and collectible in cash on demand. The Company recognized impairment on trade and other receivables from related parties of P108.7 million, nil, and P55.1 million in 2022, 2021, and 2020, respectively, and are presented as part of Impairment Losses on Financial Assets in the 2022 statement of comprehensive income (see Note 22).

The Company received advance payments from certain related parties for sale of products. The outstanding balance as of December 31, 2022 and 2021 is presented as part of Contract Liabilities under Trade and Other Payables account in the statements of financial position (see Note 18).

27.2 Purchases of Goods and Services

The Company purchased goods and services from related parties on the basis of price lists in force with non-related parties. Total purchase of goods and services from related parties is presented as part of Cost of Sales in the statements of comprehensive income and the related outstanding payables for goods purchased and services obtained are presented as part of Trade payables under Trade and Other Payables account in the statements of financial position (see Note 18). The outstanding balances are unsecured, non-interest bearing and payable on demand and normally settled in cash.

In addition, the Company advances a certain amount to certain related parties for the purchase of services. The amount is credited upon the performance of the contractual obligation by the subsidiary and other related parties. The outstanding balances are presented as part of Advances to suppliers under the Trade and Other Receivables account in the statements of financial position (see Note 7). Certain advances were also made for the purchase of properties and were presented as part of Advances to Suppliers under other non-current assets in the statements of financial position (see Note 15).

27.3 Rentals

The Company has the following lease agreements with the following related parties under common ownership:

- a. Udenna Corporation – of which total rent expense incurred in 2022, 2021 and 2020 amounted P12.2 million, P10.5 million, and P9.1 million, respectively. The outstanding balance of P1.443 million is presented as part of Trade payables under Trade and Other Payables in the 2022 statement of financial position (see Note 18). Refundable rental deposits amounted to P0.8 million as of both December 31, 2022 and 2021 and are presented as part of Refundable rental deposits under Prepayments and Other Current Assets and Other Non-current Assets, respectively, in the statements of financial position (see Notes 9 and 15).
- b. Udenna Land, Inc. (ULI) – refundable rental deposits amounted to P6.9 million as of December 31, 2022 and 2021 and are presented as part of Refundable rental deposits under Prepayments and Other Current Assets and Other Non-current Assets, respectively, in the statements of financial position (see Notes 9 and 15).
- c. Valueleases, Inc. (VLI) – of which total rent expense in 2022, 2021 and 2020 amounted to P21.2 million, P30.5 million, and P75.2 million, respectively. Refundable rental deposits amounted to P6.7 million and P12.0 million as of December 31, 2022 and 2021, respectively, and are presented as part of Refundable rental deposits under Prepayments and Other Current Assets and Other Non-current Assets, respectively, in the statements of financial position (see Notes 9 and 15).

The rent expenses aforementioned are presented as part of Selling and Administrative Expenses in the statements of comprehensive income (see Notes 21 and 29.3) and the related outstanding rent payables are presented as part of Trade payables under the Trade and Other Payables in the statements of financial position (see Note 18).

In 2020, the Company entered into sublease agreements with AAI, PFM and certain related parties under common ownership as lessor, which pertain to lease of office space, store premises and gasoline stations, respectively. The lease term ranges from one to five years. The rent income is presented as part of Rent and Storage Income in the statements of comprehensive income. No receivables arising from these leases are outstanding as of December 31, 2022 and 2021.

27.4 Advances to/from Subsidiaries

The Company grants and obtains advances to and from its subsidiaries for working capital purposes. The advances are non-interest bearing (except for advances to subsidiaries starting 2021), unsecured and repayable in cash within 12 months unless otherwise indicated.

The Advances to Subsidiaries are broken down as follows:

	Note	2022	2021
Duta		P 3,951,702,185	P 4,559,308,345
PPMI		2,933,665,362	2,636,962,572
PFM		1,326,977,013	1,259,806,167
PNX Energy		1,035,258,863	896,306,167
KAPA		495,910,293	499,917,679
AAI		379,292,802	359,099,298
PNX Power		302,377,958	302,377,958
SPTT		247,765,690	245,402,464
PGMI		51,673,256	51,319,332
PNXRT		21,408,304	21,393,279
		10,746,031,726	10,831,893,261
Allowance for impairment	4.2(b)	(8,703,149)	(7,012,472)
		<u>P10,737,328,577</u>	<u>P10,824,880,789</u>

The movements in the balance of Advances to Subsidiaries are analyzed as follows:

	Notes	2022	2021
Balance at beginning of year		P10,824,880,789	P10,196,847,537
Additions		3,794,634,001	2,159,086,175
Collections		(3,307,896,433)	(604,322,323)
Conversion to investments in subsidiaries	10	(572,599,103)	(926,730,600)
Impairment loss for the year	22	(1,690,677)	-
Balance at end of year		<u>P10,737,328,577</u>	<u>P10,824,880,789</u>

The Advances to Subsidiaries are presented in the statements of financial position as follows:

	Note	2022	2021
Current		P 8,372,967,106	P 7,887,920,215
Non-current	15	<u>2,364,361,471</u>	<u>2,936,960,574</u>
		<u>P10,737,328,577</u>	<u>P10,824,880,789</u>

In 2022, advances to DUTA totalling P572.6 million was reclassified to Investment in Subsidiaries, as a result of the approval of the increase in authorized capital stock of DUTA, Inc. by SEC (see Note 10).

In 2021, advances to PPMI totalling P926.7 million was reclassified to Investment in Subsidiaries, as the result of the approval of the increase in authorized capital stock of PPMI by SEC on June 18, 2021 (see Note 10).

Also, in 2022 and 2021, the Company charged interest on advances granted to subsidiaries amounting to P545.7 million and 332.3 million, respectively (nil in 2020) at an average rate of 5.00% to 6.00% per year, which is presented as part of the Finance Income in the statements of other comprehensive income (see Note 23.2). The outstanding receivables are presented as part of Non-Trade receivables under the Trade and Other Receivables account in the statements of financial position (see Note 7).

The movements in the balance of non-interest bearing Advances from Subsidiaries in 2022 and 2021 are analyzed as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	P 5,362,657,228	P 5,390,244,762
Additions	878,718,768	4,411,847
Repayments	(554,659,462)	(31,999,381)
Balance at end of year	<u>P 5,686,716,534</u>	<u>P 5,362,657,228</u>

The Advances from Subsidiaries are presented in the statements of financial position as follows:

	<u>2022</u>	<u>2021</u>
Current	P -	P 4,411,847
Non-current	<u>5,686,716,534</u>	<u>5,358,245,381</u>
	<u>P 5,686,716,534</u>	<u>P 5,362,657,228</u>

27.5 Due from Related Parties

The Company grants and obtains unsecured advances to and from related parties under common ownership for working capital requirements and other purposes.

As of December 31, 2022 and 2021, the outstanding receivable from related parties are shown as Due from Related Parties in the statements of financial position. Due from Related Parties are either receivable in cash or paid through offsetting, unsecured, interest-bearing and are expected to be paid within one year.

The breakdown of the Due from Related Parties as of December 31 is as follows:

	<u>Note</u>	<u>2022</u>	<u>2021</u>
PNX Vietnam		P 39,004,152	P 30,549,290
P-H-O-E-N-I-X Philippines Foundation, Inc. (PPFI)		634,077	624,077
UC		<u>285,700</u>	<u>-</u>
		39,923,928	31,173,367
Allowance for impairment	4.2(b)	(230,187)	(168,336)
		<u>P 39,693,741</u>	<u>P 31,005,031</u>

The movements in the balance of Due from Related Parties are analyzed as follows:

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year		P 31,005,031	P 50,459,688
Additions		19,553,243	9,801,213
Collections		(10,802,682)	(29,255,870)
Impairment losses	22	(61,851)	<u>-</u>
Balance at end of year		<u>P 39,693,741</u>	<u>P 31,005,031</u>

In 2022 and 2021, the Company charged interest on advances granted to related parties amounting to P8.2 million and P7.0 million, respectively, at a rate ranging from 5.00% to 6.00% per year, which is presented as part of the Finance Income in the 2022 statement of other comprehensive income (see Note 23.2). The outstanding receivables are presented as part of Non Trade receivables under Trade and Other Receivables account in the statements of financial position (see Note 7).

27.6 Loan Collateral

The TLA with DBP, OLSA with BDO and PBComm, loan agreement with HSBC and CBC and certain bank loans of the Company were guaranteed by certain stockholders through a surety agreement with the respective banks (see Note 17.1).

27.7 Management Fees

The Company's non-trade receivable includes receivable from PLPI and Calaca Industrial Seaport Corporation (CISC), related party under common ownership, representing management fees for the services rendered by the Company to PLPI and CISC when the latter was still a wholly-owned subsidiary of the Company. Under the Management Contract entered into by the Company between PLPI and CISC, the former will manage PLPI and CISC:

- (a) to secure and maintain a strong market position for PLPI and CISC;
- (b) sustain the long-term profitability of PLPI and CISC; and,
- (c) develop a core of competent and effective management professionals in PLPI and CISC.

In return, PLPI and CISC will pay a certain amount of management fee annually. Total management fee forms part of the Fuel Service and Other Revenues account in the statements of comprehensive income. Total receivable from PLPI and CISC is presented as part of Non-trade receivables under Trade and Other Receivables in the statements of financial position (see Note 7) and are unsecured, non-interest-bearing, payable on demand and normally settled in cash.

27.8 Sale of Subsidiaries

In 2016, the Company disposed its equity share in Chelsea Shipping Corporation to Chelsea Logistics and Infrastructure Holdings Corp., and in CISC to ULI. Total consideration of the sale of subsidiaries amounted to P3,000.0 million, in which a total of P500.0 million is still outstanding as of December 31, 2022 and 2021 and is presented as part of Non-trade receivables under Trade and Other Receivables in the statements of financial position (see Note 7).

27.9 Key Management Personnel Compensations

The compensations of key management personnel are broken down as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Salaries and wages	P 153,313,976	P 153,313,976	P 146,013,310
Honoraria and allowances	20,655,268	20,655,268	19,671,684
13 th month pay and bonuses	15,452,911	15,452,911	14,717,058
Post-employment benefits	14,630,191	14,630,191	13,933,515
Share-based payment	<u>3,334,644</u>	<u>3,334,644</u>	<u>3,175,851</u>
	<u>P 207,386,990</u>	<u>P 207,386,990</u>	<u>P 197,511,418</u>

27.10 Retirement Plan

The Company's retirement fund for its defined benefit post-employment plan is administered and managed by a trustee bank. The fair value and composition of the plan assets as of December 31, 2022 and 2021 are presented in Note 23.3. As of both December 31, 2022 and 2021, the retirement plan has no investment in shares of stocks of the Company.

The retirement fund neither provides any guarantee or surety for any obligation of the Company nor its investments covered by any restrictions or liens.

The details of the contributions of the Company and the benefits paid out by the plan are presented in Note 23.3.

27.11 Service Fees

In 2016, the Company entered into a management service agreement with PPMI for the latter to provide the necessary personnel, supervise and direct the day-to-day operations of the fuel and service stations assigned by the former. In return, the Company will pay certain amount to the Company. Total service fees in 2022, 2021 and 2020 amounted to P5.6 million, P21.3 million and P5.5 million, respectively, and are presented as part of Service fees under the Selling and Administrative Expenses in the statements of comprehensive income (see Note 22). There are no related outstanding payables as of December 31, 2022 and 2021.

27.12 Advances for Option to Purchase Properties

In 2018, the Company entered into reservation agreements with a one-year option period with Global Gateway Development Corporation (GGDC) and UTOWCO for option to purchase leasehold rights and properties, respectively. The consideration paid for GGDC and UTOWCO amounted to P2,322.7 million and P254.2 million, respectively. The payments made are creditable to the payment of the purchase price of the leasehold rights and properties in the event that a Contract of Sublease covering the purchase of the sublease rights of the properties is executed or returned or refunded to the Company in the event that the referenced Contract of Sublease is not executed within the option period.

In 2019, the option to purchase properties remained unexercised. Accordingly, this was reclassified to Other Non-current Assets in the 2019 statement of financial position.

In 2020, the certain advances for option to purchase properties made by the Company to related parties amounting to P1,905.3 million were applied to the payment for the purchase of properties. The remaining balance of advances is presented as part of Other Non-current Assets in the 2020 statement of financial position (see Note 15).

In 2022 and 2021, the remaining balance of advances are presented as part of Other Non-current Assets in the 2022 and 2021 statements of financial position (see Note 15).

Certain advances to the Group's ultimate parent amounting to P200.0 million were also made in 2019 for the purchase of properties and is presented as part of Advances to suppliers under Other Non-current Assets in the 2022 statement of financial position (see Note 17).

27.13 Sale of Services

The Company entered into service agreements with certain related parties to temporarily operate and manage the related parties' operations. Total service income recognized in 2022, 2021 and 2020 amounted to P1,379.6 million, P940.0 million, and P1,096.4 million, respectively.

The service income is presented as part of Fuel Service and Other Revenues in the statements of comprehensive income and the related outstanding receivables are presented as part of Non-trade receivables under Trade and Other Receivables in the statements of financial position (see Note 7). The outstanding balances are unsecured, non-interest bearing, due on demand and normally settled in cash.

27.14 Others

The Company has outstanding receivable from certain related parties under common ownership totalling to P1.4 million and P9.3 million as of December 31, 2022 and 2021, respectively, arising from various transactions, such as, withholding tax certificates receivable from certain related parties and receivables from delivery services rendered, presented as part of Non-trade receivables under Trade and Other Receivables in the statements of financial position (see Note 7). The outstanding balances are unsecured, non-interest bearing, due on demand and normally settled in cash.

The Company granted donations of P3.0 million in 2022, nil in 2021 and 2020 to Udenna Foundation, Inc. These are presented as part of Donations under the Selling and Administrative Expenses caption in the statements of comprehensive income (see Note 22).

28. EQUITY

28.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	2022	2021	2020	2022	2021	2020
Preferred – cumulative, nonvoting, non-participating, non-convertible into common shares – P1 par value						
Authorized:	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>P 50,000,000</u>	<u>P 50,000,000</u>	<u>P 50,000,000</u>
Issued:						
Balance at beginning of year	24,500,000	24,500,000	37,000,000	P 24,500,000	P 24,500,000	P 37,000,000
Redemption	-	-	(12,500,000)	-	-	(12,500,000)
Balance at end of year	<u>24,500,000</u>	<u>24,500,000</u>	<u>24,500,000</u>	<u>24,500,000</u>	<u>24,500,000</u>	<u>24,500,000</u>
Treasury shares	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)
Issued and outstanding	<u>14,500,000</u>	<u>14,500,000</u>	<u>14,500,000</u>	<u>P 14,500,000</u>	<u>P 14,500,000</u>	<u>P 14,500,000</u>
Common – P1 par value						
Authorized:	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>P2,500,000,000</u>	<u>P2,500,000,000</u>	<u>P2,500,000,000</u>
Issued:						
Balance at beginning of year	1,441,915,332	1,438,977,232	1,437,204,232	1,441,915,332	1,438,977,232	1,437,204,232
Issuance during the year	301,000	2,938,100	1,773,000	301,000	2,938,100	1,773,000
Balance at end of year	<u>1,442,216,332</u>	<u>1,441,915,332</u>	<u>1,438,977,232</u>	<u>1,442,216,332</u>	<u>1,441,915,332</u>	<u>1,438,977,232</u>
Treasury shares						
Balance at beginning of year	-	-	(31,000,000)	-	-	(344,300,000)
Sale of treasury shares	-	-	31,000,000	-	-	344,300,000
Balance at end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Issued and outstanding	<u>1,442,216,332</u>	<u>1,441,915,332</u>	<u>1,438,977,232</u>	<u>P1,442,216,332</u>	<u>P1,441,915,332</u>	<u>P1,438,977,232</u>
				<u>P1,456,716,332</u>	<u>P1,456,415,332</u>	<u>P1,453,477,232</u>

- (a) On April 23, 2012, the SEC approved the Company's increase in authorized capital stock from P800.0 million, divided into 750.0 million common shares with a par value of P1 and 50.0 million preferred shares with par value of P1 per share, into P2,550.0, million divided into 2,500.0 common shares with par value of P1 per share and 50.0 million preferred shares with par value of P1 per share.

In 2016, the Company's BOD approved the buy-back share program of PNx (common) shares of up to P450.0 million. In various dates in 2016, the Company purchased its 54.4 million of its shares with corresponding total cost of P330.7 million.

- (b) In 2017, the Company purchased 15.8 million of its shares with corresponding total cost of P109.4 million. Subsequently, the Company sold all of its treasury shares amounting to P440.1 million. The total consideration received on November 6, 2017 for the sale of treasury shares amounted to P807.2 million, which resulted to an additional paid-in capital of P367.1 million (see Note 27.4).
- (c) In 2018, the Company purchased a total of 31.0 million of its common shares with corresponding total cost of P344.3 million.
- (d) On December 20, 2013, the Company redeemed the preferred shares issued in 2010 (1st and 2nd tranche) and re-issued the same amount of P5.0 million (5.0 million shares at P1 par value).

The preferred shares shall have the following features as provided in the subscription agreement:

- Non-convertible into common shares;
- Non-participating in any other corporation activities or other further dividends, non-voting, except in cases specified by law;
- No pre-emptive rights over the holders of common shares as to distribution of net assets in the event of dissolution or liquidation and in the payment of dividends at a specified rate. The BOD shall determine its issued value at the time of issuance and shall determine its dividend rates and the dividends shall be paid cumulatively;
- The preferred shares shall be redeemable at the Company's option under such terms as the BOD may provide at the time of issuance. It shall also be re-issuable when fully redeemed;
- Dividends on the preferred shares shall have a fixed rate of 8.25% per annum calculated in respect of each share with reference to the Issue Price thereof in respect to each dividend period;
- Dividends shall be payable every September 21, December 21, March 21 and June 21 of each year (each a "Dividend Payment Date"). The dividends on the Preferred Shares shall be calculated on a 30/360 day basis and shall be paid quarterly in arrears on the last day of each 3-month dividend period (each a Dividend Payment Date), as and if declared by the BOD. If the Dividend Payment Date is not a banking day, dividends shall be paid on the next succeeding banking day, without adjustment as to the amounts of dividends to be paid; and,
- The preferred shares shall have priority in the payment of dividends at the stipulated rate at the time of issuance and in the distribution of corporate assets in the event of liquidation and dissolution of the Company. As such, the BOD to the extent permitted by law shall declare dividends each quarter sufficient to pay the equivalent dividend. Dividends on the shares shall be cumulative. If for any reason the Company's BOD does not declare a dividend on the Preferred Shares for a particular dividend period, the Company shall not pay a dividend for said dividend period. However, on any future Dividend Payment Date on which dividends are declared, the holders of the shares shall receive the dividends accrued and unpaid to the holders of the Preferred Shares prior to such Dividend Payment Date. Holders of Preferred Shares shall not be entitled to participate in any other further dividends beyond the dividends specifically payable on the Preferred Shares.

Moreover, the subscription agreement requires that the Company undertakes to maintain a debt to equity ratio of 3:1 throughout the life of the preferred shares. The Company complied with this requirement in all applicable years presented.

- (e) On December 18, 2015, the Company issued and listed its 20.0 million perpetual preferred shares (P1.0 par value per share) Series 3 with the PSE (the 3rd tranche). The preferred shares' offer price is P100 per share and issued to various subscribers in two subseries – PNX3A and PNX3B (see Note 27.2).

The 3rd tranche of preferred shares have the same features with the 1st and 2nd tranche of preferred shares except for the following:

Dividend rates:	PNX3A	7.43% per annum
	PNX3B	8.11% per annum

Dividend payment dates: Dividends shall be payable on March 18, June 18, September 18 and December 18 on each year. The dividends on these shares shall be calculated on a 30/360 day basis and shall be paid quarterly in arrears on the last day of each three-month dividend period based on the offer price calculated in respect of each share for each dividend period, as and if declared by the Company's BOD.

The subscription agreement does not include financial, affirmative and negative covenants.

- (f) On December 3, 2018, the Company entered into a Subscription Agreement for a perpetual preferred shares with RCBC Capital Corporation, which was taken from the unissued portion of the authorized capital stock of the Company. The preferred shares with the same features under Note 28.1(e) were issued on December 5, 2018. The issuance was by way of private placement of P2,000.0 million, consisting of 2,000.0 million preferred shares at an offered price of P1,000.0 per share. Initial dividend rate is at 8.25% per annum. The subscription agreement does not include financial, affirmative and negative covenants.
- (g) On November 7, 2019, the Company issued and listed its 7.0 million perpetual preferred shares (P1.0 par value per share) Series 4 with the PSE. The preferred shares' offer price is P1,000.0 per share and issued to various subscribers (see Note 28.4).

The Series 4 of preferred shares have the same features with the 3 tranches of preferred shares except for the following:

Dividend rates:	PNX4	7.5673% per annum (Initial dividend rate)
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Unless the preferred shares are redeemed by the Company on the 3rd anniversary of the issue date, the applicable dividend rate shall be adjusted to the higher of the initial dividend rate and the simple average of the yield designated as "Final BVAL YTM" for the 7-year Republic of the Philippines peso-denominated domestic government bonds, for three (3) business days immediately preceding (and including) the 3rd anniversary of the issue date plus 850 basis points.

Dividend payment dates: Dividends shall be payable on February 7, May 7, August 7 and November 7 on each year. The dividends on these shares shall be calculated on a 30/360 day basis and shall be paid quarterly in arrears on the last day of each three-month dividend period based on the offer price calculated in respect of each share for each dividend period, as and if declared by the Company's BOD.

The subscription agreement does not include financial, affirmative and negative covenants.

- (h) On December 18, 2020, the Parent Company redeemed its listed perpetual preferred shares Series 3 Tranche A at P100.00 per share (see Notes 28.2 and 28.4).

28.2 Listing with PSE

On July 11, 2007, the Company offered a portion of its common stocks for listing with the PSE. Number of common shares registered was 29.0 million with an issue price of P9.80.

The Company successfully listed its perpetual preferred shares Series 3 with the PSE on December 18, 2015 (see Note 28.1).

On November 7, 2019, the Company has listed its Series 4 preferred shares with the PSE (see Note 28.1).

On December 18, 2020, the Company redeemed is listed perpetual preferred shares Series 3 Tranche A at P100.00 per share (see Notes 28.1 and 28.4).

The market prices of the shares as of December 31 are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
PNX (Common)	P 8.60	P 10.86	P 12.50
PNX 3B (Preferred)	65.30	102.5	103.60
PNX 4 (Preferred)	374.00	998.00	1,007.00

28.3 Track Registration of Shares

The number of shareholders as of December 31 are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Common	59	60	65
Preferred			
a) Second tranche	1	1	1
b) PNX 3B	4	4	4
c) PNX 4	5	5	5

In accordance with Securities Regulation Commission Rule 68, as amended, Annex 68-D; presented below is a summary of the Company's track record of registration of securities.

Transaction	Type of Stock Common or Preferred	No. of Shares Registered	Issue/Offer Price and Par Value	Date of Approval	Issued and Outstanding
Registered, not listed	Common	10,000,000	P 1 Par value 1 Issue price	1/11/2004	P 2,500,000
Registered, not listed	Common	40,000,000	1 Par value 1 Issue price	1/12/2006	25,000,000
Registered, not listed	Common	50,000,000	1 Par value 1 Issue price	8/7/2006	13,500,000
Registered, not listed	Common	300,000,000	1 Par value 1 Issue price	12/29/2006	75,000,000
Initial public offering	Common		1 Par value 9.80 Issue price	7/11/2007	29,000,000
30% stock dividends	Common		1 Par value	8/6/2008	43,000,198
40% stock dividends	Common		1	8/3/2009	73,660,476
Placement SSS	Common		1 5.60 Issue price	11/13/2009	7,500,000
Increase	Common	350,000,000	1 Par value	9/7/2010	
Increase	Preferred	50,000,000	1	9/7/2010	
40% stock dividends	Common		1	10/20/2010	107,664,266
30% stock dividends	Common		1	5/6/2011	113,047,475
Increase	Common	1,750,000,000	1	4/23/2012	
50% stock dividends	Common		1	4/26/2012	244,936,203
CSC Acquisitions	Common		1 1.01 Issue price	9/6/2012	171,250,798
Placements	Common		1 Par value 9.40 Issue price	3/11/2013	130,000,000
30% stock dividends	Common		1	6/10/2013	329,717,816
Payment for PPHI subscription	Common		1 Par value 5.10 Issue price	10/8/2013	63,000,000
Issuance	Preferred		1 Par value 100 Issue price	9/21/2010	5,000,000
Redeemed treasury shares	Treasury Shares		1 Par value	12/20/2013	(5,000,000)
Issuance	Preferred		1	12/20/2013	5,000,000
Issuance	Preferred		1 100 Issue price	12/18/2015	20,000,000
Redeemed treasury shares	Common		1 Par value	5/31/2016	(500,000)
Redeemed treasury shares	Common		1	6/13/2016	(500,000)
Redeemed treasury shares	Common		1	6/21/2016	(500,000)
Redeemed treasury shares	Common		1	6/23/2016	(1,100,000)
Redeemed treasury shares	Common		1	6/27/2016	(250,000)
Redeemed treasury shares	Common		1	6/28/2016	(500,000)
Redeemed treasury shares	Common		1	6/30/2016	(900,000)
Redeemed treasury shares	Common		1	7/1/2016	(897,700)
Redeemed treasury shares	Common		1	7/4/2016	(1,900)
Redeemed treasury shares	Common		1	7/5/2016	(498,900)
Redeemed treasury shares	Common		1	7/7/2016	(228,400)
Redeemed treasury shares	Common		1	7/8/2016	(2,650,000)
Redeemed treasury shares	Common		1	7/11/2016	(4,001,700)
Redeemed treasury shares	Common		1	7/12/2016	(2,000,000)
Redeemed treasury shares	Common		1	7/14/2016	(3,000,000)

(Amounts carried forward)

2,550,000,000

P1,436,248,632

Transaction	Type of Stock Common or Preferred	No. of Shares Registered	Issue/Offer Price and Par Value	Date of Approval	Issued and Outstanding
<i>(Amounts brought forward)</i>		<u>2,550,000,000</u>			<u>P1,436,248,632</u>
Redeemed treasury shares	Common		P 1 Par value	7/15/2016	(3,600,700)
Redeemed treasury shares	Common		1	7/19/2016	(1,000,000)
Redeemed treasury shares	Common		1	7/22/2016	(500,000)
Redeemed treasury shares	Common		1	8/1/2016	(150,000)
Redeemed treasury shares	Common		1	8/2/2016	(203,600)
Redeemed treasury shares	Common		1	8/5/2016	(500,000)
Redeemed treasury shares	Common		1	8/11/2016	(200,000)
Redeemed treasury shares	Common		1	8/12/2016	(500,000)
Redeemed treasury shares	Common		1	8/18/2016	(500,000)
Redeemed treasury shares	Common		1	8/19/2016	(1,000,000)
Redeemed treasury shares	Common		1	8/23/2016	(200,000)
Redeemed treasury shares	Common		1	8/26/2016	(500,000)
Redeemed treasury shares	Common		1	8/30/2016	(1,000,000)
Redeemed treasury shares	Common		1	8/31/2016	(287,300)
Redeemed treasury shares	Common		1	9/1/2016	(700,000)
Redeemed treasury shares	Common		1	9/2/2016	(760,000)
Redeemed treasury shares	Common		1	9/6/2016	(500,000)
Redeemed treasury shares	Common		1	9/7/2016	(200,000)
Redeemed treasury shares	Common		1	9/8/2016	(298,800)
Redeemed treasury shares	Common		1	9/9/2016	(1,000,000)
Redeemed treasury shares	Common		1	9/13/2016	(500,000)
Redeemed treasury shares	Common		1	9/19/2016	(1,000,000)
Redeemed treasury shares	Common		1	9/20/2016	(300,000)
Redeemed treasury shares	Common		1	9/21/2016	(600,000)
Redeemed treasury shares	Common		1	9/23/2016	(200,000)
Redeemed treasury shares	Common		1	9/26/2016	(100,000)
Redeemed treasury shares	Common		1	9/27/2016	(386,600)
Redeemed treasury shares	Common		1	9/28/2016	(1,000,000)
Redeemed treasury shares	Common		1	10/3/2016	(1,029,000)
Redeemed treasury shares	Common		1	10/4/2016	(700,000)
Redeemed treasury shares	Common		1	10/5/2016	(1,000,000)
Redeemed treasury shares	Common		1	10/6/2016	(600,000)
Redeemed treasury shares	Common		1	10/7/2016	(1,000,000)
Redeemed treasury shares	Common		1	10/10/2016	(650,000)
Redeemed treasury shares	Common		1	10/12/2016	(500,000)
Redeemed treasury shares	Common		1	10/13/2016	(1,000,000)
Redeemed treasury shares	Common		1	10/17/2016	(500,000)
Redeemed treasury shares	Common		1	10/20/2016	(500,000)
Redeemed treasury shares	Common		1	10/21/2016	(500,000)
Redeemed treasury shares	Common		1	10/24/2016	(500,000)
Redeemed treasury shares	Common		1	10/26/2016	(850,000)
Redeemed treasury shares	Common		1	10/27/2016	(500,000)
Redeemed treasury shares	Common		1	11/2/2016	(500,000)
Redeemed treasury shares	Common		1	11/7/2016	(300,000)
Redeemed treasury shares	Common		1	11/9/2016	(300,000)
Redeemed treasury shares	Common		1	11/10/2016	(100,000)
Redeemed treasury shares	Common		1	11/16/2016	(100,000)
Redeemed treasury shares	Common		1	11/17/2016	(300,000)
Redeemed treasury shares	Common		1	12/8/2016	(198,700)
Redeemed treasury shares	Common		1	12/9/2016	(700,000)
<i>(Amounts carried forward)</i>		<u>2,550,000,000</u>			<u>P1,406,233,932</u>

Transaction	Type of Stock Common or Preferred	No. of Shares Registered	Issue/Offer Price and Par Value	Date of Approval	Issued and Outstanding
<i>(Amounts brought forward)</i>		<u>2,550,000.000</u>			<u>P1,406,233.932</u>
Redeemed treasury shares	Common		P 1 Par value	12/19/2016	(500,000)
Redeemed treasury shares	Common		1	12/20/2016	(1,000,000)
Redeemed treasury shares	Common		1	12/21/2016	(1,000,000)
Redeemed treasury shares	Common		1	12/22/2016	(500,000)
Redeemed treasury shares	Common		1	12/23/2016	(3,000,000)
Redeemed treasury shares	Common		1	12/27/2016	(513,100)
Redeemed treasury shares	Common		1	12/28/2016	(336,900)
Redeemed treasury shares	Common		1	1/4/2017	(300,000)
Redeemed treasury shares	Common		1	1/5/2017	(18,800)
Redeemed treasury shares	Common		1	1/5/2017	(209,200)
Redeemed treasury shares	Common		1	1/9/2017	(111,800)
Redeemed treasury shares	Common		1	1/9/2017	(88,200)
Redeemed treasury shares	Common		1	1/10/2017	(200,000)
Redeemed treasury shares	Common		1	1/10/2017	(300,000)
Redeemed treasury shares	Common		1	1/12/2017	(500,000)
Redeemed treasury shares	Common		1	1/6/2017	(93,800)
Redeemed treasury shares	Common		1	1/6/2017	(206,200)
Redeemed treasury shares	Common		1	1/12/2017	(10,000)
Redeemed treasury shares	Common		1	1/12/2017	(125,500)
Redeemed treasury shares	Common		1	1/12/2017	(14,500)
Redeemed treasury shares	Common		1	1/13/2017	(200,000)
Redeemed treasury shares	Common		1	1/11/2017	(999,000)
Redeemed treasury shares	Common		1	1/11/2017	(107,000)
Redeemed treasury shares	Common		1	1/11/2017	(193,000)
Redeemed treasury shares	Common		1	1/16/2017	(286,000)
Redeemed treasury shares	Common		1	1/17/2017	(200,000)
Redeemed treasury shares	Common		1	1/23/2017	(300,000)
Redeemed treasury shares	Common		1	1/24/2017	(500,000)
Redeemed treasury shares	Common		1	1/25/2017	(500,000)
Redeemed treasury shares	Common		1	1/27/2017	(1,000,000)
Redeemed treasury shares	Common		1	1/31/2017	(300,000)
Redeemed treasury shares	Common		1	2/2/2017	(500,000)
Redeemed treasury shares	Common		1	2/6/2017	(500,000)
Redeemed treasury shares	Common		1	2/16/2017	(800,000)
Redeemed treasury shares	Common		1	2/23/2017	(750,000)
Redeemed treasury shares	Common		1	2/24/2017	(500,000)
Redeemed treasury shares	Common		1	2/27/2017	(300,000)
Redeemed treasury shares	Common		1	3/21/2017	(500,000)
Redeemed treasury shares	Common		1	3/23/2017	(187,100)
Redeemed treasury shares	Common		1	3/27/2017	(500,000)
Redeemed treasury shares	Common		1	3/31/2017	(1,000,000)
Redeemed treasury shares	Common		1	3/31/2017	(1,000,000)
Redeemed treasury shares	Common		1	3/31/2017	(500,000)
Redeemed treasury shares	Common		1	4/12/2017	(500,000)
Redeemed treasury shares	Common		1	4/18/2017	(500,000)
Redeemed treasury shares	Common		1	5/3/2017	(1,000,000)
Issuance	Common		1	7/1/2017	2,160,000
Issuance	Common		1	7/1/2017	601,000
Sale of treasury shares	Common		1	11/6/2017	<u>70,193,400</u>
<i>(Amounts carried forward)</i>		<u>2,550,000.000</u>			<u>P1,456,538.232</u>

Transaction	Type of Stock Common or Preferred	No. of Shares Registered	Issue/Offer Price and Par Value	Date of Approval	Issued and Outstanding
(Amounts brought forward)		<u>2,550,000,000</u>			<u>P1,456,538,232</u>
Issuance	Common	P 1	Par value	5/23/2018	73,000
Issuance	Common	1		6/30/2018	2,128,000
Redeemed treasury shares	Common	1		9/12/2018 (	25,000,000)
Issuance	Common	1		9/30/2018	447,000
Redeemed treasury shares	Common	1		11/21/2018 (	3,500,000)
				(25,000,000)	
Redeemed treasury shares	Common	1		11/21/2018 (	2,500,000)
Issuance	Preferred	1		12/5/2018	2,000,000
		1,000	Issue price		
Issuance	Common	1	Par value	12/31/2018	118,000
Redeemed treasury shares	Treasury Shares	1		12/20/2018 (	5,000,000)
Issuance	Common	1		7/1/2019	2,572,000
Redeemed treasury shares	Preferred	1		8/15/2019 (	500,000)
		1,000	Issue price		
Issuance	Common	1	Par value	11/4/2019	328,000
Redeemed treasury shares	Preferred	1		11/6/2019 (	1,500,000)
		1,000	Issue price		
Issuance	Preferred	1	Par value	11/8/2019	7,000,000
		1,000	Issue price		
Issuance	Common	1	Par value	7/31/2020	1,773,000
Sale of treasury shares	Treasury Shares	1		12/1/2020	31,000,000
Redeemed preferred shares	Preferred	1		12/18/2020 (	12,500,000)
Issuance	Common	1		3/31/2021	811,000
Issuance	Common	1		9/22/2021	1,773,900
Issuance	Common	1		3/31/2021	353,200
Issuance	Common	1	Par value	3/3/2022	155,600
Issuance	Common	1	Par value	8/5/2022	<u>145,400</u>
Total		<u>2,550,000,000</u>			<u>P1,456,716,332</u>

28.4 Additional Paid-in Capital

In 2022, the Company issued 0.3 million of its common shares for a total consideration amounting to P1.7 million. Additional paid in capital as a result of the issuance amounted to P1.4 million. The fair value of stock options exercised in 2022, which was previously recorded as part of Retained Earnings was reclassified to Additional Paid-in Capital account in the statements of financial position. The total amount reclassified from Retained Earnings amounted to P0.4 million, which is computed at P3.05 per stock option.

In 2021, the Company issued 2.9 million of its common shares for a total consideration amounting to P25.6 million. Additional paid in capital as a result of the issuance amounted to P22.7 million. The fair value of stock options exercised in 2021, which was previously recorded as part of Retained Earnings was reclassified to Additional Paid-in Capital account in the 2021 statement of financial position. The total amount reclassified from Retained Earnings amounted to P5.0 million, which is computed at P3.05 per stock option.

On December 18, 2020, the Company redeemed its listed perpetual preferred shares Series 3 Tranche A at P100.0 per share for a total consideration paid of P1,250.0 million (see Notes 28.1 and 28.2). The payment in excess of the par value of the redeemed share was recorded as reduction under the Additional Paid-in Capital account amounting to P1,237.5 million.

On December 1, 2020, the Company sold 31,000,000 treasury common shares at market price of P12.50 per share, at the exchange facilities, resulting to an additional premium of P43.2 million (see Note 28.1).

In 2020, the Company issued 1.8 million of its common shares at exercise price of P5.68 per stock option resulting in additional premium of P13.7 million (Notes 27.1 and 28.7). The fair value of stock options exercised in 2020, which was previously recorded as part of Retained Earnings was reclassified to Additional Paid-in Capital account in the 2020 statements of financial position. The total amount reclassified from Retained Earnings amounted to P5.4 million, which is computed at P3.05 per stock option.

In 2019, the Company issued 7.0 million of its preferred shares at P1,000.00 per share. Premiums received in excess of the par value amounting to P6,784.7 million, net of stock issue cost of P208.3 million, were recorded as part of Additional Paid-in Capital account in the 2019 statement of financial position. In addition, the Company also redeemed 2.0 million shares at P1,000.0 per share for a total consideration paid of P2,000.0 million. The payment in excess of the par value of the redeemed share was recorded as reduction under the Additional Paid-in Capital account amounting to P1,998.0 million.

In 2019, the Company issued 2.9 million of its common shares at exercise price of P5.68 per stock option resulting to an additional premium of P22.4 million (Notes 28.1 and 28.7). The fair value of stock options exercised in 2019, which was previously recorded as part of Retained Earnings was reclassified to Additional Paid-in Capital account in the statements of financial position. The total amount reclassified from Retained Earnings amounted to P8.9 million, which is computed at P3.05 per stock option.

In 2018, the Company issued 2.0 million of its preferred shares at P1,000.0 per share. Premiums received in excess of the par value amounting to P1,998.0 million were recorded as part of Additional Paid-in Capital account in the 2018 statement of financial position. In addition, the Company also redeemed 5,000.0 million shares at P100.0 per share for a total consideration paid of P500.0 million. The payment in excess of the par value of the redeemed share was recorded as reduction under the Additional Paid-in Capital account amounting to P495.0 million.

In 2018 and 2017, the Company issued 2.8 million of its common shares at exercise price of P5.68 per stock option resulting to an additional premium of P21.4 million and P12.9 million, respectively (see Notes 28.1 and 28.8). The fair value of stock options exercised in 2018 and 2017, which was previously recorded as part of Retained Earnings was reclassified to Additional Paid-in Capital account in the statements of financial position. The total amount reclassified from Retained Earnings amounted to P8.4 million, which is computed at P3.05 per stock option.

In 2017, the Company redeemed 70.2 million of its treasury shares at a total cost of P807.2 million. Premiums received in excess of the cost of treasury shares amounting to P367.1 million were recorded under Additional Paid-in Capital account in the 2017 statement of financial position (see Note 28.1).

In 2015, the Company issued 20.0 million of its preferred shares at P100.0 per share. Premiums received in excess of the par value during the public offering amounting to P1,952.9 million were recorded under Additional Paid-in Capital account in the 2015 statement of financial position.

In 2013, the Company issued 130.0 million of its common shares at P9.40 per share and 63.0 million common shares at P5.10 per share. The excess of the par value for such subscriptions amounting to P1,350.3 million was recorded as part of Additional Paid-in Capital account in the 2013 statement of changes in equity. In addition, direct cost of the share issuances amounting to P34.1 million was deducted from the Additional Paid-in Capital account.

In 2012, the Company issued 171.3 million shares in favor of Udenna Management and Resources Corporation in relation to the share-for-share swap acquisition of Civil Service Commission (CSC). The business combination under common control was accounted for under pooling of interest-type method. The excess of par value of such issuance amounted to P1,248.9 million was recorded as part of the beginning balance of the Additional Paid-in Capital account.

In 2010, the Company issued 5.0 million of its preferred shares at P100.0 per share. The excess of par value for such subscription amounting to P495.0 million was recorded as part of Additional Paid-in Capital account in the statements of financial position. In addition, the excess of the selling price over the acquisition cost of the treasury shares sold in 2010 also constitutes the Additional Paid-in Capital account. The preferred shares issued in 2010 were redeemed on December 20, 2013 and on the same date, the same share and value of preferred shares were issued, except for the reduced rate.

In 2009, the Social Security System has bought an initial 2.83% stake in the Company representing 7.5 million subscribed common shares for P42.0 million or at P5.60 per share. The excess of par value for such subscription amounting to P34.5 million was recorded under Additional Paid-in Capital account in the statements of financial position.

In 2007, the Company listed its shares of stock with PSE. Premiums received in excess of the par value during the public offering amounting to P227.1 million were recorded under Additional Paid-in Capital account in the statements of financial position.

28.5 Revaluation Reserves

The components and reconciliation of items of other comprehensive income presented in the statements of changes in equity at their aggregate amount under Revaluation Reserves are shown below:

	Revaluation of Land	Actuarial Gain or Loss on Defined Benefit Obligation	Total
Balance as of January 1, 2022	P 1,133,198,359	(P 23,083,969)	P 1,110,114,390
Revaluation increment	474,602,884	-	474,602,884
Remeasurements of defined post-employment obligation	-	67,660,848	67,660,848
Tax income (expense)	(118,650,721)	(16,915,212)	(135,565,933)
Other comprehensive income after tax	355,952,163	50,745,636	406,697,799
Balance as of December 31, 2022	P 1,489,150,522	P 27,661,667	P 1,516,812,189
Balance as of January 1, 2021	P 1,012,745,467	(P 100,350,761)	P 912,394,706
Revaluation increment	152,681,392	-	152,681,392
Remeasurements of defined post-employment obligation	-	15,119,686	15,119,686
Tax income (expense)	(32,228,500)	62,147,106	29,918,606
Other comprehensive income after tax	120,452,892	77,266,792	197,719,684
Balance as of December 31, 2021	P 1,133,198,359	(P 23,083,969)	P 1,110,114,390

	Revaluation of Land	Actuarial Gain or Loss on Defined Benefit Obligation	Total
Balance as of January 1, 2020	P 905,972,787	(P 57,996,245)	P 847,976,542
Revaluation increment	152,532,400	-	152,532,400
Remeasurements of defined post-employment obligation	-	(60,506,451)	(60,506,451)
Tax income (expense)	(45,759,720)	18,151,935	(27,607,785)
Other comprehensive income (loss) after tax	106,772,680	(42,354,516)	64,418,164
Balance as of December 31, 2020	P 1,012,745,467	(P 100,350,761)	P 912,394,706

28.6 Retained Earnings

In 2022, a total of P576.6 million cash dividends were declared by the Company's BOD and distributed to 2nd, 3rd and 4th tranche preferred stockholders. No cash dividends on common shares and stock dividends were declared and distributed in 2022.

In 2021, a total of P587.2 million cash dividends were declared by the Company's BOD and distributed to 2nd, 3rd and 4th tranche preferred stockholders. No cash dividends on common shares and stock dividends were declared and distributed in 2021.

In 2020, a total of P683.3 million cash dividends were declared by the Company's BOD and distributed to 2nd, 3rd and 4th tranche preferred stockholders. No cash dividends on common shares and stock dividends were declared and distributed in 2020.

The Company's retained earnings are restricted to the extent of the cost of the treasury shares as of the end of the reporting periods.

28.7 ESOP

On January 24, 2013, the Company's BOD approved the ESOP for its eligible employees.

The initial offering date of the option was on July 1, 2016 and will vest five years from the date of grant. Pursuant to this ESOP, on July 1, 2016, the Company granted share options to certain key executives to subscribe to 24.5 million common shares of the Company equivalent to 2.2% of the total issued shares, at an exercise price of P5.7 per share.

Stock options will be granted in two tranches until July 1, 2021. The allocation for Tranche 1 every year is computed at 10.00% of the total available shares for exercise. Meanwhile, the allocation for Tranche 2 is based on the forecasted assessment of the executives' performance rating for five years.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The following principal assumptions were used in the valuation:

Life of the option	5 years
Current share price at grant date	P6.25
Exercise price at grant date	P5.68
Standard deviation of the rate of return	0.40
Risk-free interest rate	3.80%

The underlying expected volatility was determined by reference to historical date of the Company's shares over a period of time consistent with the option life.

A total of nil, P3.1 million, and P7.7 million share-based executive compensation is recognized in 2022, 2021, and 2020, respectively, and presented as part of Employee benefits under Selling and Administrative Expenses account in the statements of comprehensive income (see Note 23.2), respectively, with a corresponding credit to Retained Earnings account.

28.8 Capital Management Objectives, Policies and Procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and,
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position. Capital for the reporting periods under review is summarized below.

	<u>2022</u>	2021 [As Restated – See Note 2.1 (b)]
Total liabilities	P 62,511,548,434	P 60,566,697,572
Total equity	<u>12,836,426,065</u>	<u>15,904,590,863</u>
Debt-to-equity ratio	<u>P 4.87 : 1.00</u>	<u>P 3.81 : 1.00</u>

In 2022, the increase in total liabilities is attributable to the increase of trade and other payables and trust receipts amounting to P382.6 million and P1,064.9 million due to the increase in inventory levels and increase of interest. The decrease in equity is due to cash dividends declared to preference shares during the year and the absorption of net loss during the year.

In 2021, the increase in total liabilities is attributable to the increase of trade payables amounting to P7.4 billion due to the increase in inventory levels as a result of easing COVID-19 travel and community restrictions. The decrease in equity is due to cash dividends declared to preference shares during the year and the absorption of net loss during the year.

The Company's goal in capital management is to maintain a debt-to-equity structure ratio that is in line with the Company's covenants related to its bank borrowings. As of December 31, 2022, the Company was not able to comply with the outstanding debt covenants with the banks (see Note 17.2).

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

29 LOSS PER SHARE

Loss per share was computed as follows:

	<u>2022</u>	2021 [As Restated – See Note 2.1(b)]	2020 [As Restated – See Note 2.1(b)]
a) Net loss pertaining to common shares	(P 3,476,572,278)	(P 506,464,358)	(P 251,189,274)
b) Net loss attributable to common shares and potential common shares	(3,476,572,278)	(506,464,358)	(251,189,274)
c) Weighted average number of outstanding common shares	1,440,265,058	1,440,265,058	1,438,191,470
d) Weighted average number of outstanding common and potential common shares	1,440,265,058	1,440,791,113	1,438,435,515
Basic earnings (loss) per share (a/c)	(P <u>2.41</u>)	(P <u>0.35</u>)	(P <u>0.17</u>)
Diluted earnings (loss) per share (b/d)	(P <u>2.41</u>)	(P <u>0.35</u>)	(P <u>0.17</u>)

The potential dilutive common shares totalling 526,055 and 244,045 shares in relation to the unexercised share warrants were considered in the computation of diluted loss per share in 2021 and 2020, respectively. There are no potential dilutive common shares in 2022.

30 COMMITMENTS AND CONTINGENCIES

30.1 Capital Commitments

As of December 31, 2022, the Company has commitments of more than P1,046.6 million for its expansion on petroleum retail network, depot, terminalling and logistics facilities, information technology infrastructure and other major expansions related to its business development. The Company has a network of 595 operating retail service stations as of December 31, 2022. An additional of three retail service stations are under various stages of completion as of December 31, 2022.

The Company plans to expand further its petroleum retail service stations and carry out its investments in its subsidiaries to put up depot and terminalling facilities in strategic locations and complete its chain of logistical support to strengthen its foothold in the industry.

30.2 Unused LCs

As of December 31, 2022 and 2021, the Company has unused LCs amounting to P43.9 million and P208.6 million, respectively (see Note 17.3).

30.3 Operating Lease Commitments – Company as Lessor

The Company is a lessor under several operating leases with third parties. The leases have terms ranging from one to five years, with renewal options, and include annual escalation rates of 5.00% to 10.00%. The future minimum rentals receivable under these cancelable operating leases are presented below.

	<u>2022</u>	<u>2021</u>
Within one year	P 123,425,986	P 133,607,654
After one year but not more than two years	91,147,186	114,435,895
After two years but not more than three years	47,863,081	88,517,527
After three years but not more than four years	23,739,085	46,707,800
After four years but not more than five years	18,387,778	22,353,729
More than five years	<u>55,616,997</u>	<u>72,844,642</u>
	<u>P 360,180,113</u>	<u>P 478,467,247</u>

Rent income for 2022, 2021 and 2020 amounting to P185.6 million, P170.2 million and P116.2 million, respectively, is presented as part of Rent and Storage Income in the statements of comprehensive income. Rent income recognized in 2022, 2021, and 2020 from sublease of right-of-use assets amounted to P181.1 million, P167.2 million, and P118.3 million, respectively. No impairment on right-of-use assets related to subleased properties were recognized in all presented years.

30.4 Lawsuits

In the opinion of the Company's management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Company's financial position and results of operations.

In May 2011, the Bureau of Customs (BOC) filed before the Department of Justice (DOJ) a complaint against the Company's President and Chief Executive Officer and other respondents for alleged violation of Sections 3602, 2501(l)(1) & (5), 1801, 1802 and 3604 of the Tariff and Customs Code of the Philippines. In November 2012, the DOJ dismissed the case for lack of probable cause against all respondents. In April 2013, the DOJ, upon motion for reconsideration filed by the BOC, reversed its earlier resolution and recommended the filing of Criminal Information against the respondents. Criminal Information for alleged violations of Section 3602, in relation to Sections 3601, 2530 1 (l) & 5, 1801 and 3604 of the Tariff and Customs Code of the Philippines, were filed before the Regional Trial Courts (RTC) of Batangas and Davao City in August 2013. Separately, in September and October 2013, RTC Batangas and Davao City, respectively, have dismissed all charges against the Company's President and Chief Executive Officer.

On October 7, 2013, the DOJ filed a Motion for Reconsideration with Motion for Inhibition of Judge Ruben A. Galvez dated October 7, 2013 with RTC Batangas. On the other hand, on November 15, 2013, the DOJ filed a Motion for Reconsideration with Motion for Inhibition of Judge George A. Omelio dated November 15, 2013 with RTC Davao. On December 6, 2013, RTC Batangas issued an Order dated December 6, 2013 denying the DOJ's Motion for Reconsideration with Motion for Inhibition. On July 7, 2014, RTC Batangas issued a Certificate of Finality of even date stating that its Order dated December 6, 2013 affirming the Order dated September 17, 2013 is now final and executory since no appeal was filed.

On August 18, 2014, RTC Davao issued an order of even date denying the DOJ's Motion for Reconsideration. The Office of the Solicitor General, on behalf of the People of the Philippines, filed the Petition for Certiorari dated October 27, 2014 with the Court of Appeals seeking the reversal of the Orders dated October 4, 2013 and August 18, 2014 issued by public respondents Judges Omelio and Hon. Loida S. Posadas-Kahulugan. On October 24, 2016, the Company received the decision of the Court of Appeals denying the Petition for Certiorari dated October 27, 2014. On November 10, 2016, Mr. Uy received a copy of the Motion for Reconsideration filed with the Court of Appeals (CA).

A Motion for Reconsideration filed by the DOJ and the BOC, seeking the reversal of the decision dated July 25, 2014 of the Court of Appeals' Special Former Special Tenth (10th) Division in the Consolidated Petitions of Dennis Uy, docketed as CA-G.R. SP No. 131702, and Jorlan Cabanes, docketed as CA-G.R. SP No. 129740, with the Court of Appeals, which involve the same basic facts and issues as those raised in CA-G.R. SP No. 06500-MIN. On July 23, 2015, the Company received a resolution denying the said Motion for Reconsideration.

On October 8, 2015, the DOJ and the BOC filed a Petition for Review on Certiorari with the SC, seeking to set aside the Decision dated July 24, 2014 and Resolution dated July 2, 2015 issued by the CA. On October 12, 2016, the Court denied the Petition for Certiorari and further denied petitioner's Motion for Reconsideration on January 25, 2017.

On October 8, 2015, the SOJ and the BOC filed a Petition for Review on Certiorari with the Supreme Court, seeking to set aside the Decision dated July 24, 2014 and Resolution dated July 2, 2015 issued by the Court of Appeals. On October 12, 2016, the Court denied the Petition for Certiorari and further denied petitioner's Motion for Reconsideration on January 25, 2017.

On April 4, 2017, the Company received a copy of the Petition for Review on Certiorari dated March 27, 2017 filed by petitioner docketed as GR No. 229705 with the SC, Manila, 3rd Division. As of December 31, 2017, the Company is awaiting for the SC's issuance on the resolution directing the Company to file Comment to the Petition for Review.

In a "Manifestation in Lieu of Reply" filed by the Office of the Solicitor General on July 10, 2019, the Department of Justice (DOJ) has prayed that their manifestation be duly considered and to dismiss all three (3) petitions without prejudice to the possible filing, if the Court desires, of supplemental memoranda from the parties.

On February 10, 2020, the case was set for the continuation of plaintiff's evidence. The counsel for the defendant, on the other hand, moves to defer his cross examination as they requested for an opportunity with the plaintiff's to discuss possible means of settling the case. The defendant's counsel requested for a June 2020 setting of the defendant to have ample time to exhaust this opportunity for amicable settlement, and the same was granted by the court.

Finally, on December 10, 2021, a final verdict has been issued by the Third Division of the Supreme Court on the petitions for Review on Certiorari filed by former DOJ Secretary Leila De Lima, BOC, and the People of the Philippines (De Lima, et. Al), wherefore, denying the petitions of the later parties and affirming the Court of Appeal Decisions and Resolutions in CA-G.R SP No. 129740 and CA-G.R. SP No. 131702 and CA-G.R. SP No. 06500-MIN for the dismissal of alleged violations of the Tariff and Customs Code.

Other court cases typical and customary in the course of the business operations of the Company such as those, among others, involving collection, qualified theft and reckless imprudence have been filed by and against the Company by and against its employees and/or third parties. While the results of these litigations cannot be predicted with certainty, the Company believes that once there is a final verdict, such will not materially affect the financial statements.

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not given recognition in the financial statement. As of December 31, 2022 and 2021, the management believes that losses, if any, that may arise from these commitments and contingencies will not have material effects on the financial statements.

31 EVENT AFTER THE END OF REPORTING PERIOD

On April 24, 2023, the Company's BOD approved the amendment of payment date of the declared cash dividends amounting to P132.4 million or P18.92 per share to the holders of Series 4 redeemable preferred shares on record as of November 31, 2022. The dividends, which is payable on April 27, 2023, shall be taken out of the unrestricted earnings of the Company as of December 31, 2022.

32 SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the supplementary information on taxes, duties and license fees paid or accrued during the taxable year, which is required by the Bureau of Internal Revenue (BIR) under Revenue Regulation (RR) No. 15-2010 to disclose as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) Output VAT

In 2022, the Company declared output VAT as follows:

	<u>Tax Base</u>	<u>Output VAT</u>
Sale of Goods		
Taxable sales	P 25,907,244,758	P 3,108,869,371
Zero-rated sales	<u>2,064,474,359</u>	<u>-</u>
	27,971,719,117	3,108,869,371
Rendering of services	1,573,780,718	188,853,686
Other operating income	<u>245,016,196</u>	<u>29,401,944</u>
	<u>P 29,790,516,031</u>	<u>P 3,327,125,001</u>

The Company's VAT zero-rated sales were determined pursuant to Section 106 (A)(2)(a), *Zero-rated VAT on Sale of Goods*, of the 1997 National Internal Revenue Code, as amended.

(b) Input VAT

The movements in Input VAT in 2022 are summarized below.

Balance at beginning of year	P 3,736,084,804
Goods for resale	1,393,009,964
Input VAT on imported goods	1,010,229,041
Goods other than for resale or manufacture	573,922,955
Services lodged under other accounts	208,438,432
Capital goods subject to amortization	9,181,810
Services lodged under cost of goods sold	3,079,529
Applied against output VAT	(3,327,125,001)
Tax credit/VAT withholding	<u>1,398,327</u>
Balance at end of year	<u>P 3,608,219,861</u>

(c) Taxes on Importation

Under its BOI registration, the Company's importation is exempt from custom duties and tariff fees. However, in 2022, the total landed cost of the Company's imported inventory for use in business amounted to P1,010,229,118. Furthermore, the Company's landed cost is included as part of the inventory cost.

(d) *Excise Tax*

The excise tax amounting to P1,125,906,148, which pertains to purchases of petroleum and lubricant products from imported excisable items, form part of the inventory cost.

(e) *Documentary Stamp Tax*

As of December 31, 2022, documentary stamp taxes (DST) paid and accrued are broken down as follows:

	<u>Note</u>	
Loan instruments		P 202,743,594
Insurance policies		7,684,640
Deficiency taxes		6,134,264
Lease agreements		92,899
Other transactions		<u>19,181</u>
	31(f)	<u>P 216,674,578</u>

(f) *Taxes and Licenses*

The details of the taxes and licenses account in 2022 are as follows:

	<u>Note</u>	
Documentary stamp tax	31(e)	P 216,674,578
Real property taxes		75,907,864
Deficiency taxes	31(h)	71,553,657
Real estate taxes		17,530,762
Municipal license and permits		10,873,290
Capital gains tax		3,152,000
Fringe benefits tax		737,045
Miscellaneous		<u>51,016,905</u>
		<u>P 447,446,101</u>

(g) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2022 are shown below.

Expanded	P 233,481,253
Final	78,512,292
Compensation and employee benefits	<u>70,601,502</u>
	<u>P 382,595,047</u>

(h) *Deficiency Tax Assessments and Tax Cases*

As of December 31, 2022, the Company has a final deficiency tax assessment amounting to P71,553,657, inclusive of penalties, surcharges and interests, which pertains to taxable years 2018 and 2020. These tax assessments are broken down as follows:

	<u>Note</u>	
VAT	P	21,104,944
WT- expanded		14,888,958
Income tax		13,891,276
DST		10,481,189
Excise tax		5,226,671
Donor's tax		3,086,142
WT- compensation		1,209,136
Fringe benefits tax		1,170,341
Others		<u>495,000</u>
31(f)	P	<u>71,553,657</u>

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

Punongbayan & Araullo

20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

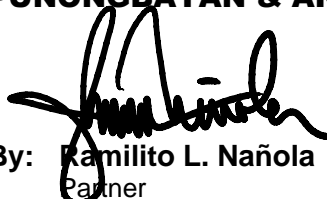
The Board of Directors and Stockholders

P-H-O-E-N-I-X Petroleum Philippines, Inc.

Stella Hizon Reyes Road
Barrio Pampanga, Davao City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of P-H-O-E-N-I-X Petroleum Philippines, Inc. for the year ended December 31, 2022, on which we have rendered our report dated August 16, 2023. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Reconciliation of Retained Earnings Available for Dividend Declaration for the year ended December 31, 2022 is presented for purposes of additional analysis in compliance with the requirements under the Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO


By: Ramilito L. Nañola
Partner

CPA Reg. No. 0090741
TIN 109-228-427
PTR No. 9566640, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 90741-SEC (until financial period 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-019-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

August 16, 2023

P-H-O-E-N-I-X Petroleum Philippines, Inc.
Stella Hizon Reyes Road, Barrio Pampanga, Davao City
Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2022

UNAPPROPRIATED RETAINED EARNINGS, BEGINNING	P	5,662,268,107	
Prior Year's Outstanding Reconciling Items, net of tax			
Unrealized foreign exchange loss - net (except those attributable to cash and cash equivalents)		181,819,902	
Other unrealized gains or adjustment to retained earnings as a result of day one loss on financial instrument - net	(	4,235,711)
Equity share in net profit of joint venture, net of tax	(	<u>11,633,669</u>)
UNAPPROPRIATED RETAINED EARNINGS AS ADJUSTED TO AVAILABLE FOR DIVIDEND DISTRIBUTION, BEGINNING		5,828,218,629	
Net loss based on the audited Statement of Comprehensive Income	(P	<u>2,900,013,028</u>)
Less: Non-actual/unrealized income net of tax			
Equity share in net profit of joint venture	(	10,252,308)
Other unrealized gains or adjustment to retained earnings as a result of day one gain on financial instrument	(	6,534,583)
Add: Non-actual losses			
Unrealized foreign exchange loss - net (except those attributable to cash and cash equivalents)		150,738,619	
Other unrealized loss or adjustment to retained earnings as a result of day one loss on financial instrument		<u>3,522,720</u>	
Subtotal		<u>137,474,448</u>	
Net loss actually incurred during the year	(	<u>2,762,538,580</u>)
Add/Less:			
Effect of prior year adjustments	(	3,209,125,436)
Dividend declarations during the year – Preferred shares cash dividends	(	<u>576,559,250</u>)
UNAPPROPRIATED DEFICIT AS ADJUSTED, ENDING	(P	<u><u>720,004,637</u></u>)

18 August 2023

Securities & Exchange Commission

7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City, 1209

Philippine Stock Exchange

Disclosure Department
6/F PSE Tower, 28th Street corner 5th Avenue,
BGC, Taguig City, Metro Manila

Attention: Hon. Vicente Graciano P. Felizmenio, Jr.

Director, Market and Securities Regulation Department
Securities & Exchange Commission

Ms. Alexandra D. Tom Wong

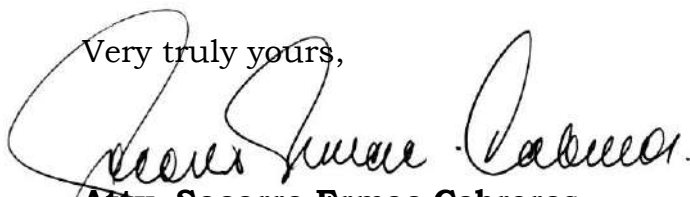
Officer-in-Charge, Disclosure Department
Philippine Stock Exchange

Sir and Madam:

We are herewith submitting the Company's 2nd quarter report for period ended 30 June 2023 (SEC Form 17-Q) in compliance with the Securities Regulation Code and Revised Disclosure Rules.

Thank you and warm regards.

Very truly yours,



Atty. Socorro Ermac Cabreros
Corporate Secretary

COVER SHEET

A	2	0	0	2	0	7	2	8	3
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S.E.C. Registration Number

P	-	H	-	O	-	E	-	N	-	I	-	X		P	E	T	R	O	L	E	U	M				
P	H	I	L	I	P	P	I	N	E	S				I	N	C	.									

P-H-O-E-N-I-X Petroleum Philippines, Inc.

(Company's Full Name)

S	T	E	L	L	A		H	I	Z	O	N			R	E	Y	E	S			R	D	.			
B	O			P	A	M	P	A	N	G	A			L	A	N	A	N	G							
D	A	V	A	O				C	I	T	Y															

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

SOCORRO ERMAC CABREROS

Contact Person

(082) 235-8888

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year Ending

SEC FORM 17-Q

FORM TYPE

4

Month

Annual Meeting

last Friday

XX

Day

CERTIFICATE OF PERMIT TO OFFER SECURITIES FOR SALE

Secondary License Type, if applicable

Dept. Requiring this Doc

N/A

Amended Articles Number/Section

68

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q, AS AMENDED

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

1. For the quarterly period ended: 30 June 2023
2. SEC identification number: A200207283
3. BIR Tax Identification No. 006-036-274
4. Exact name of issuer as specified in its charter **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**
5. Province, country or other jurisdiction of incorporation or organization Davao City, Philippines.
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office: Stella Hizon Reyes Road, Bo.
Pampanga, Lanang, Davao City
Postal Code: 8000
8. Issuer's telephone number, including area code: (082) 235-8888
9. Former name, former address and former fiscal year, if changed since last report: Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each class	Number of Shares Outstanding
COMMON	1,442,216,332.00
PREFERRED	14,500,000.00

Amount of Debt Outstanding as of
30 June 2023:

Php72,260,589,052.00

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

Yes [☒] No [☐]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange
Common Shares
Preferred Shares

12. Check whether the issuer has:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 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 twelve (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 ninety (90) days:

Yes [☒] No [☐]

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P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of JUNE 30, 2023
(With Comparative Figures as of December 31, 2022 (AUDITED))
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	6	P 4,114,102,410	4,180,736,772
Trade and other receivables - net	6	18,875,077,818	18,718,914,355
Inventories - net	7	1,008,485,606	1,448,973,140
Due from related parties - net	12	14,769,053	2,861,779
Restricted Deposits		96,307,963	78,069,076
Input VAT-Net		3,589,797,119	3,951,612,713
Derivative Asset		28,793,134	96,513,941
Prepayments and other current assets		3,074,385,792	2,896,265,261
		<u>30,801,718,895</u>	<u>31,373,947,037</u>
Non-current Asset Held for Disposal		310,048,000	675,697,000.0
Total Current Assets		<u>31,111,766,895</u>	<u>32,049,644,037</u>
NON-CURRENT ASSETS			
Property, plant and equipment - net	8	31,941,030,714	32,797,051,654
Right-of-use assets - net	8	1,132,630,473	1,191,123,363
Investment properties		913,579,640	913,579,640
Intangible assets - net	9	130,175,457	142,330,029
Investments in joint ventures		1,586,301,016	1,644,897,326
Goodwill - net		4,412,034,204	4,412,034,206
Deferred tax assets - net		2,438,330,062	1,930,281,336
Other non-current assets	5	10,584,131,271	10,711,046,222
		<u>53,138,212,837</u>	<u>53,742,343,776</u>
Total Non-current Assets		<u>53,138,212,837</u>	<u>53,742,343,776</u>
TOTAL ASSETS		<u>P 84,249,979,732</u>	<u>P 85,791,987,813</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	10	P 29,447,946,806	29,203,788,366
Trade and other payables		18,434,839,396	19,285,458,425
Lease liabilities	11	101,922,752	91,730,809
Income tax payable		59,193,186	97,093,775
		<u>48,043,902,140</u>	<u>48,678,071,375</u>
Total Current Liabilities		<u>48,043,902,140</u>	<u>48,678,071,375</u>
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	10	19,269,038,417	19,624,220,044
Lease liabilities	11	1,224,262,260	1,259,611,713
Deferred tax liabilities - net		899,015,947	903,747,130
Other non-current liabilities	5	2,824,370,288	1,246,405,687
		<u>24,216,686,912</u>	<u>23,033,984,574</u>
Total Non-current Liabilities		<u>24,216,686,912</u>	<u>23,033,984,574</u>
Total Liabilities		<u>72,260,589,052</u>	<u>71,712,055,949</u>
EQUITY			
Equity attributable to parent company			
Capital stock	13	1,456,716,332	1,456,716,332
Additional paid-in capital		10,886,771,041	10,886,771,041
Revaluation reserves		2,980,470,638	3,001,315,167
Retained earnings (Deficit)		<u>(3,606,097,748)</u>	<u>(1,544,703,677)</u>
		11,717,860,263	13,800,098,863
Non-controlling interest		271,530,417	279,833,001
Total Equity		<u>11,989,390,680</u>	<u>14,079,931,864</u>
TOTAL LIABILITIES AND EQUITY		<u>P 84,249,979,732</u>	<u>P 85,791,987,813</u>

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JUNE 30, 2023 AND 2022
UNAUDITED
(Amounts in Philippine Pesos)

		YTD Jan-June		April - June	
	Notes	2023	2022	2023	2022
REVENUES					
Sale of goods	4	P 26,487,639,991	75,204,480,475	14,141,503,103	39,189,176,013
Fuel service and other revenues	4	955,500,529	861,896,457	388,797,641	438,605,942
Rent income	4	114,114,324	118,945,250	70,526,790	75,752,506
		<u>27,557,254,844</u>	<u>76,185,322,182</u>	<u>14,600,827,534</u>	<u>39,703,534,461</u>
COST AND EXPENSES					
Cost of sales and services	5	25,615,719,010	72,308,763,348	13,701,104,489	37,611,185,095
Selling and administrative expenses	5	2,630,805,126	2,864,239,201	1,353,518,386	1,359,027,825
		<u>28,246,524,136</u>	<u>75,173,002,549</u>	<u>15,054,622,875</u>	<u>38,970,212,920</u>
OTHER CHARGES (INCOME)					
Finance costs		1,824,000,981	1,519,785,422	878,067,962	736,028,211
Finance income	(	51,619,289	(32,961,448)	(16,542,896)	(22,188,419)
Equity share in net income of joint ventures	(	54,796,310	(80,922,204)	(45,017,134)	(42,247,167)
Others - net		<u>107,874,769</u>	<u>(49,690,238)</u>	<u>25,463,808</u>	<u>(44,042,429)</u>
		<u>1,935,052,771</u>	<u>1,356,211,532</u>	<u>932,006,008</u>	<u>627,550,196</u>
PROFIT BEFORE TAX	(	<u>2,624,322,063</u>	(343,891,899)	(1,385,801,349)	105,771,345
TAX EXPENSE/(TAX INCOME)	(	<u>557,453,609</u>	(281,778,564)	(283,490,601)	(94,794,935)
NET PROFIT/(LOSS)	(	<u>2,066,868,454</u>	(62,113,335)	(1,102,310,748)	200,566,280
NET PROFIT ATTRIBUTABLE TO:					
Parent company	(	2,061,394,070	(120,805,685)	(1,097,662,498)	143,481,727
Non-controlling interest	(	5,474,384	(58,692,350)	(4,648,250)	57,084,553
	(	<u>2,066,868,454</u>	(62,113,335)	(1,102,310,748)	200,566,280
OTHER COMPREHENSIVE INCOME (LOSS)					
Item that will be reclassified subsequently to profit or loss					
Translation adjustment related to a foreign subsidi	(	23,672,730	307,540,286	40,308,727	211,666,537
Other Comprehensive Income - net of tax	(	<u>23,672,730</u>	<u>307,540,286</u>	<u>40,308,727</u>	<u>211,666,537</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	(	<u>2,090,541,184</u>	<u>245,426,951</u>	<u>(1,062,002,021)</u>	<u>412,232,817</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Parent company	(	2,080,025,607	113,926,234	(1,066,800,175)	(73,878,191)
Non-controlling interest	(	10,515,577	131,500,716	4,798,154	(226,248)
	(	<u>2,090,541,184</u>	<u>245,426,951</u>	<u>(1,062,002,021)</u>	<u>(74,104,438)</u>
Basic Earnings per share		<u>(1.43)</u>	<u>(0.29)</u>		
Diluted Earnings per share		<u>(1.43)</u>	<u>(0.29)</u>		

PHOENIX PETROLEUM PHILIPPINES INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2023 AND 2022
(Amounts in Philippine Pesos)

	2023 (Unaudited)	2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	(2,624,322,063)	(343,891,899)
Adjustments for:		
Interest expense on bank loans and other borrowings	1,905,848,747	1,479,315,177
Interest expense from lease liabilities	41,165,602	54,455,469
Depreciation and amortization	956,868,211	699,724,110
Unrealized foreign currency exchange losses (gains) - net	4,086,888	71,106,614
Equity share in net loss (income) of joint ventures and an associate	54,796,310	(80,922,204)
Impairment losses on trade and other receivables	1,598,854	55,200,906
Interest income	(36,181,776)	(283,443,249)
Translation adjustment	(16,565,879)	(105,050,787)
Operating profit (loss) before working capital changes	287,294,894	1,546,494,137
Decrease (increase) in trade and other receivables	(157,762,317)	(6,936,878,858)
Decrease (increase) in inventories	440,487,534	1,365,975,548
Decrease (increase) in Input value-added tax - net	361,815,594	307,230,608
Decrease (increase) in restricted deposits	(18,238,887)	-
Decrease (increase) in prepayments and other current assets	152,013,752	(1,470,025,970)
Increase (Decrease) in trade and other payables	(826,881,659)	7,742,126,805
Cash generated from operations	238,728,911	2,554,922,270
Cash paid for income taxes	(13,687,404)	(24,196,334)
Net Cash From Operating Activities	225,041,507	2,530,725,936
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment	(101,374,061)	(480,732,135)
Advances to related parties	(14,758,084)	(14,815,680)
Collections from related parties	-	3,831,362
Decrease (Increase) in other non-current assets	133,565,759	(70,023,510)
Proceeds from disposal of property and equipment	123,964,760	3,313,770
Interest received	36,181,776	283,443,249
Acquisitions of intangible assets	(709,912)	(935,521)
Net Cash From (Used) in Investing Activities	176,870,240	(275,918,465)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from additional loans and borrowings	3,467,495,442	19,080,735,398
Repayments of interest-bearing loans and borrowings	(3,578,518,629)	(17,998,669,175)
Interest paid	(1,905,848,747)	(1,479,315,177)
Employee Share Options	-	155,600
Payment of Cash Dividends	-	(296,476,750)
Increase (decrease) in other non-current liabilities	10,492,913	317,186,932
Deposit for future stock subscription	1,558,677,441	-
Increase (Decrease) in revaluation reserves	(20,844,529)	225,546,815
Increase/decrease in APIC	-	728,209
Net Cash From (Used) Financing Activities	(468,546,109)	(150,108,148)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(66,634,362)	2,104,699,323
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,180,736,772	4,903,236,346
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 4,114,102,410	P 7,007,935,669

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2023 AND 2022
(Amounts in Philippine Pesos)

	Capital Stock				Total Equity					
	Preferred Stock	Preferred Treasury Stock - At Cost	Common Stock	Total Capital Stock	Additional Paid-in Capital	Revaluation Reserves	Retained Earnings	the Shareholders of Parent Company	Non-controlling Interest	Total Equity
Balance at January 1, 2023	24,500,000	(10,000,000)	1,442,216,332	1,456,716,332	10,886,771,041	3,001,315,167	(1,544,703,677)	13,800,098,863	279,833,001	14,079,931,864
Net Income							(2,061,394,070)	(2,061,394,070)	(5,474,384)	(2,066,868,454)
Comprehensive Income						(20,844,529)		(20,844,530)	(2,828,201)	(23,672,728)
Balance at June 30, 2023	24,500,000	(10,000,000)	1,442,216,332	1,456,716,332	10,886,771,041	2,980,470,638	(3,606,097,747)	11,717,860,264	271,530,416	11,989,390,680
Balance at January 1, 2022	24,500,000	(10,000,000)	1,441,915,332	1,456,415,332	10,884,918,470	2,362,007,586	5,763,700,576	20,467,041,964	12,401,498	20,479,443,462
Cash dividends							(148,824,500)	(148,824,500.00)		(148,824,500.00)
Net Income							(264,287,412)	(264,287,412.00)	(1,607,797.00)	(265,895,209.00)
Comprehensive Income						76,718,154		76,718,154.00	19,155,595.00	95,873,749.00
Balance at June 30, 2022	24,500,000	- 10,000,000	1,441,915,332	1,456,415,332	10,884,918,470	2,438,725,740	5,350,588,664	20,130,648,206	29,949,296	20,160,597,502

**P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES SELECTED
NOTES TO INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Amounts in Philippine Pesos)
(UNAUDITED)**

1. GROUP INFORMATION

1.1 Incorporation and Operations

P-H-O-E-N-I-X Petroleum Philippines, Inc. (the Parent Company) was incorporated in the Philippines on May 8, 2002 and is 40.84% owned by P-H-O-E-N-I-X Petroleum Holdings, Inc. (PPHI), a company organized in the Philippines.

The Parent Company made its initial public offering with the Philippine Stock Exchange (PSE) on July 11, 2007. The Parent Company is presently engaged in trading of petroleum products on wholesale and retail basis and operating of gas stations, oil depots, storage facilities and allied services. The registered office of the Parent Company, which is also its principal place of business, is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

PPHI was incorporated in the Philippines and was registered with the Philippine Securities and Exchange Commission (SEC) on May 31, 2006. PPHI's primary purpose is to provide management, investment and technical advice for commercial, industrial, manufacturing and other kinds of enterprises. PPHI's registered office is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

The ultimate parent is Udenna Corporation (UC), which is primarily organized to purchase, acquire, take over and manage all or any part of the rights, assets, business and property; undertake and assume the liabilities of any person, firm, association, partnership, syndicate of corporation; and to engage in the distribution, selling, importation, installation of pollution control devices, units and services, and all other pollution control related products and emission test servicing. The ultimate parent company's registered office is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

The Parent Company has a total of 598 operating retail service stations as of June 30, 2023.

1.2 Subsidiaries, Joint Ventures and their Operations

As of June 30, 2023, the Parent Company holds ownership interests in the following entities, presented below and in the succeeding page, which are all incorporated and domiciled in the Philippines or otherwise stated:

Subsidiaries/Joint Venture	Explanatory Notes	Percentage of Ownership 2023	2022
Direct interest:			
<u>Subsidiaries</u>			
P-F-L Petroleum Management, Inc. (PPMI)	(a)	100.00%	100.00%
P-H-O-E-N-I-X Global Mercantile, Inc. (PGMI)	(b)	100.00%	100.00%
Subic Petroleum Trading and Transport Phils., Inc. (SPTT)	(c)	100.00%	100.00%
PNX Petroleum Singapore Pte. Ltd. (PNX SG)	(d)	85.00%	85.00%
Phoenix LPG Philippines, Inc. (PLPI)	(e)	100.00%	100.00%
Duta, Inc.(Duta) ⁴	(f)	100.00%	100.00%
Philippine FamilyMart CVS, Inc. (PFM)	(g)	100.00%	100.00%
PNX Energy International Holdings, Pte. Ltd. (PNX Energy)	(h)	100.00%	100.00%
Phoenix Pilipinas Gas and Power, Inc.	(i)	100.00%	100.00%

Phoenix Road Transport Pilipinas, Inc. (PNXRT)(j)		100.00%	100.00%
Action.Able, Inc.(AAI)	(k)	74.90%	74.90%
Think.Able Limited (TAL)	(l)	74.90%	74.90%

Subsidiaries/Joint Venture	Explanatory Notes	Percentage of Ownership	
		2023	2022
Direct interest:			
<u>Joint venture</u>			
Phoenix Asphalt Philippines, Inc. (PAPI) ²	(m)	40.00%	40.00%
Indirect interest:			
<u>Subsidiaries</u>			
Kaparangan, Inc. (Kaparangan) ^{1, 3}	(n)	100.00%	100.00%
PNX (Vietnam) Pte. Ltd. (PNX Vietnam) ⁴	(o)	100.00%	100.00%
PT Phoenix Petroleum Indonesia (PNX Indonesia) ⁶	(p)	100.00%	100.00%
Phoenix Gas (Vietnam) Limited Liability Company (PGV LLC) ⁵	(q)	75.00%	75.00%
<u>Joint ventures</u>			
Galaxi Petroleum Fuel, Inc. (Galaxi) ⁷	(r)	51.00%	51.00%
Phoenix Southern Petroleum Corp. (PSPC) ⁷	(s)	49.00%	49.00%
Top Concord Quality Petroleum Corp. (TCQPC) ⁷	(t)	-	49.00%
CJI Fuels Corp. (CJIFC) ⁷	(u)	49.00%	49.00%
Firebird Evzon Fuels Corp. (FEFC) ⁷	(v)	49.00%	49.00%
Eastan Prime Development Corporation (EPDC) ⁷	(w)	49.00%	49.00%
Zae Falco Energy Corp. (ZFEC) ⁷	(x)	49.00%	49.00%
Tarlac Black Gold Petroleum Corporation ⁷	(y)	49.00%	49.00%
Abound Business Ventures Corporation ⁷	(z)	49.00%	49.00%
F1rstEnergy Corp. (FEC) ⁷	(aa)	49.00%	49.00%
JV Hauling and Trucking Corp. (JHTC) ⁸	(bb)	49.00%	49.00%
NGT Ventures Incorporated (NGTVI) ⁹	(cc)	49.00%	49.00%
Road Fuel Joint Transporter, Inc. (RFJTI) ⁸	(dd)	49.00%	49.00%
Petrocontinental and Energy Corporation (PEC) ^{7(ee)}		51.00%	51.00%

Notes:

1 Wholly-owned subsidiary of Duta

2 Joint venture of Parent Company

3 Duta and Kaparangan, collectively known as Duta Group

4 Subsidiary of PNX Energy

5 Subsidiary of PNX Vietnam

6 Subsidiary of PGMI

7 Joint venture of PPMI

8 Joint venture of PNXRT

9 Joint venture of PLPI

(a) Incorporated on January 31, 2007 and is engaged in organizing, managing, administering, running and supervising the operations and marketing of various kinds of services-oriented companies such as petroleum service stations.

(b) Incorporated on July 31, 2006 to engage in the manufacture, production and creation of all kinds of motor, and all other transportation lubricants, fluids and additives of all kinds and other petroleum products purposely for motor vehicles and other transportation. PGMI started commercial operations in 2007 and temporarily ceased its operation in 2008 but has resumed its

business in October 2015 through selling of acid oil and coconut fatty acid distillates, both are by-products from manufacturing of coconut methyl ester (CME).

- (c) Incorporated on February 20, 2007 and is engaged in buying and selling, supply and distribution, importation and exportation, storage and delivery of all types of petroleum for industrial, marine, aviation and automotive use.
- (d) Incorporated on October 30, 2012 in Singapore and started operations in October 2017. It is the regional trading arm of the Group. It currently holds office in Singapore and is able to buy directly from the refineries in the region due to its bigger requirements. It also sells to other local and regional buyers.
- (e) Incorporated on June 20, 1995 to engage in the buying, selling, storing, distributing, and marketing at wholesale of all kinds of goods, including but not limited to liquefied petroleum gas (LPG) and other petroleum products.
- (f) Incorporated on November 9, 1994 to engage in the business of buying, investing, exchanging, selling securities of every kind and description and leasing of land.
- (g) Incorporated on November 29, 2012. PFM is engaged in the business of operating convenience stores (CVS) under the trademark "FamilyMart" either by direct operation and/or by franchise system in the Philippines and to conduct business activities related to and in support to the aforesaid CVS platforms including importation and export, advertisement and promotion, and in general, to exercise and perform any and all powers necessary, incidental, or convenient to the business.
- (h) Incorporated on October 29, 2018 in Singapore to engage in activities related to investment in downstream and upstream energy activities and businesses.
- (i) Incorporated on March 14, 2019 to engage in, conduct and carry on the business of selling, trading, on wholesale basis, natural gas and liquefied natural gas (LNG).
- (j) Incorporated on February 19, 2020 to engage in and carry on the business of organizing, managing, administering, running, and supervising the operations and marketing of various kinds of services-oriented companies, such as petroleum service stations, hauling companies and such other companies desirous of strengthening and establishing their operation process, except management of funds, securities and portfolio of similar assets in managed entities.
- (k) Incorporated on May 6, 2015 to engage in the business of selling, leasing or distributing electronic devices to distributors, merchants or retailers for the purpose of digital marketing and/or ecommerce and to engage in the business of providing an outline digital network for the purpose of digital marketing and/or e-commerce accessible through electronic devices.
- (l) Incorporated on May 5, 2014 and is a Hong Kong based company that handles the trademark of AAI.
- (m) Incorporated on March 23, 2018 and was established to import, store, manufacture, sell market, distribute bitumen, bitumen-related products and such other by-products of crude oil and such other petroleum products including the operation of terminals and depots.
- (n) Incorporated on January 21, 1994 to engage in the business of buying, investing, exchanging, selling securities of every kind and description and leasing land.
- (o) Incorporated on October 30, 2018 in Singapore to engage in activities related to investment in downstream and upstream energy activities and businesses.
- (p) Incorporated on September 10, 2018 in Indonesia to serve as an avenue for the Parent Company to explore business opportunities in different parts of Indonesia.

- (q) Formerly known as Origin LPG (Vietnam) Limited Liability Company, was incorporated and licensed to conduct business under the laws of Vietnam on August 6, 2008 to engage in wholesale of solid, liquid, gas fuels and other related products.
- (r) Incorporated on August 2, 2017 and is a joint venture with its previous owners. Galaxi owns and operates a number of petroleum service stations in different parts of the Philippines.
- (s) Incorporated on July 5, 2018 to operate petroleum service stations in areas within Southern Luzon under the Parent Company's name and brand.
- (t) Incorporated on July 15, 2019 to operate petroleum service stations in areas of Cotabato.
- (u) Incorporated on July 31, 2019 to operate petroleum service stations in areas of Iloilo.
- (v) Incorporated on August 28, 2019 to operate petroleum service stations in areas of South Luzon.
- (w) Incorporated on August 28, 2019 to operate petroleum service stations in areas of Metro Manila.
- (x) Incorporated on November 6, 2019 to operate petroleum service stations in Northern part and other areas of Luzon.
- (y) Incorporated on February 20, 2020 to buy and sell on retail basis, refined petroleum, LPG, and various kinds of products; to operate, manage, and carry out gasoline retail stations and such other services necessary to the business; and to operate convenience stores and such other non-fuel related businesses that may complement that business.
- (z) Incorporated on June 10, 2020 to buy and sell on retail basis, refined petroleum, LPG, and various kinds of products; to operate, manage, and carry out gasoline retail stations and such other services necessary to the business; and to operate convenience stores and such other non-fuel related businesses that may complement that business.
- (aa) Incorporated on July 10, 2019 to buy and sell, on a retail basis, refined petroleum, LPG, and various kinds of products; , manage, and carry out gasoline retail stations and such other services necessary to the business; and to operate convenience stores and such other non-fuel related businesses that may complement that business, in the areas of Cebu.
- (bb) Incorporated on November 21, 2019 to engage in the business of hauling services including but not limited to fuel products; to do and perform such other acts as necessary or incidental to the accomplishment of the foregoing corporate business.
- (cc) Incorporated on January 29, 2021 to buy, refill, and sell liquefied petroleum gas (LPG) and various kinds of products; to operate, manage and carry out LPG refilling plants, selected dealership within an area as authorized by PLPI, and such other services necessary, incidental and complementary to the business; and to operate other LPG-related businesses that may complement the business of operating an LPG Plant Facility and, buy and sell such other merchandise, wares, goods, and services that may complement the business activities of the NGTVI. NGTVI started its commercial operation in May 2021.
- (dd) Incorporated on November 26, 2020 primarily engage in the business of hauling services including but not limited to fuel and petroleum products; To do and perform such other acts as necessary or incidental to the accomplishment of the foregoing corporate business and objects insofar as may be allowed by applicable laws and rules and regulations, including without limitation, to invest, own, or hold interest in similar business. In 2021, PNXRT paid the subscribed 8.9 million common shares and 18.8 million preferred shares of RFJTI.
- (ee) Incorporated on January 29, 2021 to engage in, conduct and carry on the business of buying and selling, on retail basis, refined petroleum, LPG, and various kinds of products. PEC started its operations on January 16, 2022.

1.3 Other Corporate Information

The registered office and principal place of business of the existing subsidiaries and joint ventures, except those presented below, is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

SPTT	–	Room 203 Greenwoods Park, Central Business District, Subic Bay Freeport Zone, Zambales
PNX SG, PNX Energy and PNX Vietnam	–	350 Orchard Road, #17-05/06 Shaw House, Singapore
Duta and Kaparangan	–	15 th Floor, Citibank Tower, Valero St., Salcedo Village, Makati City
PFM	–	4 th Floor, Tara Building, No. 389 Sen. Gil Puyat Avenue, Makati City, Metro Manila
AAI	–	2 nd Floor, Crown Center, 158 Jupiter Street Corner N. Garcia Street, Bel-Air Village, Makati City
TAL	–	Room 1902, WWilson House, 19-27 Wyndham Street, Central, Hong Kong
PAPI and PSPC	–	25 th Floor Fort Legend Tower, 3 rd Avenue Fort corner 31 st Street, Bonifacio Global City, Taguig City
PNX Indonesia	–	The Prominence Office Tower, 12 th Floor B, Jl. Jalur Sutera Barat No. 15, Alam Sutera, Indonesia
Galaxi	–	1846 FB Harrison Street Pasay City
PGV LLC	–	No. 456 Phan Xich Long Street, Ward 2, PhuNhuan District, Ho Chi Minh City, Vietnam
JHTC	–	Pookni Banal, San Pascual, Batangas
NGTVI	–	Purok 1, Barangay Alasas, San Fernando City, Pampanga
RFJTI	–	Dona Pilar Don Julian Road Sasa, Davao City
Petrocontinental & Energy Corporation – Fusion Station, Km 7 Bangkal Davao City		

1.4 Impact of Russia-Ukraine Conflict

In early January 2022, heightened volatility was noted in the oil and gas markets with the growing geopolitical tension between Russia and Ukraine. The feared risk materialized in late February when Russia invaded Ukraine, which caused the imposition of heavy economic sanctions on Russia by other nations. As Russia is the second largest crude oil exporter next to Saudi Arabia, expectedly these developments had significant consequences on markets. At its peak in the first half, crude oil benchmarks had risen more than 60% to historic highs, and as of today, these volatile movements continue. Overall, the impact of the Russia and Ukraine conflict is far-reaching for world economies, markets, and businesses.

From historical lows in 2020 during the peak of the pandemic, global and domestic oil prices had begun to rebound in 2022. Advances in COVID-19 vaccines allowed economies and markets to re-open worldwide. However, the geopolitical tensions between Russia and Ukraine brought about oil and gas price volatility anew. By mid2022, Brent climbed to a high of \$123.70 per barrel from \$87.22 per barrel at the start of the year. By the fourth quarter of 2022, prices dove and dropped erratically, before closing at \$81.12 per barrel in December.

The war between Russia and Ukraine only compounded what was already a significant time in history where the world was only emerging from an unprecedented COVID-19 pandemic. As the situation escalated through 2022, the crisis heavily weighed on global economies and highly affected interest rates, foreign exchange, commodities, and more. In the Philippines, the increase in oil prices drove up the value of foreign exchange as well, as the country imports approximately 90% of its oil requirements. The Philippine Peso has hit an all-time low of close to Php59 to \$1 in

late October, dropping all the way from Php51 at the start of the year. In effect, as the peso plummets, imported goods become much more expensive.

Furthermore, domestic pump prices were seen to go up to as much as 30% this year – the highest since 2008. The skyrocketing fuel prices have impacted the country's inflation rate, which closed at a staggering 8.1% in December, coming from 3.0% in January. This will only further dampen consumption even as COVID-19 restrictions are eased to Alert Level 1 in the country.

As an independent trader and importer of fuel and oil, the Group, particularly the Parent Company, is heavily affected by the increasing prices of oil in the global market. While the high oil prices are expected to further drive the cost of sales and working capital requirements higher, its volatility has likewise driven losses in the Group's inventory management in 2022. Moving forward, the Group continues to exercise risk management measures in order to mitigate the impact. In addition, there are ongoing initiatives that will reduce the working capital requirement for the Group as well as by actively managing inventories and optimizing volume to maximize sales and profitability.

1.5 COVID-19 Pandemic on the Group's Business

The COVID-19 pandemic and the containment measures implemented by the Philippine Government disrupted domestic businesses and trade. Although the spread of the virus has abated, and most health and safety restrictions have been relaxed and businesses have re-opened, as of the end of 2022, the threat of new variants of the virus still remains. Just when the economic restrictions relaxes and recovery was on its way, in early 2022, the escalating geopolitical tensions in Europe caused an unprecedented increase in fuel prices that hit oil-exporting developing countries like the Philippines.

The double blow of the lingering effects of COVID-19 outbreak and the rising fuel prices hampered the anticipated economic and business recovery of the Group during the year. In response to these matters, the Group has taken the following actions:

- Kept most of its employees on a work from home (WFH) arrangement. However, staff at terminal and depot operations have now started to report to duty on a full-time basis. The HSE (Health, Safety, and Environment) Group, along with the Leadership, monitor and look after the physical and mental wellbeing of the employees
- The Group sought preservation of its resources by keeping inventory at an optimal level while pursuing capital light supply models in order to mitigate the volatility of fuel prices. In 2022, the Group likewise scaled back its capital expenditures spending by 61%, while benefiting from the structural cost actions implemented years prior, which included streamlining supply chains and rationalization of road transport operations.

Continued to build on its digital presence to further capture its customer needs under the 'new normal', banking on cashless payments at retail stations and PFM stores and online ordering and delivery for LPG, as well as the LIMITLESS app, the Group's lifestyle rewards program enjoyed through a free downloadable mobile application.

- Reduce non-essential capital expenditure and defer or cancel discretionary spending;
- Freeze non-urgent recruitment;
- Restructuring of debt with the Liability Management Exercise (LME) conducted by the Company with bankers and other financial institutions to refinance or restructuring and payment deferral of debt service and;

Unfortunately, despite the Group's efforts to minimize the impact of lingering effects of the pandemic and geopolitical tensions, in addition to streamlining its operations, there was a significant dip in revenue and volumes for 2022, driven by pricing volatility and constraints with its working capital. Drop in total domestic volumes was noted in 2022 by 57% against the previous year.

Management will continue to take actions to continually improve the operations as the need arises. Based on the foregoing improvements, management projects that the Group would start to churn in

positive results of operations, as additional funds are raised and access to working capital is restored. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern due to the effects of the pandemic.

1.6 Approval of Interim Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the six months ended June 30, 2023 (including the comparative consolidated financial statements as of December 31, 2022 and for the six months ended June 30, 2022, were authorized for issue by the Parent Company's Board of Directors (BOD) on July 18, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these interim condensed consolidated financial statements are summarized below. The Interim Condensed Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended December 31, 2022.

2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements for the six months ended June 30, 2023 and 2022 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2022.

The preparation of interim condensed consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

These interim condensed consolidated financial statements are presented in Philippine peso, the functional and presentation currency of the Group, and all values represent absolute amounts except when otherwise indicated. The presentation of the interim condensed consolidated financial statement is consistent with the most recent annual consolidated financials except for the amendments introduced by the new accounting standards mentioned in Note 2.2.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2022 that are Relevant to the Group

The Group adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the '10 per cent' Test for

Derecognition of Liabilities
PFRS 16 (Amendments) : Leases – Lease Incentives

Discussed below are the relevant information about these amendments.

- PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact on the Group's consolidated financial statements as there were no sales of such items produced by property, plant and equipment made before being available for use on or after the beginning of the earliest period presented.
- PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments resulted in a revision in the Group's policy to include both incremental costs and an allocation of other costs when determining whether a contract was onerous. The amendments apply prospectively to contracts existing at the date when the amendments are first applied. Management assessed that there is no significant impact on the Group's consolidated financial statements as a result of the change since none of the existing contracts as of January 1, 2022 would be identified as onerous after applying the amendments.
- Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments which do not have significant impact and which are effective from January 1, 2022, are relevant to the Group's consolidated financial statements:
 - PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*. The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
 - Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The amendments remove potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

(b) *Effective in 2022 that is not Relevant to the Group*

Among the amendments to PFRS which are mandatorily effective for annual periods beginning on or after January 1, 2022, the following are not relevant to the Group's consolidated financial statements:

- i. PFRS 3 (Amendments), *Business Combinations - Reference to the Conceptual Framework* (effective from January 1, 2022).
- ii. Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are not relevant to the Company:
 - PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Subsidiary as a First-time Adopter*
 - PAS 41, *Agriculture – Taxation in Fair Value Measurements*

(c) *Effective Subsequent to 2022 but not Adopted Early*

There are amendments and annual improvements to existing standards effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

- i. PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- ii. PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)
- iii. PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)
- iv. PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)
- v. PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely)

The Group as a lessee

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

- the Group has the right to direct the use of the identified asset throughout the period of use.
- The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. A total of P 59.2 million as part of the depreciation and an interest expense of P 41.2 million as part of the finance cost were recorded during the six months of 2023.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. A total of P 247 million was recognized as rent expense for short term leases during the six months of the year.

The Group as a lessor

The Group's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See the accounting policy note in the year-end financial statements for the depreciation methods and useful lives for assets held under finance leases. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Group as a lessor

The Group also earns rental income from operating leases of its investment properties. Rental income is recognized on a straight-line basis over the term of the lease.

2.3 Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual terms of the financial instrument.

(a) Financial Assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

(i) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The financial assets are classified into the following categories: financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Currently, the financial assets category relevant to the Group is financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses (ECL).

The Group's financial assets measured at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables (excluding advances to suppliers, advances subject to liquidation and other receivables), Due from Related Parties, Restricted Deposits, Security deposits and Refundable rental deposits (presented as part of Prepayments and Other Current Assets and Other Non-Current Assets in the consolidated statement of financial position).

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of six months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

Refundable rental deposits are initially recognized at fair value. Interest on the rental deposits arising from subsequent amortization is accounted for using the effective interest method and is presented as part of Finance Income under Other Charges (Income) in the consolidated statement of comprehensive income. The excess of the principal amount of the deposit over its present value is immediately recognized as deferred minimum lease payments (presented as part of Other Non-Current Assets in the consolidated statement of financial position). Meanwhile, rent expense arising from subsequent amortization of deferred minimum lease payments is accounted for using the straight-line method over the lease term and is presented as part of Rent under Selling and Administrative Expenses in the consolidated statement of comprehensive income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the consolidated statement of comprehensive income as part of Other Charges (Income).

(ii) *Impairment of Financial Assets*

At the end of the reporting period, the Group assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. The Group considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

For trade and other receivables, and due from related parties, the Group recognizes lifetime ECL when there has been a significant increase in credit risk on a financial asset since initial recognition. Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial asset, irrespective of the timing of the default. However, if the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures and provides for credit losses that are expected to result from default events that are possible within 12 months after the end of the reporting period.

The Group determines whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.
- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral.
- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

The Group recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(iii) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) Financial Liabilities

Financial liabilities, which include interest-bearing loans and borrowings, trade and other payables (excluding tax-related payables), derivative financial liabilities, security deposits, customers' cylinder deposits and cash bond deposits (which are presented under Other Non-Current Liabilities in the consolidated statement of financial position), are recognized when the Group becomes a party to the contractual terms of the instrument.

All interest-related charges incurred on financial liability are recognized as an expense in profit or loss under the caption Finance Costs in the consolidated statement of comprehensive income, except for interest charges that are attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) which are capitalized as part of the cost of such asset (see Note 2.18).

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. These are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables (excluding tax-related payables), security deposits, customers' cylinder deposits and cash bond deposits are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognized in profit or loss. Derivative financial assets are set off against derivative financial liabilities and the net financial instruments are presented as either Derivative Financial Assets or Derivative Financial Liabilities in the consolidated statement of financial position (see Note 5.6).

Security deposits are initially recognized at fair value. Interest on security deposits arising from subsequent amortization is accounted for using the effective interest method and is presented as part of Finance Costs. The excess of the principal amount of the deposit over its present value is immediately recognized as Unearned rent (presented as part of Other Non-Current Liabilities in the consolidated statement of financial position). Meanwhile, the rent income arising from subsequent amortization of unearned rent is accounted for using the straight-line method over the lease term and is presented as part of Rent Income in the consolidated statement of comprehensive income.

The Group purchases LPG cylinders, which are loaned to dealers upon payment by the latter of an amount equivalent to 44.00-79.00% of the acquisition cost of the cylinders. At the end of each reporting date, customers' cylinder deposits, shown under Other Non-Current Liabilities in the consolidated statements of financial position, are reduced for estimated non-returns. Estimated non-

returns are determined through amortization of the balance over the estimated useful life of cylinders and/or estimated proportion of the provision for lost cylinders (see Note 2.7). The reduction is recognized directly in the consolidated statement of comprehensive income as part of Fuel Service and Other Revenues.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Parent Company.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when the Group currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event.

It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.4 Revenues

Revenue arises mainly from the sale of goods and rendering of services measured by reference to the fair value of consideration received or receivable by the Group for goods sold and services rendered, excluding value-added tax (VAT), rebates and trade discounts.

To determine whether to recognize revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the consolidated condensed statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable in its consolidated condensed statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

In addition, the following specific recognition criteria must also be met before revenue is recognized:

- (a) *Sale of goods* – Revenue is recognized when the risks and rewards of ownership of the goods have passed to the buyer, i.e. generally when the customer has acknowledged delivery of goods or when the customer has taken undisputed delivery of goods.
- (b) *Fuel service and other revenues, and storage income* – Revenue is recognized when the performance of contractually agreed tasks has been substantially rendered. In addition, this includes revenue arising from port and cargo handling services.
- (c) *Rent income* – Revenue is recognized on a straight-line basis over the lease term.
- (d) *Interest income* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

Except for revenues from rentals and interest, the performance obligation for revenues arising from the rendering of services and sale of goods is determined to be satisfied at a point in time.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing the interim condensed consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim condensed consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements as of and for the year ended December 31, 2022.

The Group performed its annual impairment test of goodwill and other intangible assets with indefinite useful life at year end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that for the six months ended June 30, 2022 and as of December 31, 2021, goodwill arising from business combination and other intangible assets with indefinite useful life are not impaired.

4. REVENUES

All of the Group's revenues except for rentals (covered under PFRS 16, *Leases*) are transferred at a point in time.

The Group's revenue disaggregated by primary geographical markets and major goods/service lines are presented in the next page (in thousands):

Six Months June 30, 2023				
	Sale of Goods		Fuel Service & Other Revenue	
	Trading		Depot and Logistics	
			Real Estate	Total
Primary Geographical Markets				
Philippines	P	6,897,568	P	1,061,102
Singapore		17,613,262		-
Vietnam		1,976,810		8,513
	P	26,487,640	P	1,061,102
			P	8,513
			P	27,557,255
Major goods/service lines				
Fuels	P	20,205,299	P	20,205,299
LPG		6,106,990		6,106,990
Merchandise		107,757		107,757
Lubricants		66,205		66,205
Terminalling/hauling		-		70,269
Rentals		-		105,601
POS Device		1,389		8,513
Others		-		1,389
	P	26,487,640	P	1,061,102
			P	8,513
			P	27,557,255

Six months June 30, 2022				
	Sale of Goods		Fuel Service & Other Revenue	
	Trading		Depot and Logistics	
			Real Estate	Total
Primary Geographical Markets				
Philippines	P	25,097,881	P	973,793
Singapore		47,676,081		7,049
Vietnam		2,430,519		-
	P	75,204,480	P	973,793
			P	7,049
			P	76,185,322
Major goods/service lines				
Fuels	P	67,975,403	P	65,975,403
LPG		6,709,303		6,709,303
Merchandise		294,029		294,029
Lubricants		222,794		222,794
Terminalling/hauling		-		50,867
Rentals		-		111,896
POS Device		2,952		7,049
Others		-		2,952
	P	75,204,480	P	973,793
			P	7,049
			P	76,185,322

5. SEGMENT INFORMATION

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products or services and serves different markets. The Group's trading segment is engaged in marketing, merchandising, purchasing, selling, acquiring, disposing and distribution of goods and wares such as but not limited to petroleum products (on wholesale basis), lubricants and other products.

The Group is also engaged in operating of oil depots, storage facilities and provides logistics services to various entities on its Depot and Logistics Services segment. The Group's real estate segment is involved in real estate development, management and operations. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

As of June 30, 2023, there have been no change from prior periods in the measurement methods used to determine operating segments and reported segment revenues, expenses and performance.

The succeeding tables present revenue and profit information regarding segments for the six months ended June 30, 2023 and June 30, 2022 and certain asset and liability information regarding segments as at June 30, 2023 and December 31, 2022 (amounts in thousands).

	Trading		Fuel Service & Other Revenues Depot & Logistics		Real Estate		Total	
	30-Jun-23 (Unaudited)	30-Jun-22 (Unaudited)	30-Jun-23 (Unaudited)	30-Jun-22 (Unaudited)	30-Jun-23 (Unaudited)	30-Jun-22 (Unaudited)	30-Jun-23 (Unaudited)	30-Jun-22 (Unaudited)
TOTAL REVENUES								
Sales to external customers	26,487,640	75,204,480	1,061,102	973,793	8,513	7,049	27,557,255	76,185,322
Intersegment Sales	1,130	4,967,711	1,145	4,433	10,351	14,487	12,626	4,986,631
	<u>26,488,770</u>	<u>80,172,191</u>	<u>1,062,247</u>	<u>978,226</u>	<u>18,864</u>	<u>21,536</u>	<u>27,569,881</u>	<u>81,171,953</u>
COST AND OTHER OPEX								
Cost of Sales and services excluding depreciation and amortization	27,284,169	79,443,816	16,136	14,200	1,977	1,920	27,302,282	79,459,936
Depreciation and amortization	791,155	556,817	165,713	142,881	-		956,868	699,698
	<u>28,075,324</u>	<u>80,000,633</u>	<u>181,849</u>	<u>157,081</u>	<u>1,977</u>	<u>1,920</u>	<u>28,259,150</u>	<u>80,159,634</u>
SEGMENT OPERATING PROFIT (LOSS)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,586,554</u>	<u>171,558</u>	<u>880,398</u>	<u>821,145</u>	<u>16,887</u>	<u>19,616</u>	<u>689,269</u>	<u>1,012,320</u>
	Trading		Depot & Logistics		Real Estate		Total	
	30-Jun-23 (Unaudited)	31-Dec-22 (Audited)	30-Jun-23 (Unaudited)	31-Dec-22 (Audited)	30-Jun-23 (Unaudited)	31-Dec-22 (Audited)	30-Jun-23 (Unaudited)	31-Dec-22 (Audited)
ASSETS & LIABILITIES								
Segment Assets	97,676,299	94,732,447	5,211,164	3,986,389	8,414,977	9,295,300	111,302,440	108,014,136
Segment Liabilities	85,913,918	79,369,302	1,586,389	3,722,014	4,385,520	2,731,241	91,885,827	85,822,557

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its interim condensed consolidated financial statement (in thousands).

1000		<u>June 30, 2023</u>	<u>June 30, 2022</u>
Revenues			
Total segment revenues	P	27,569,881	P 81,171,953
Elimination of Intersegment revenues		(12,626)	(4,986,631)
Revenue as reported	P	<u>27,557,255</u>	P <u>76,185,322</u>
in profit and loss			
Profit or loss			
Segment Operating profit	P	- 689,269	P 1,012,320
Other Unallocated income		-	-
Other Unallocated expense		-	-
Operating profit as reported		- 689,269	1,012,320
in profit and loss			
Finance costs		(1,824,001)	(1,519,785)
Finance income		51,619	32,961
Others		- 162,671	130,612
Profit before tax as reported in profit or loss	P	<u>- 2,624,322</u>	P <u>(343,891)</u>
		<u>June 30, 2023</u>	<u>December 31, 2022</u>
Assets			
Segment Assets	P	107,731,479	P 108,014,136
Right -of-use assets-net		1,132,630	1,191,123
Deferred tax assets-net		2,438,330	1,930,281
Elimination of Intercompany accounts		(27,052,460)	(25,343,552)
Total Assets reported in the consolidated Statement of Financial Position	P	<u>84,249,980</u>	P <u>85,791,988</u>
Liabilities			
Segment Liabilities		89,660,626	85,822,557
Lease Liability		1,326,185	1,351,343
Deferred tax Liabilities - net		899,016	903,747
Elimination of Intercompany accounts		(19,625,238)	(16,365,591)
Total Liabilities as reported in the consolidated statements of financial position	P	<u>72,260,589</u>	P <u>71,712,056</u>

5. CATEGORIES, FAIR VALUE MEASUREMENTS AND DISCLOSURES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the consolidated statements of financial position are presented below.

	June 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets				
Derivative Financial Assets			96,513,941	96,513,941
Cash and cash equivalents	4,114,102,410	P 4,114,102,410	P 4,180,736,772	P 4,180,736,772
Trade and other receivables - net *	14,008,377,933	14,008,377,933	16,857,947,152	16,857,947,152
Due from related parties	14,769,053	14,769,053	2,861,779	2,861,779
Construction Bond***	6,777,664	6,777,664	6,777,664	6,777,664
Restricted deposits	96,307,963	96,307,963	78,069,076	78,069,076
Security Deposits	467,399,900	467,399,900	14,312,020	14,312,020
Refundable rental deposits	622,410,649	622,410,649	844,431,730	844,431,730
	19,330,145,572	P 19,330,145,572	P 22,081,650,134	P 22,081,650,134
Financial Liabilities				
Derivative financial liability	-	P -	P -	P -
Interest -bearing loans and borrowings	48,716,985,223	48,716,985,223	48,828,008,410	47,687,230,205
Trade and other payables**	18,589,140,229	18,589,140,229	19,092,493,737	19,092,493,737
Lease liabilities	1,326,185,012	1,326,185,012	1,351,342,522	1,388,644,173
Customers' cylinder deposits	772,906,447	772,906,447	864,858,470	644,614,320
Security deposits	121,995,457	121,995,457	166,324,369	154,390,227
Cash bond deposits	73,907,332	73,907,332	62,356,616	45,678,323
Contract Liability	22,594,681	22,594,681	22,694,681	20,355,250
	69,623,714,381	P 69,623,714,381	P 70,388,078,805	P 69,033,406,235

* Excluding advances to suppliers, advances subject to liquidation and other receivables ** Included as part of Others under Prepayments and Other Current Assets

*** Excluded tax-related payables

5.2 Fair Value Hierarchy

The Group uses the following hierarchy level in determining the fair values that will be disclosed for its financial instruments.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

5.3 Valuation Methods and Assumptions

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale. The fair value of loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The valuation requires management to use unobservable inputs in the model. Management regularly assesses a range of reasonably possible alternatives for the significant unobservable inputs and determines their impact on the total fair value.

5.4 Fair Value Hierarchy of Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the interim condensed consolidated statements of financial position but for which fair value is disclosed.

	June 30, 2023 (Unaudited)						
Financial Assets		Level 1		Level 2		Level 3	Total
Cash and cash equivalents	P	4,114,102,410	P		P		P 4,114,102,410
Trade and other receivables - net *						14,008,377,933	14,008,377,933
Due from related parties						14,769,053	14,769,053
Construction Bond***						6,777,664	6,777,664
Restricted deposits		96,307,963					96,307,963
Security Deposits						467,399,900	467,399,900
Refundable deposits						622,410,649	622,410,649
	P	4,210,410,373	P	-	P	15,119,735,199	P 19,330,145,572

Financial Liabilities

Financial liabilities at amortized cost

Derivative financial liability	P		P	P	-	P	-
Interest -bearing loans and borrowings					48,716,985,223		48,716,985,223
Trade and other payables**					18,589,140,229		18,589,140,229
Lease liabilities					1,326,185,012		1,326,185,012
Customers' cylinder deposits					772,906,447		772,906,447
Security deposits					121,995,457		121,995,457
Cash bond deposits					73,907,332		73,907,332
Contract Liability					22,594,681		22,594,681
	P	-	P	-	P	69,623,714,381	P
							69,623,714,381

	December 31, 2022 (Audited)							
		Level 1		Level 2		Level 3		Total
Financial Assets								
Cash and cash equivalents	P	4,180,736,772	P	-	P	-	P	4,180,734,772
Trade and other receivables - net		-		-		16,857,947,152		16,857,947,152
Due from related parties		-		-		2,861,779		2,861,779
Construction Bond		-		-		6,777,664		6,777,664
Restricted deposits		78,069,076		-		-		78,069,076
Security Deposits		-		-		14,312,020		14,312,020
Refundable deposits		-		-		844,431,730		844,431,730
						17,726,330,345		
	P	4,258,805,848	P	-	P		P	21,985,136,193

Financial Liabilities

Interest -bearing loans and borrowings	P	-	P	-	P	47,687,230,205	P	47,687,230,205
Trade and other payables		-	-	-	19,092,493,737			19,092,493,737
Lease liabilities		-	-	-	1,388,644,173			1,388,644,173
Customers' cylinder deposits		-	-	-	644,614,320			644,614,320
Security deposits		-	-	-	154,390,227			154,390,227
Cash bond deposits		-	-	-	45,678,323			45,678,323
Contract liability		-	-	-	20,355,250			20,355,250
	P	-	P	-	P	69,033,406,235	P	69,033,406,235

For financial assets with fair value included in Level 1, management considers that the carrying amount of this short-term financial instrument approximates their fair values.

6. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarized in Note 5. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated with its Parent Company, in close cooperation with the BOD, and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below and in the succeeding pages.

6.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's sales to a certain customer and, fuel and tanker importations, which are primarily denominated in U.S. dollars (US\$).

The liability covering the fuel importation is covered by letter of credits (LCs) which is subsequently closed to Philippine peso trusts receipts (TRs). Further, the Group has several U.S. dollar loans from certain banks, which were used to finance its capital expenditures.

The Group also holds U.S. dollar-denominated cash and cash equivalents.

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency-denominated financial assets and financial liabilities, translated into Philippine pesos at the closing rate follow:

		June 30, 2023		
		U.S. Dollar	Singapore Dollar	Vietnamese Dong
Financial assets	P	6,225,365,526	P 22,708,460	P 493,523,415
Financial liabilities		(5,058,369,604)	-	(608,947,071)
Net exposure	P	1,166,995,923	P 22,708,460	(P 115,423,656)

The following table illustrates the sensitivity of the Group's profit before tax with respect to changes in Philippine peso against U.S. dollar exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 3 and 12 months, respectively, at a 99% confidence level.

	December 31, 2022					
		U.S. Dollar		Singapore Dollar		Vietnamese Dong
Financial assets	P	13,328,819,613	P	5,764,460,943	P	587,823,828
Financial liabilities		(42,890,858,789)		(419,430,789)		(164,658,146)
Net exposure	(P	29,652,039,176)	P	5,345,030,154	P	423,165,682

		June 30, 2023						
		U.S. Dollar		Singapore Dollar		Vietnamese Dong		
Reasonably possible change in rate		4.04%		5.39%		3.94%		
Effect in profit before tax	P	47,146,635		P	1,223,986		P	(4,547,692)
Effect in equity after tax		35,359,976			917,989			(3,410,769)

	December 31, 2022 (Audited)					
	U.S. Dollar		Singapore Dollar		Vietnamese Dong	
Reasonably possible change in rate		15.94%		21.74%		21.07%
Effect in profit before tax	(P	4,726,535,045)	P	1,162,009,556	P	89,161,009
Effect in equity after tax	(	3,544,901,284)		871,507,167		66,870,757

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long term borrowings are therefore usually made at fixed rates. As of June 30, 2023, and 2022, the Group is exposed to changes in market interest rates through its cash and cash equivalents and certain interest-bearing loans and borrowings, which are subject to variable interest rates. All other financial assets and financial liabilities have fixed rates.

The Group's objectives and policies for managing interest rate risks are described in its recent annual consolidated financial statements.

(c) Other Price Risk

The Group's market price risk arises from its purchases of fuels. It manages its risk arising from changes in market prices by monitoring the daily movement of the market price of fuels and to some extent, using forward and other similar contracts to manage the fluctuation of the fuel price.

6.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from granting of loans and selling goods and services to customers including related parties; and placing deposits with banks.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

Estimate of the fair value of collateral held against trade and other receivables as of June 30, 2023 and December 31, 2022 follows:

	June 30, 2023	Dec. 31, 2022
Standby letter of credits	P 151,831,053	P 112,942,353
Retail Stations	419,135,898	460,842,441
Cash bond	167,318,641	222,271,220
Real estate mortgage	48,379,050	74,192,730
	P 786,664,642	P 870,248,744

Retail stations held as collateral, relate to disposed retail stations to certain JVs in 2020. Based on the agreement of the parties, the Group's management has the discretion to reclaim the unpaid sold retail stations in the event that JVs are unable to pay the outstanding balances.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as summarized below.

	30-Jun-23 (Unaudited)	31-Dec-22 (Audited)
Cash and cash equivalents	4,114,102,410	4,180,736,772
Trade and other receivables - net *	14,008,377,933	16,857,947,152
Due from related parties	14,769,053	2,861,779
Construction Deposit**	6,777,664	6,777,664
Restricted Deposit	96,307,963	78,069,076
Security Deposits	467,399,900	14,312,020
Refundable rental deposits	622,410,649	844,431,730
	<u>19,330,145,572</u>	<u>21,985,136,193</u>

*excluding advances to suppliers, advances subject to liquidation and other receivables

**included as part of Others under Prepayments and Other Current Assets

The Group's management considers that all the above financial assets that are not impaired or past due for each reporting dates are of good credit quality. The Group's objectives and policies for managing credit risk are described in its recent annual consolidated financial statements.

(a) *Cash and Cash Equivalents*

The credit risk for cash and cash equivalents and restricted deposits are considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corp. up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) *Trade and Other Receivables and Due from Related Parties*

The Group applies simplified approach in measuring ECL which uses a lifetime expected loss allowance for all Trade and Other Receivables and Due from Related Parties. The Group's trade and other receivables and due from related parties are assessed individually or on a per customer basis.

The Group computes expected losses using internal credit ratings translated to external credit ratings [i.e. Standard & Poor's (S&P)] in order to reference/benchmark with published equivalent external cumulative loss rate. The Group's definition of Trade and Other Receivables and Due from Related Parties classification [known as Phoenix Risk Rating (PRR)] and corresponding credit risk ratings are presented in the succeeding page.

Phoenix Risk Rating (PRR)	Description		Equivalent S&P Rating	S&P Loss Rate (%)	
	Financial and Business Profiles	Other Information		2022	2021
PRR 3A	Counterparties with both very strong financial and business profiles. Lowest risk of default in the scale.	These counterparties do not have a greater-than-normal risk. The track record of the client in terms of profit is very good and exhibits highest quality under virtually all economic conditions. Probability of default is quite low and it bears some degree of stability and substance. However, client may be susceptible to cyclical changes and more concentration of business risk, by product or by market.	BBB	0.10 – 0.46	0.11 – 0.47
PRR 2A	Counterparties with strong financial profile and very strong business profile or vice versa.		BBB	0.10 – 0.46	0.11 – 0.47
PRR 1A	Counterparties with a strong to adequate financial profile and very strong to adequate business profile.		BBB	0.10 – 0.46	0.11 – 0.47
PRR 3B	Counterparties with a sustainable financial profile and adequate business profile.	Counterparties whose risk elements are sufficiently pronounced to withstand normal business cycles but any prolonged unfavorable economic and/or market period would create an immediate deterioration beyond acceptable levels.	BB	0.58 – 1.64	0.54 – 1.58
PRR 2B	Counterparties with an average financial profile and sustainable business profile.		BB	0.58 – 1.64	0.54 – 1.58
PRR 1B	Counterparties with both average financial and business profile.	Credit exposure is not at risk of loss at the moment but performance of the client has weakened and unless present trends are reversed, could lead to losses.	B	3.16 – 6.58	3.06 – 6.42
PRR 3C	Counterparties with an average financial profile and adequate business profile.	This rating is given to a client where repayment of the receivable, through normal course of business, may be in jeopardy due to adverse events. There exists the possibility of future losses to the institution unless given closer supervision.	B	3.16 – 6.58	3.06 – 6.42
PRR 2C	Counterparties with a weak financial profile and adequate business profile.		B	3.16 – 6.58	3.06 – 6.42
PRR 1C	Counterparties with a weak financial profile and sustainable business profile.	Counterparties credits or portions thereof which exhibit more severe weaknesses. This rating is given to a counterparties whose receivables or portions thereof are considered uncollectible. The collectible amount, with no collateral or which collateral is of little value, is difficult to measure and more practical to write-off than to defer even though partial recovery may be obtained in the future.	CCC/C	100	100
PRR D	Counterparties with a weak financial profile and average business profile.		CCC/C	100	100
PRR F	Counterparties with both weak financial profile and business profiles.		CCC/C	100	100

A reconciliation of the closing loss allowance for trade and other receivables and due from related parties as at June 30, 2023 and December 31, 2022 to the opening loss allowance is presented below:

	Trade and Other Receivables	Due from Related Parties
Credit Loss allowance at January 1, 2023	P 4,028,594,261	P 113,743
Impairment loss of the year	1,143,311	-
Written-off during the year	-	-
Reclassification	-	-
Recovery of bad debts	-	-
Credit loss allowance at June 30, 2023	P 4,029,737,572	P 113,743

	Trade and Other Receivables	Due from Related Parties
Balance at beginning of year, as previously reported	P 3,888,062,822	P 106,130
Impairment loss for the year	186,132,765	7,613
Written-off during the year	(45,773,985)	-
Reclassification	172,659	-
Recovery of bad debts	-	-
Credit loss allowance at December 31, 2022	P 4,028,594,261	P 113,743

The credit loss allowance provided as of June 30, 2023 and December 31, 2022 are as follows:

June 30, 2023

<u>Trade and Other Receivables</u>					
PRR	S&P Rating	Loss Rate Range	Estimated Gross Carrying Amount at Default		Credit Loss Allowance
PRR 3A	BBB	0.10 – 0.46	P 1,164,447,345	P	4,066,438
PRR 2A	BBB	0.10 – 0.46	870,222,571		1,016,458
PRR 1A	BBB	0.10 – 0.46	5,360,743,458		21,834,755
PRR 3B	BB	0.58 – 1.64	2,131,041,000		14,809,697
PRR 2B	BB	0.58 – 1.64	197,422,084		2,213,668
PRR 1B	B	3.16 – 6.58	6,276,431,258		211,362,485
PRR 3C	B	3.16 – 6.58	781,791,047		26,802,347
PRR 2C	B	3.16 – 6.58	373,732,542		16,921,616
PRR 1C/D/F	CCC/C	100	3,730,710,108		3,730,710,108
			P 20,886,541,413	P	4,029,737,572

<u>Due From Related Parties</u>					
PRR	S&P Rating	Loss Rate Range	Estimated Gross Carrying Amount at Default		Credit Loss Allowance
PRR 1A	BBB	0.10 – 0.46	P 285,700	P	286
PRR 3B	BB	0.58 – 1.64	634,077		5,094
PRR 2B	BB	0.58 – 1.64	544,643		8,932
PRR 3C	B	3.16 – 6.58	1,511,102		99,431
			P 2,975,522	P	113,743

December 31, 2022Trade and Other Receivables

<u>PRR</u>	<u>S&P Rating</u>	<u>Loss Rate Range</u>	<u>Estimated Gross Carrying Amount at Default</u>	<u>Credit Loss Allowance</u>
PRR 3A	BBB	0.10 – 0.46	P 1,164,447,345	P 2,923,127
PRR 2A	BBB	0.10 – 0.46	870,222,571	1,016,458
PRR 1A	BBB	0.10 – 0.46	5,360,743,458	21,834,755
PRR 3B	BB	0.58 – 1.64	2,131,041,000	14,809,697
PRR 2B	BB	0.58 – 1.64	197,422,084	2,213,668
PRR 1B	B	3.16 – 6.58	6,276,431,258	211,362,485
PRR 3C	B	3.16 – 6.58	781,791,047	26,802,347
PRR 2C	B	3.16 – 6.58	373,732,542	16,921,616
PRR 1C/D/F	CCC/C	100	3,730,710,108	3,730,710,108
			<u>P 20,886,541,413</u>	<u>P 4,028,594,261</u>

Due From Related Parties

<u>PRR</u>	<u>S&P Rating</u>	<u>Loss Rate Range</u>	<u>Estimated Gross Carrying Amount at Default</u>	<u>Credit Loss Allowance</u>
PRR 1A	BBB	0.10 – 0.46	P 285,700	P 286
PRR 3B	BB	0.58 – 1.64	634,077	5,094
PRR 2B	BB	0.58 – 1.64	544,643	8,932
PRR 3C	B	3.16 – 6.58	1,511,102	99,431
			<u>P 2,975,522</u>	<u>P 113,743</u>

In respect of due from a related party, the Group has assessed that these advances are collectible and the credit risk exposure is considered to be low.

Some of the unimpaired trade and other receivables are past due at the end of the reporting date. The age of financial assets past due but not impaired is presented below:

	<u>June 30, 2023 (Unaudited)</u>
Not more than one month	519,658,930
More than one month but not more than 2 months	131,533,169
More than two months but not more than 6 months	748,695,028
More than six months but not more than 1 year	1,836,360,157
More than one year	9,429,279,644
	<u>12,665,526,928</u>

6.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

The Group maintains cash and cash equivalents to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

This compares to the maturity of the Group's financial liabilities as of June 30, 2023 (Unaudited) as presented below.

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans and borrowings	P 27,083,042,114	P 2,364,904,691	P 15,965,791,084	P 3,303,247,333
Trade and other payables (excluding tax-related payables)	2,044,805,425	16,544,334,804		
Derivative financial liabilities	-	-		
Security deposits	45,673,555	22,841,692	53,480,209	
Customers' cylinder deposits	-	-		772,906,447
Cash bond	-	-		73,907,332
	P 29,173,521,094	P 18,932,081,187	P 16,019,271,293	P 4,150,061,112

As of December 31, 2022 (Audited), the Group's financial liabilities have contractual maturities which are summarized as follows:

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans and borrowings	P 29,173,486,432	P 2,082,422,427	P 19,711,935,489	P 3,300,430,733
Trade and other payables (excluding tax-related payables)	2,143,729,883	17,141,728,542	-	-
Derivative financial liabilities	-	-	-	-
Security deposits	62,269,739	31,141,570	72,913,060	
Customers' cylinder deposits	-	-	-	864,858,741
Cash bond	-	-	-	62,356,616
	P 31,379,486,054	P 19,255,292,539	P 19,784,848,549	P 4,227,645,820

7. INVENTORIES

Inventories which are stated at cost, which is lower than its net realizable value, are broken down as follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At cost:		
Fuels and by-products	P 619,878,121	P 1,070,876,702
Lubricants	67,526,738	53,487,350
Merchandise	24,778,807	20,912,491
LPG	256,903,616	196,017,305
Others	39,398,324	107,679,292
	P 1,008,485,606	P 1,448,973,140

Inventories with carrying amount of **P112.8** million and P1,070.0 million as of June 30, 2023 and December 31, 2022, respectively, have been released to the Group in trust for by the bank.

The Group is accountable to the bank for the trusted inventories or their sales proceeds.

There was no inventory write-down in June 30, 2023 and December 31, 2022.

8. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS

The reconciliation of the carrying amounts of property, plant and equipment is shown below.

	June 30,		December 31,
	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)
Bal. at Beg Period, Jan. 1	33,988,175,017	34,924,338,654	P35,157,754,025
Additions	147,424,397	480,732,135	1,154,588,063
Revaluation Increments			474,602,884
Transfers		(422,104,383)	(596,580,533)
Impairment losses on Non-Financial Assets			(178,171,554)
Disposals/Termination	(54,372,881)	(3,313,770)	(169,384,765)
PFRS 16			
Write-off		(3,415)	
Depreciation	(944,016,287)	(678,820,805)	(1,526,997,038)
Reclassification		104,804,242	
Translation /Adjustment	(63,596,342)		(327,636,068)
Provision for loss cylinders			
Balance at the end of the period	33,073,661,187	34,405,632,659	33,988,175,017

9. INTANGIBLE ASSETS

The reconciliation of the carrying amounts of intangible assets is shown below:

	June 30,		December 31,
	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)
Bal. at Beg Period, Jan. 1	142,330,029	238,152,265	238,152,265
Additions	709,912	935,521	3,735,523
Transfers from PPE			-
Amortization Expense for the period	(12,850,048)	(20,912,180)	(32,507,980)
Translation Adjustment	(14,433)	258,834	(4,188,119)
Balance at the end of the period	130,175,459	218,434,441	142,330,029

10. INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings are broken down as follow:

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Current:		
Liabilities under LC and TR	P 9,395,439,091	P 9,491,363,349
Short-term loans	17,048,057,725	17,362,942,240
Current portion of long-term loans	3,004,449,991	2,325,596,702
Liabilities under short-term commercial papers	-	-
	29,447,946,807	29,179,902,291
Non-current:		
Term loans	19,269,038,417	19,648,106,119
	P 48,716,985,224	P 48,828,008,410

10.1 Liabilities under Letters of Credits and Trust Receipts

The Group avails of LC and TR lines with local banks to finance its purchases of inventories. These short-term trust receipts bear interests based on prevailing market interest rates at an average of 8.101% and 5.15% per annum as of June 30, 2023 and December 31, 2022, respectively.

10.2 Borrowings and Repayments

The Group has term loan with outstanding balance as of June 30, 2023 P 19,269 million. The loans bearing interest ranging from 5.000% to 11.500% and is repayable in various dates until 2025. Term loans refer to all interest-bearing loans repayable both within the short-term and long-term periods.

As of June 30, 2023, repayments of term loans amounting to P 212 million were made in line with previously disclosed repayment terms.

11. LEASE LIABILITIES

Lease liabilities are presented in the Condensed Interim Financial Statement as follows:

Current	101,922,752
Non-Current	1,224,262,260
Total	1,326,185,012

Additional Information on lease liabilities are broken down as follows:

	<u>Land</u>	<u>Warehouse</u>	<u>Office</u>	<u>Store Premises</u>	<u>TOTAL</u>
Lease Liabilities	1,174,391,746	-	43,855,403	271,039,222	1,326,185,012

As of June 30, 2023, the Group is not committed to leases which have not commenced.

A total of P 41.2 million finance cost was recognized related to the lease liabilities.

12. RELATED PARTY TRANSACTIONS

The Group's related parties include the ultimate Parent Company, PPHI, stockholders, the Group's key management personnel, entities under common ownership by the ultimate parent Company and others as described below and in the succeeding pages.

Summary of the Group's transactions with its related parties for the periods ended June 30, 2023 and 2022 and the related outstanding balances as of June 30, 2023 and December 31, 2022 is presented below

	<u>Amount of Transactions</u>		<u>Outstanding Balance</u>	
	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Other related parties				
under common ownership				
Sale of goods	60,773,724	3,921,374,203	3,499,451,263	3,466,724,924
Purchase of goods	49,496,720	2,366,784,972		616,947,770
Purchase of services	77,634,553	175,799,875	118,902,476	5,183,763
Advances to suppliers		489,162,764	1,294,853,685	5,112,407,635
Rentals	657,684	828,528		-
Due from related parties	9,000	10,802,682	2,752,546	3,046,143
Management fees				
Sale of subsidiaries				500,000,000
Sale of services	390,210,595	390,876,164	3,720,457,124	2,931,446,283
Other Income	15,000,000	19,899,021	16,800,000	-
Prepaid rent				
Transfer of retail stations			352,826,500	328,141,552

Donations				-
Advances for Option to Purchase Properties			2,364,361,471	
Ultimate Parent				
Sale of goods	372,983	1,039,394	103	373,599
Advances to suppliers		53,000,000	2,029,672,376	1,907,072,376
Lease Liability				
Rentals	6,558,255	-		1,443,825
Sale of services	175,672,658	262,537,880	2,610,385,687	2,413,632,310
Due from related parties	11,730,807		12,016,507	285,414
Advances for option to purchase properties		-		200,000
Key management personnel				
Salaries and			-	-
Employee benefits	126,988,242	126,988,242		

12.1 Sale of Goods

The Group sells products to certain related parties under common ownership. Goods are sold on the basis of the price lists in force with non-related parties.

The outstanding receivables from related parties are unsecured, do not bear any interest and collectible in cash on demand.

No impairment loss was recognized for the six months ended June 30, 2023 and 2022 based on management's assessment.

12.2 Purchases of Goods and Services

The Group purchased goods and services from related parties on the basis of price lists in force with non-related parties. The outstanding balances are unsecured, non-interest bearing, payable on demand and normally settled in cash.

In addition, the Group advances certain amount to certain related parties for the purchase of services. The amount is credited upon the performance of the contractual obligation by the related parties. Management has assessed that there are no impairment losses required to be recognized on the advances to suppliers as of the six months ended June 30, 2023.

12.3 Due from Related Parties

The Group grants unsecured advances to and from related parties under common ownership for working capital requirements and other purposes. The outstanding receivable from related parties are shown as Due from Related Parties in the consolidated statements of financial position. Due from Related Parties are either receivable in cash or paid through offsetting, unsecured non-interest-bearing liabilities and are expected to be paid within one year.

13. EQUITY

13.1 Capital Stock

Capital stock consists of:

	Shares				Amount		
	For the six months ended June 30, (Unaudited)	2022	For the year ended December 31, 2022 (Audited)		For the six months ended June 30, (Unaudited)	2022	For the year ended December 31, 2022 (Audited)
	2023	2022			2023	2022	
Preferred – cumulative, nonvoting, non-participating non-convertible into common shares – P1 par value							
Authorized:	50,000,000	50,000,000	50,000,000	P	50,000,000	P 50,000,000	P 50,000,000
Issued:							
Balance at beginning of year	14,500,000	14,500,000	37,000,000	P	14,500,000	P 14,500,000	P 37,000,000
Issuance during the year	-	-	-		-	-	-
Redemption	-	-	(12,500,000)		-	-	(12,500,000)
Balance at end of year	14,500,000	14,500,000	24,500,000		14,500,000	14,500,000	24,500,000
Treasury shares	-	-	(10,000,000)		-	-	(10,000,000)
Issued and outstanding	14,500,000	14,500,000	14,500,000		14,500,000	14,500,000	14,500,000
Common – P1 par value							
Authorized:	2,500,000,000	2,500,000,000	2,500,000,000	P	2,500,000,000	P 2,500,000,000	P 2,500,000,000
Issued:							
Balance at beginning of year	1,442,216,332	1,441,915,332	1,441,915,332	P	1,442,216,332	P 1,441,915,332	P 1,441,915,332
Issuance during the year	-	155,600	301,000		-	155,600	301,000
Balance at end of year	1,442,216,332	1,442,070,932	1,442,216,332		1,442,216,332	1,442,070,932	1,442,216,332
Treasury shares							
Balance at beginning of year	-	-	-		-	-	-
Sale of Treasury Shares	-	-	-		-	-	-
Balance at end of year	-	-	-		-	-	-
Issued and outstanding	1,442,216,332	1,442,070,932	1,442,216,332	P	1,442,216,332	P 1,442,070,932	P 1,442,216,332
				P	1,456,716,332	P 1,456,570,932	P 1,456,716,332

13.2 Employee Stock Options

On January 24, 2013, the Parent Company's BOD approved the ESOP for its eligible employees.

The initial offering date of the option was on July 1, 2016 and will vest five years from the date of grant. Pursuant to this ESOP, on July 1, 2016, the Parent Company granted share options to certain key executives to subscribe to 24.5 million common shares of the Parent Company equivalent to 2.2% of the total issued shares, at an exercise price of P5.68 per share.

Stock options will be granted in two tranches until July 1, 2021. The allocation for Tranche 1 every year is computed at 10.0% of the total available shares for exercise. Meanwhile, the allocation for Tranche 2 is based on the forecasted assessment of the executives' performance rating for five years.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The following principal assumptions were used in the valuation:

Life of the option	5 years
Current share price at grant date	P 6.25
Exercise price at grant date	P 5.68
Standard deviation of the rate of return	0.4
Risk-free interest rate	3.80%

The underlying expected volatility was determined by reference to historical date of the Group's shares over a period of time consistent with the option life.

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of time consistent with the option life.

A total of 3.1 million and 7.7 million share-based executive compensation are recognized in 2021 and 2020, respectively, and presented as part of Employee benefits under Selling and Administrative Expenses account in the consolidated statements of comprehensive income, respectively, with a corresponding credit to Retained Earnings account. No similar transactions in 2022 and June 2023.

13.3 Cash Dividends

The details of the Parent Company's cash dividend declarations, both for preferred and common shares, for the six months ended June 30 (unaudited) are as follows:

	<u>2023</u>	<u>2022</u>
Common shares	P -	P -
Preferred shares		<u>296,476,750</u>
	<u>P -</u>	<u>P 296,476,750</u>

13.4 Other Interim Disclosures

The Group's management is not aware of the following or is not applicable to the Group's interim operations:

- Unusual items that materially affect the Group's interim condensed consolidated assets, liabilities, equity, net income or cash flows because of their size, nature or incidents;
- Material changes in contingent liabilities or contingent assets since the last annual balance sheet date;
- Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period;
- Events that will trigger direct or contingent material financial obligations to the Group;
- Material off-balance sheet transactions, arrangements, obligations (direct or contingent) and other relationships of the Group;
- Significant elements of income or loss that did not arise from the Group's continuing operations;
- Material events subsequent to end of the reporting period that have not been reflected in this report;
- Material changes in the composition of the Group, including business combination, acquisition or disposal of subsidiaries, restructurings and discontinuing operations; and,
- Any seasonal aspect that had a material effect on the consolidated financial condition or results of operation.

13.5 Earnings Per Share

EPS were computed as follows:

	For the six months ended June 30 (Unaudited)		For the year ended December 31, 2022 (Audited)
	<u>2023</u>	<u>2022</u>	
a) Net profit (loss) pertaining to common shares	(P 2,061,394,070)	(417,282,435)	(P 3,872,183,280)
b) Net profit (loss) attributable to common shares	(2,061,394,070)	(417,282,435)	(3,872,183,280)

and potential common shares

c) Weighted average number of outstanding common shares	1,442,216,332	1,441,915,332	1,440,265,058
d) Weighted average number of outstanding common and potential common shares	1,442,216,332	1,441,915,332	1,440,265,058
Basic earnings (loss) per share (a/c)	<u>(P 1.43)</u>	<u>I (0.29)</u>	<u>(P 2.69)</u>
Diluted earnings (loss) per share (b/d)	<u>(P 1.43)</u>	<u>I (0.29)</u>	<u>(P 2.69)</u>

14. COMMITMENTS AND CONTINGENCIES

As of June 30, 2023 and December 31, 2022, the Group has commitments of more than P 503.5 million and P1,046.6 million, respectively, for expansion on petroleum retail network, depot, terminalling and logistics facilities, information technology infrastructure and other major expansions related to its business development.

The Group plans to expand further its petroleum retail service stations and carry out its investments in its subsidiaries to put up depot and terminalling facilities in strategic locations and complete its chain of logistical support to strengthen its foothold in the industry.

As of June 30, 2023, and December 31, 2022, the Parent Company has unused approved LCs amounting to P 683.3 million and P3,364.4 million, respectively.

There are commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying interim condensed consolidated financial statements. Management of the Group is of the opinion, that losses, if any, from these items will not have any material effect on its interim condensed consolidated financial statements.

In addition, there are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

15. SEASONAL FLUCTUATIONS

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

Item II: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The COVID-19 pandemic and the containment measures implemented by the Philippine Government disrupted domestic businesses and trade. Although the spread of the virus has abated, and most health and safety restrictions have been relaxed and businesses have re-opened, as of the end of 2022, the threat of new variants of the virus still remains. Just when the economic restrictions were relaxed and recovery was seemingly on its way, in early 2022, the escalating geopolitical tensions in Europe caused an unprecedented increase in fuel prices which hit oil-exporting developing countries like the Philippines.

The double blow of the lingering effects of COVID-19 outbreak and the rising fuel prices hampered the anticipated economic and business recovery of the Group during the year. In response to these matters, the Group has taken the following actions:

- Kept most of its employees on a work from home (WFH) arrangement. However, staff at terminal and depot operations have started to report to duty on a full-time basis. The HSE (Health, Safety, and Environment) Group, along with the Leadership, monitor and look after the physical and mental well-being of the employees
- The Group ensured preservation of its resources by keeping inventory at an optimal level while pursuing capital-light supply models in order to mitigate the volatility of fuel prices. In 2022, the Group likewise scaled back its capital expenditures spending by 61%, while benefiting from the structural cost actions implemented years prior, which included streamlining supply chains and rationalization of road transport operations.
- Continued to build on its digital presence to further capture its customer needs under the 'new normal', banking on cashless payments at retail stations and PFM stores and online ordering and delivery for LPG, as well as the LIMITLESS app, the Group's lifestyle rewards program enjoyed through a free downloadable mobile application.
- Reduced non-essential capital expenditure and deferred or cancelled discretionary spending;
- Implemented a freeze on non-urgent recruitment;
- Restructuring of debt with the Liability Management Exercise (LME) conducted by the Company with bankers and other financial institutions to refinance or restructure / defer payment of debt service

Unfortunately, despite the Group's efforts to minimize the impact of the lingering effects of the pandemic and geopolitical tensions, and the streamlining of its operations, there was still a significant dip in revenue and volumes for 2022, due to pricing volatility and constraints with its working capital. Total domestic volumes in 2022 dropped by 57% against the previous year.

Management will continue to take actions to continually improve operations as the need arises. Based on the foregoing improvements, Management projects that the Group will start to see positive results of operations, as additional funds are raised and access to working capital is restored. Accordingly, Management has not determined material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern due to the effects of the pandemic and of geo-political events.

Comparable discussion on Material Changes in Results of Operations for the Period Ended June 30, 2023 vs. June 30, 2022.

Revenues, Cost of Sales and Gross Margins

The Group's Revenues during the 1st half of 2023 were lower by 64% at ₱27.557 billion compared to the ₱76.185 billion generated in the same period of 2022. This was mainly due to the 55% decrease in total volume sold for the comparative periods (2023: 756 million liters vs. 2022: 1,694 million liters). The decline in domestic volume was a result of the implementation of the Third-Party Supply Model (3PS) where a 3rd party supplies our retail requirements directly and the Company in return earns Service income. Total volume thru the 3PS model aggregated 125 million during the 1st half of the year. While volume from overseas subsidiaries shrank by 52%, the domestic business dropped by 64%. Moreover, the average price of petroleum products was lower as a result of the 24% decrease in the price of Dubai crude (benchmark crude of Asian refineries) average (YTD June 2023 vs 2022: US\$77.37/bbl. vs. US\$101.80/bbl).

Cost of Sales and Services decreased by 65%, from ₱72.309 billion in the 1st half of 2022 to ₱25.616 billion in 2023, principally attributable to decline in volume.

Consequently, **Gross Margin** decreased by 50% or ₱1.935 billion.

Operating Expenses, Non-operating Expenses, Recurring Income

Meanwhile, the Company's **Selling and Administrative Expenses** amounted to ₱2.630 billion, 8% lower than the ₱2.864 billion level comparing the 1st half of 2023 versus 2022. The decrease was primarily due to lower delivery cost as a result of decline in volume and as a result of Company's effective cost management. However, comparing 2nd quarter against 1st quarter of the year, 2nd quarter is 6% or 76 million higher due to increase in taxes and licenses and refiling fees on canisters of PLPI.

On the other hand, **Net Non-operating Charges** of ₱1.935 billion was ₱578 million higher than the ₱1.356 billion incurred in the same period of 2022. The 43% increase was driven by the ₱304 million increase in the Finance Cost as average interest rates increased and the Company deferred payments of its loans and Trust Receipt's, carrying more debts for a longer period. This was aggravated by the ₱158 million increase in other Non-operating charges and ₱136 million increase in loss on equity share from JV. Also includes the loss on disposal of certain assets amounting to ₱27.64 million.

Operating, Net and Comprehensive Incomes

The 1st half of 2023 Operating loss of ₱689 million reversed by 168% (₱1.702 billion) from the prior year's ₱1.012 billion operating income, mainly attributable to decrease in gross margins.

The Net Loss Before Tax of ₱2.624 billion during the 1st half increased by 663% (₱2.280 billion) vis-à-vis the prior year's Net Income Before Tax of ₱345 million.

Meanwhile, the Company recorded a ₱24 million translation adjustment loss related to PNX SG's operations, 108% reversed the ₱308 million gain recorded in the same period of 2022. As such, Comprehensive Loss of ₱2.091 billion was 952% higher than the ₱245 million Comprehensive income reported in the 1st half of 2022.

Financial Condition

(As of June 30, 2023, versus December 31, 2022)

Consolidated resources as of June 30, 2023 stood at ₱84.250 billion, 2% lower than ₱85.792 billion level as of December 31, 2022.

Cash and Cash Equivalents decreased by 2% (from ₱4.181 billion in December 31, 2022 to ₱4.114 billion as of June 30, 2023), net of the interest paid, loan repayments and proceeds.

Trade and Other Receivables increased by 1% (from ₱18.719 billion as of December 31, 2022 to ₱18.875 billion as of June 30, 2023) due to service income billed to related parties for the period.

Inventory was 30% lower at ₱1.008 billion as of June 30, 2023 than the ₱1.449 billion as of December 31, 2022, driven by the strategic inventory management executed.

Due from Related Parties increased by 416% at ₱14.8 million as of June 30, 2023 than ₱2.9 million as of December 31, 2022, due to additional advances to JVs for working capital.

Input VAT reduced by 9% from ₱3.952 billion as of December 31, 2022 to ₱3.590 billion as of June 30, 2023, relative to decrease in inventories.

Prepayments & Other Current Assets

Assets Held for Sale was lower by 54% at ₱310 million as of June 30, 2023 to ₱676 million as of December 31, 2022, due to disposal of certain property of Duta.

Deferred Tax Asset was 26% higher at ₱2.438 billion as of June 30, 2023, from ₱1.930 billion as of December 31, 2022, coming from reported losses for the year, thereby recognizing Income Tax Benefits.

Interest-bearing Loans and Borrowings, both current and non-current of ₱48.717 billion as of June 30, 2023 decreased by .23% from ₱48.828 billion as of December 31, 2022, with the reduction in cash cycle days, loan level was also decreased.

Trade and Other Payables decreased by 4% from ₱19.285 billion as of December 31, 2022 to ₱18.435 billion as of June 30, 2023, due to settlement of trade payables.

Total Stockholders' Equity decreased to ₱11.999 billion as of June 30, 2023 from ₱14.080 billion as of December 31, 2022 (by 15%). The decrease is due to the 133% reduction in Retained Earnings which came from the Net Loss for the period.

Key Performance Indicators and Relevant Ratios

The Group's key performance indicators and relevant ratios and how they are computed are listed below:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Debt to Equity Ratio	6.02 : 1x	5.09 : 1x

Debt to Equity Interest-Bearing ²	4.06 : 1x	3.47 : 1x
Net Book Value per Share ³	₱3.11	₱4.55
Earnings per Share ⁴	(₱1.42)	(₱2.69)

Notes: Formula are based on Philippine Accounting Standards

1 – Total Debts divided by Total Stockholder's Equity

2 - Interest Bearing Debts divided by Total Stockholder's Equity

3 - Total Stockholder's Equity (net of Preferred) divided by the total number of shares issued and outstanding

4 - Period or Year Net income after tax divided by weighted average number of outstanding common shares

These key indicators were chosen to provide Management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and the Group's ability to maximize the value of its stockholders' investment in the Group (Net Book Value Per Share and Earnings Per Share). Likewise, these ratios are used to compare the Group's performance with similar companies.

Material (5% or more) Changes to the Group's Balance Sheet as of June 30, 2023 vs. December 31, 2022

30% decrease in Inventory

Due to shift in supply from own barrels to Third Party Supply Model.

416 % increase in Due from Related Party

Advances made to certain JVs for their working capital needs.

9% decrease in Input Vat Net

Due to the decreased tax base value of the recent importations compared to the prior year average.

6% increase in Prepayments and Other Assets

Due to prepaid taxes and renewed licenses.

54% decrease in Non-Current Assets Held for Sale

Due to disposal of certain DUTA property this year.

5% decrease in Right of Use (ROU) assets

This is due to normal depreciation recognized for the period.

9% decrease in Intangible assets

This is due to normal amortization of the asset.

26% increase in Deferred Tax Assets

Coming from Parent and some subsidiaries reporting losses for the period.

11% increase in Lease Liabilities current as a result of reclassification from non-current to current and lease payments.

39% decrease in Income Tax Payable

Due to settlement of income tax due for the period

127% increase in Other Non-Current Liabilities

Coming from Deposits for Future Stock Subscription of ultimate parent company – Udenna Corp.

133% decrease in Retained Earnings, as a result of the losses incurred for the period

Material (5% or more) changes to the Group's Income Statement as of June 30, 2023 vs. June 30, 2022

64% decrease in revenues

Due to the 55% decrease in volume

65% decrease in Cost of Sales and Services

This is relative to decline in volume.

8% decrease in Selling and Admin Expenses

The decrease is relative to decline in volume that lowers the customer delivery cost and coupled with effective cost saving strategies of the Company.

43% Net increase in Other income/(charges)

Mainly due to the lower allowable capitalization of certain finance costs on related projects under construction, higher interest expense as a result of the higher working capital requirement due to the increase in oil prices.

98% decrease in Tax Expense

This came from the losses of certain subsidiaries during the period.

There are no other material changes in the Group's financial position (5% or more) and conditions that will warrant a more detailed discussion. Furthermore, there are no material events and uncertainties known to Management that would impact or change the reported financial information and condition of the Group.

PART II – OTHER INFORMATION

1. The Parent Company held its virtual Annual Stockholders' Meeting on 17 June 2022, at the Phoenix Corporate Headquarters in Davao City via remote communications or live streaming.
2. As of June 30, 2023, there are no known trends or demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result, in increasing or decreasing the Group's liquidity in any material way. The decline in Current Ratio and the increase in Debt to Equity Ratio are seen to be temporary and will normalize as the economy gets back to normal. The Group has not been declared in default or in breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.
3. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Parent Company with unconsolidated entities or other persons created during the reporting period.
4. There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of the Parent Company.

5. There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Parent Company.

SIGNATURES

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

Registrant **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**

By:



HENRY ALBERT R. FADULLON
President and Chief Executive Officer



IGNACIA S. BRAGA IV
OIC-Chief Finance Officer



KHAREN P. HUSAIN
Comptroller

2023 ANNUAL STOCKHOLDERS' MEETING ("ASM") OF P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.

RULES AND PROCEDURE IN PARTICIPATION IN THE ASM BY REMOTE COMMUNICATION AND ELECTRONIC VOTING IN ABSENTIA

1) Participation in the ASM by Remote Communications.

- a) Shareholders (SH) of record as of October 5, 2023 are entitled to attend and participate and vote in absentia during the ASM on October 26, 2023 provided, they:
 - i) Register electronically at <http://asm.phoenixfuels.ph/PNX2023>
 - ii) Have their shares authenticated and verified through the registration process and
 - iii) Proxies, if any and applicable, accompanied by their respective authorities (Special Power of Attorney or Secretary's Certificate) validated.
- b) Only SH who have registered and whose shares have been verified, proxies validated shall be counted in the determination of a quorum and other corporate actions.
- c) SH may send their questions, comments and/or remarks prior to or during the meeting to pnx.corpsec@phoenixfuels.ph or investors@phoenixfuels.ph. It is requested and encouraged that questions will be limited to the Annual Report, Financial Statements as of 31 December 2022 and the Definitive Information Statement sent to all stockholders of record as of October 5, 2023.
- d) Since there is only a limited time and technical capacity, only a limited number of questions will be addressed directly during the ASM. However, the Company shall endeavor to answer the submitted questions or queries through the specified email provided by the SH.
- e) A link to the recorded webcast of the Meeting will be posted on the Company's website, www.phoenixfuels.ph after the Meeting.

Stockholders shall have two weeks from posting to raise to the Company any issues, clarifications and concerns on the Meeting conducted.

2) Voting in Absentia

- a) In view of the fact that the ASM will be conducted virtually, voting shall be cast through the following means:
 - i) Electronic voting which will be provided through a link to all stockholders of record as of October 5, 2023 and who are duly registered and shares have been authenticated and verified or their proxies, duly validated;

ii) Through submission of votes/ballots; Forms are downloadable in the Company's website at <https://www.phoenixfuels.ph/annual-stockholders-meeting/>, subject to the conditions set herein paragraph 1 (a), to any of the following addresses:

(1) Office of the Corporate Secretary
Stella Hizon Reyes Rd., Bo. Pampanga Lanang,
Davao City 8000

(2) Office of the Corporate Secretary
17/F Udenna Tower
Rizal Drive corner 4th Avenue Bonifacio
Global City, Taguig City

- Or -

iii) Submission of the votes/ballots, forms are downloadable in the Company's website at <https://www.phoenixfuels.ph/annual-stockholders-meeting/>, subject to the conditions set herein paragraph 1 (a), through email to pnx.corpsec@phoenixfuels.ph

b) The registration, authentication and validation process shall be open starting 10:00AM of October 12, 2023 and will close at 5:00PM on October 25 2023. Thereafter, SH may no longer avail of the option to vote in absentia

c) To register, authenticate and validate SH's shares or proxies, as the case may be, simply follow the steps in the registration process until completion. For further help and information, please send an email to pnx.corpsec@phoenixfuels.ph. The Company shall approve and confirm authentication and validation, as the case may, be through the SH email.

d) Requirement for Registration:

i) For Individual Stockholders with certificated shares:

- (1) Government issued ID with photo and signature
- (2) Recent photo with face fully visible. Must be JPEG, PNG, or PDF format (max 10 MB)
- (3) Valid and active email address
- (4) Valid and active contact number (preferably mobile phone)

ii) For Shareholders, individual or corporate, with or under Broker Accounts

- (1) Authorization, duly notarized, from Broker **specifying the number of shares**, form is downloadable. However, other forms are acceptable provided that information on the number of shares is included as well as the name of the authorized representative is made evident in the authorization.

A scanned copy is in PDF or JPEG format with file no larger than (10 MB)

- (2) Government issued ID with photo and signature
- (3) Recent photo with face fully visible. Must be JPEG, PNG, PDF (max 10 MB)
- (4) Valid and active email address
- (5) Valid and active contact number preferably mobile phone

iii) For Corporate Shareholders

- (1) Secretary's Certificate, Board Resolution, forms downloadable at <https://www.phoenixfuels.ph/annual-stockholders-meeting/>, duly notarized, authorizing the registering SH to participate and vote in the ASM and specifying number of shares. However, other forms are acceptable provided that information on the number of shares is included as well as the name of the authorized representative is made evident in the authorization. A scanned copy is in PDF or JPEG format with file no larger than (10 MB)
- (2) Government issued ID with photo and signature
- (3) Recent photo with face fully visible. Must be JPEG, PNG, PDF (max 10 MB)
- (4) Valid and active email address
- (5) Valid and active contact number preferably mobile phone
- (6) Valid and active email address of the corporation the registering SH is representing

Note: The Company reserves the right to reject processing of registration and deny access to ASM facilities for incomplete documents or for any discrepancy found in information provided. An email confirmation on the status of the SH's registration shall be sent to the registered email.

e) Voting or Polls shall commence on 10:00AM of October 12, 2023 subject to the conditions set in paragraph 1(a) and shall be closed at 5:00 PM of October 25, 2023. Once SH has submitted their ballots, the same can no longer be changed. In the event that multiple votes are cast representing the same shares, the Company shall count only the initial votes cast.

f) The Office of the Corporate Secretary shall tabulate all votes cast in electronically including proxies which shall be validated by the External and Internal Auditors.

g) For any questions or clarifications regarding the Internal Procedures, SH may e-mail pnx.corpsec@phoenixfuels.ph.