

# COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

ATTY. MARK HADRIAN P. GAMO
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Contact Person

+ (632) 3499-4001/ +639189633797
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Company Telephone Number

1	2
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Month

3	1
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Day

Fiscal Year

Definitive Information Statement

2	0	-	I	S
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FORM TYPE

0	5
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Month

0	9
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Day

2<sup>nd</sup> Tuesday of May  
Annual General Meeting  
as per By-Laws

CERTIFICATE OF PERMIT TO OFFER SECURITIES FOR SALE DATED 14 OCTOBER 2016
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Secondary License Type, If Applicable

M	S	R	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

320 (as of 31 August 2023)
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Total No. of Stockholders

32,827,000,000
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Domestic

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Foreign

Total Amount of Borrowings

**To be accomplished by SEC Personnel concerned**

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Document I. D.

\_\_\_\_\_ Cashier

<b>STAMPS</b>   
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SHELL PILIPINAS CORPORATION  
(formerly Pilipinas Shell Petroleum Corporation)  
NOTICE OF SPECIAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the special meeting of the stockholders of SHELL PILIPINAS CORPORATION (the "Corporation"), formerly Pilipinas Shell Petroleum Corporation, will be **conducted virtually through Shell Operated Webcast** at **2:00 p.m. on 21 November 2023 (Tuesday)**, for the following purposes:

**A G E N D A**

- (1) Call to Order
- (2) Certification of Service of Notice and Quorum
- (3) Approval of Minutes of the Annual Meeting of the Stockholders held on 09 May 2023
- (4) Approval of Certain Acts of the Board, Board Committees and Management
  - (a) The Corporation directly engaging in electric vehicle ("EV") charging station business and amendment of the Articles of Incorporation ("AoI") to allow the sale of services related to electric charging
  - (b) The Corporation selling services (including technical services related to lubricants business) and amendment of the AoI for the purpose
- (5) Other Matters
- (6) Adjournment

The 25<sup>th</sup> day of October 2023 has been fixed as the record date for the determination of stockholders entitled to notice of, and to vote at, the Special Meeting. The holders of record of shares of Common Stock as of the record date will be entitled to vote on the proposed corporate actions set out in Items 3 and 4 above.

Stockholders may participate in the meeting in person or by remote communication and by voting through the Chairman of the Board as proxy. Please send your proxy letter, a sample of which is attached to this Information Statement as **Annex "A"**, to the Office of the Corporate Secretary of the Corporation with email address at [PSPC-Governance@shell.com](mailto:PSPC-Governance@shell.com) **on or before 10 November 2023**.

On the day of the special stockholders' meeting, **21 November 2023**, stockholders may also vote *in absentia* or by remote communication in accordance with the procedure set forth in **Annex "B"** and as posted in the website of the Corporation at <https://pilipinas.shell.com.ph/>. This will be subject to validation procedure and the final results published in our website.

Taguig City, 02 October 2023.

FOR THE BOARD OF DIRECTORS



**MARK HADRIAN P. GAMO**  
Corporate Secretary

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**WE ARE NOT SOLICITING YOUR PROXY.  
YOU NEED NOT SEND US A PROXY.**

## **BRIEF DISCUSSION OF THE AGENDA OF THE 2023 ANNUAL STOCKHOLDERS' MEETING**

### **I. Call to Order**

The Chairman of the Board of Directors (or the Chairman of the meeting, as the case may be) (the "Chairman") will call the meeting to order.

### **II. Report on Attendance and Quorum**

The Corporate Secretary (the "Secretary") will certify the date when the notice of the Special Stockholders' Meeting was sent to the stockholders as of record date of 25 October 2023. The Secretary will likewise certify the presence of a quorum. Under the By-Laws of the Corporation, the holders of a majority of the issued and outstanding capital stock of the Corporation entitled to vote shall, if present in person or by proxy, constitute a quorum for the transaction of business.

Pursuant to Sections 23, 49 and 50 of the Revised Corporation Code, shareholders may participate through remote communication and *in absentia*. During the Annual Stockholders' Meeting and the Organizational and Regular Board Meeting held on 07 May 2019, the shareholders and the Board of Directors of the Corporation approved the amendment of its By-laws to allow stockholders to vote *in absentia* or via remote communication. The Securities and Exchange Commission approved the amendment on 15 March 2023, thereby allowing stockholders to also participate and vote through *in absentia* or via remote communication. Said stockholders shall be deemed present for purposes of quorum.

Please refer to Annex "B" for the procedure to participate or vote *in absentia* or via remote communication. This is similar to the registration and voting process during the Annual Stockholders' Meeting held on 09 May 2023.

### **III. Review and Approval of the Minutes of the Previous Stockholders' Meeting**

The draft of the minutes of the Annual Stockholders' Meeting held on 09 May 2023 has been posted on the Corporation's website (<http://pilipinas.shell.com.ph/investors/stockholders-meeting-information.html>). This will also be part of the materials to be distributed through alternative mode (as authorized by the Securities and Exchange thru its Notice dated 13 March 2023) to stockholders together with the Definitive Information Statement and relevant attachments. The stockholders will be requested to approve the draft of the Minutes of the Annual Stockholders' Meeting held on 09 May 2023, a copy of which is attached as **Annex "C"**.

### **IV. Approval of Certain Acts of the Board, Board Committees and Management**

The acts and resolutions of the Board of Directors are reflected in the minutes of meetings, the material contents of which are disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange and posted on the Corporation's website. A list of such acts and resolutions will also be set out in the Definitive Information Statement for the Special Stockholders' Meeting.

The items for approval of the stockholders are:

- a. The Corporation directly engaging in EV charging station business and amendment of the AoI to allow the sale of services related to electric charging; and
- b. The Corporation selling services (including technical services related to lubricants business) and amendment of the AoI for the purpose.

Regarding (a), the Board of Directors has approved the proposal for SHLPH to directly engage in the electric vehicle charging station business and to sell various services related to electric charging. This aligns with the Corporation's approach towards energy transition in step with society, evolving beyond petroleum, towards sustainable and cleaner energy solutions for the company, people, community and environment today and for the future.

The Second Article, Secondary Purpose (i) of the AoI will be amended and broadened to include the sale of services related to electric charging, as follows:

- “(i) To purchase, create, generate, hold or otherwise acquire electric current and electric power of every kind, description and source, and to sell, market, supply or otherwise dispose of at wholesale/retail, insofar as may be permitted by law, light, heat and power of every kind, description and source as well as to offer, provide, and sell services of all kinds to business entities and/or end consumers, either in conjunction with or independent of, the sale, marketing, and supply of light, heat and power of every kind, description and source, including but not limited to services related to electric charging.” (Underscoring supplied)

Regarding (b), to generate more revenues for the Corporation, the Board of Directors has approved the proposal for the Corporation to also sell technical services related to its lubricants business to non-buyers of its lubricants products.

As such, the Second Article, Secondary Purpose (c) of the AoI will be amended and broadened to include the sale of services, as follows:

- “(c) To the extent permitted by law, to buy, trade, exchange, distribute and sell, at wholesale and/or retail, all kinds, types, and classes of goods, wares, merchandise, products, and other articles of trade including, whether tangible or intangible, but not limited to, dry goods, foodstuffs, food products, beverages, electrical supplies, office equipment, rubber and synthetic products, hydrocarbon products, chemical, chemical products, and credits or certificates and to offer, provide, and sell services of all kinds to business entities and/or end consumers, either in conjunction with or independent of, the sale of the foregoing goods, products and articles.” (Underscoring supplied)

**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 Sheet  
 Definitive Information Sheet
2. Name of Registrant as specified in its Charter:  
**Shell Pilipinas Corporation (formerly Pilipinas Shell Petroleum Corporation)**
3. Province, country and other jurisdiction of incorporation or organization:  
**Taguig City, Metro Manila, Philippines**
4. SEC Identification Number:  
**14829**
5. BIR Tax Identification Code:  
**000-164-757**
6. Address of principal office:  
**41st Floor, The Finance Centre, 26th Street corner 9th Avenue, Bonifacio Global City,  
Brgy. Fort Bonifacio, Taguig City, Metro Manila, 1635, Philippines**
7. Registrant's telephone number, including area code:  
**(632) 3 499 4001**
8. Date, time and place of the meeting of security holders  

Date	<b>21 November 2023 (Tuesday)</b>
Time	<b>2:00 p.m.</b>
Place	<b>Virtual Meeting through Shell Operated Webcast</b>
9. Approximate date on which the Information Statement, Management Report, Annual Report and other pertinent reports will be published through alternative mode of distribution through the Corporation's website and PSE Edge:  
**30 October 2023**
10. In case of Proxy Solicitations:  
Name of Person Filing the Statement/Solicitor: [N/A]  
Address and Telephone No.: [N/A]

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

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding</u>
<b>Common</b>	<b>1,613,444,202</b>

12. Are any or all *registrant's* securities listed in a Stock Exchange?

Yes  No

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

**Philippine Stock Exchange** **Common Stock**

## PART I.

### INFORMATION REQUIRED IN INFORMATION STATEMENT

#### **A. GENERAL INFORMATION**

##### **Item 1. Date, Time and Place of Meeting of Security Holders**

- (a) The Special Stockholders' Meeting (the "Meeting") of Shell Pilipinas Corporation (the "Corporation"), formerly Pilipinas Shell Petroleum Corporation, has been set on the date, time and place indicated below:

Date: 21 November 2023 (Tuesday)  
Time: 2:00 p.m.  
Place: Virtual Meeting through Shell Operated Webcast

The mailing address of the principal office of the Corporation is:

Shell Pilipinas Corporation  
41st Floor, The Finance Centre, 26th Street corner 9th Avenue  
Bonifacio Global City, Brgy. Fort Bonifacio  
Taguig City, Metro Manila, 1635, Philippines

The approximate date on which the Information Statement, Management Report, Annual Report, Annual and Sustainability Report and other pertinent reports will be published **through alternative mode of distribution** through the Corporation's website (<https://pilipinas.shell.com.ph/>) and PSE Edge is on 30 October 2023.

**Proxy Solicitation: We are not soliciting for proxy.**

##### **Item 2. Dissenter's Right of Appraisal**

There are no matters or proposed corporate actions which may give rise to a possible exercise by stockholders of their appraisal rights under Sections 41 and 80 of the Revised Corporation Code of the Philippines ("RCC").

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

- (a) No current director or officer of the Corporation, or nominee for election as director of the Corporation and, to the best knowledge of the Board of Directors (the "Board") and management of the Corporation, no associate of any of the foregoing persons has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon at the Meeting.
- (b) No director has informed the Corporation in writing that he/she intends to oppose any action to be taken by the Corporation at the Meeting.

#### **B. CONTROL AND COMPENSATION INFORMATION**

##### **Item 4. Voting Securities and Principal Holders Thereof**

- (a) *Voting Securities*

As of the date of this Information Statement, the total number of outstanding common shares of the Corporation is 1,613,444,202.

(b) *Record Date*

All stockholders of record holding common shares as of 25 October 2023 (the “Record Date”) are entitled to notice and to vote at the Meeting. Each common share is entitled to one vote.

(c) *Manner of Voting*

Under the Corporation’s By-Laws, during the election of directors the common shares shall be voted as stated in the RCC which provides for cumulative voting in the election of directors. Thus, a stockholder may distribute his/her/its shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of common shares he/she/it has, or he/she/it may distribute them on the same principle among as many candidates as he/she/it shall see fit; provided, that the total number of votes cast by him/her/it shall not exceed the number of shares owned by him/her/it as shown in the stock and transfer books of the Corporation multiplied by the number of directors to be elected.

Pursuant to Sections 23, 49 and 50 of the RCC, shareholders may participate *in absentia* or via remote communication. During the Annual Stockholders’ Meeting and the Organizational and Regular Board Meeting held on 07 May 2019, the shareholders and the Board of Directors of the Corporation approved the amendment of its By-laws to allow stockholders to vote *in absentia* or via remote communication. The amendment was approved by the Securities and Exchange Commission on 15 March 2023, thereby allowing stockholders to participate and vote *in absentia* or via remote communication. Said stockholders shall be deemed present for purposes of quorum.

(d) *Security Ownership of Certain Record and Beneficial Owners and Management*

- 1) The following table sets forth the record owners and beneficial owners of more than five percent (5%) of the Corporation’s outstanding common shares, the number of shares owned by, and the percentage of shareholders of each of the stockholders of the Corporation **as of 30 June 2023**:

Title Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizen ship	No. of Shares	Percent
Common	Shell Overseas Investments B.V.  Carel van Bylandtlaan 30, 2596 HR The Hague The Netherlands  - Parent Company	Beneficial and Record Owner	Dutch	890,860,233	55.21%
Common	The Insular Life Assurance Company, Ltd. The Insular Life Bldg., Ayala Avenue cor. Paseo de Roxas, Makati City  - Shareholder	Beneficial and Record Owner	Filipino	265,465,395	16.45%
Common	PCD Nominee Corporation (Filipino) 37th Floor Tower 1 The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City	PCD Nominee Corporation	Filipino	210,855,877	13.07%



	- Shareholder				
Common	PCD Nominee Corporation (Filipino) 37th Floor Tower 1 The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City  - Shareholder	PCD Nominee Corporation	Foreign	135,466,483	8.40%

The stockholders who hold more than five percent (5%) ownership are:

(i) Shell Overseas Investments B.V.

Shell Overseas Investments B.V. operates as a holding company and is based in The Hague, the Netherlands. It is 100% owned by Shell Petroleum N.V. (SPNV).

Mr. Michael Ramolete, *failing whom*, Ms. Candy Arroyo-Lagdameo, *failing whom*, Mr. Bernd Krukenberg, is the proxy holder who shall vote the shares of this stockholder unless the proxy is issued in favor of another individual in due course.

(ii) The Insular Life Assurance Company Limited

The Insular Life Assurance Company Limited is engaged in carrying out the business of life assurance in all its branches and in particular, the grant or effect of assurances of all kinds for payment of money by way of single payment or by several payments or by way of immediate or deferred annuities upon the death of or upon the attainment of a given age by any person or persons or upon the birth or failure of issue or subject to or upon a fixed or certain date irrespective of any such event or contingency.

The President and Chief Executive Officer of Insular Life Assurance Company Limited, Mr. Raoul Antonio E. Littaua, is the proxy holder who shall vote the shares of this stockholder unless the proxy is issued in favor of another individual in due course.

(iii) PCD Nominee Corporation

PCD Nominee Corporation (“PCD”) is the registered owner of shares held by participants in the Philippine Depository and Trust Co. (“PDTC”), a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. Under the PDTC procedures, when an issuer of a PDTC-eligible issue will hold a stockholders’ meeting, the PDTC will execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients.

Based on available information, no owner of the Corporation’s common shares registered under the name of PCD owns more than five percent (5%) of the Corporation’s outstanding common stock as of the Record Date.

Except as stated above, the Board and Management of the Corporation have no knowledge of any other person, who, as of the date of this Information Statement, was directly or indirectly the beneficial owner of, or who has voting power with respect to, shares comprising more than five percent (5%) of the Corporation's outstanding common shares.

- 2) The security ownership of directors and executive officers of the Corporation as of **30 September 2023** is as follows:

TYPE OF CLASS	NAME OF BENEFICIAL OWNER	POSITION	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	NATIONALITY	PERCENTAGE
Common	Min Yih Tan	Non-Executive Director/ Chairman of the Board	Indirect: 1	Singaporean	0%
Common	Cesar A. Buenaventura	Independent Director	Direct: 200,001	Filipino	0.01240%
Common	Lydia B. Echauz	Independent Director	Direct: 2,000 Indirect: 1	Filipino	0.00012%
Common	Fernando Zobel de Ayala	Independent Director	Direct: 1	Filipino	0%
Common	Amando M. Tetangco, Jr.	Independent Director	Direct: 1	Filipino	0%
Common	Nina D. Aguas	Non-Executive Director	Direct: 164,357 Indirect: 0	Filipino	0.01019%
Common	Lorelie Q. Osial	Director/ President/ Chief Executive Officer	Direct: 0 Indirect: 1	Filipino	0%
Common	Reynaldo P. Abilo	Director/ Treasurer/ Vice President - Finance/Chief Risk Officer	Direct: 16,000 Indirect: 1	Filipino	0.00099%
Common	Randolph T. Del Valle	Executive Director/ Vice President - Mobility	Direct: 0 Indirect: 1	Filipino	0%
Common	Stuart Chaplin	Non-Executive Director	Indirect: 1	British	0%
Common	Luis C. la Ó	Non-Executive Director	Indirect: 1	Filipino	0%
Common	Sergio C. Bernal, Jr.	Vice President - Corporate Relations	Direct: 4,290	Filipino	0.00027%
Common	Paulo Angelo N. Arias	Vice President - Human Resources	None	Filipino	Not Applicable
Common	Jacqueline Famorca	Vice President - Lubricants	None	Filipino	Not Applicable
Common	Kit Arvin M. Bermudez	Vice President - Supply and Distribution	Direct: 0 Indirect: 1,600	Filipino	0.0001%
Common	Albert A. Lim	Vice President - Wholesale Commercial Fuels	Direct: 4,290	Filipino	0.00027%
Common	Erwin R. Orocio	Chief Compliance Officer/ Managing Counsel	Direct: 6,290	Filipino	0.00039%
Common	Ralph D. Del Rosario	Assistant Corporate Secretary	None	Filipino	0%

<b>TYPE OF CLASS</b>	<b>NAME OF BENEFICIAL OWNER</b>	<b>POSITION</b>	<b>AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP</b>	<b>NATIONALITY</b>	<b>PERCENTAGE</b>
Common	Mark Hadrian P. Gamo	Corporate Secretary	Direct: 3,000	Filipino	0.0002%
Common	Erwin R. Riñon	Corporate Audit and Assurance Manager	None	Filipino	Not Applicable
<b>Security Ownership of all Directors and Officers</b>			<b>Direct: 400,229</b> <b>Indirect: 1,608</b>		<b>0.02492%</b>

None of the members of the Corporation's directors and management owns two percent (2.0%) or more of the outstanding capital stock of the Corporation.

3) Voting Trust Holders of Five Percent (5%) or More

The Corporation is not aware of any person holding more than five percent (5%) of the Corporation's common shares under a voting trust or similar agreement.

4) Changes in Control

The Corporation is not aware of any change in control or arrangement which may result in a change in control of the Corporation.

**Item 5. Directors and Executive Directors**

No action will be taken with respect to this matter.

**Item 6. Compensation of Directors and Executive Officers**

No action will be taken with respect to this matter.

**Item 7. Independent Public Accountants**

No action will be taken with respect to this matter.

**Item 8. Compensation Plans**

No action will be taken with respect to this matter.

**C. ISSUANCE AND EXCHANGE OF SECURITIES**

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

No action will be taken with respect to this matter.

**Item 10. Modification or Exchange of Securities**

No action will be taken with respect to this matter.

**Item 11. Financial and Other Information**

(a) The Audited Financial Statements as of 31 December 2022 approved by the Board of Directors on 23 March 2023 will be attached as **Annex “D”** to the Definitive Information Statement for alternative mode of distribution to the stockholders on 30 October 2023.

**(b) Management’s Discussion and Analysis**

**Q2 2023 vs FY 2022 Financial Condition**

**Current assets**

SPC’s current assets decreased from P49,833.3 million as of 31 December 2022 to P48,573.2 million as of 30 June 2023 primarily due to the following:

Cash decreased by P114.9 million, or 3.9% from P2,957.2 million as of 31 December 2022 to P2,842.2 million as of 30 June 2023 driven by working capital movements.

Receivables decreased by P3,276.1 million, or 14.2% from P23,051.8 million as of 31 December 2022 to P19,775.7 million as of 30 June 2023 primarily driven by the decrease in global fuel prices.

Prepayments and other current Assets increased by P2,112.2 million, or 35.9% from P5,884.3 million as of 31 December 2022 to P7,996.5 million as of 30 June 2023 mainly driven by the increase in prepaid corporate taxes and input VAT credit from higher importations.

**Non-Current Assets**

SPC’s non-current assets increased from P67,203.2 million as of 31 December 2022 to P70,654.6 million as of 30 June 2023 primarily due to the following:

Property, plant and equipment, net increased by P2,533.7 million, or 9.3% from P27,262.7 million as of 31 December 2022 to P29,796.4 million as of 30 June 2023 due to additional mobility stations built during the year, upgrades made to existing mobility sites and enhancement of the supply chain network.

Long-term Receivables, rentals and investments, net, increased by P574.5 million, or 5.1 % from P11,331.5 million as of 31 December 2022 to P11,906.0 million as of 30 June 2023 primarily due to increase in excise duty claims.

Deferred income tax assets, net, decreased by P46.4 million, or 1.5% from P3,037.5 million as of 31 December 2022 to P2,991.1 million as of 30 June 2023 primarily due to utilization NOLCO and MCIT from prior years.

**Current Liabilities**

SPC’s current liabilities decreased from P59,770.8 million as of 31 December 2022 to P53,114.6 million as of 30 June 2023 primarily due to the following:

Trade and other payables decreased by P5,018.0 million, or 15.2% from P32,926.0 million as of 31 December 2022 to P27,908.0 million as of 30 June 2023 primarily driven by decrease in average global fuel product prices for petroleum products such as gasoline, diesel, fuel oil, aviation fuel from ~\$94/bbl as of 31 December 2022 to ~\$86/bbl by end of June 2023.

Short-term loans increased by P7,362.0 million, or 41.3% from P17,827.0 million as of 31 December 2022 to P25,189.0 million as of 30 June 2023 primarily due to higher working capital requirements.

Current portion of loans payable decreased by P9,000.0 million, or 100.0% from P9,000.0 million as of 31 December 2022 to Nil as of 30 June 2023 due to the replacement of a maturing loan with a new medium-term loan drawn in February 2023.

## Non-Current Liabilities

SPC's non-current liabilities increased from P28,336.2 million as of 31 December 2022 to P36,953.3 million as of 30 June 2023 primarily due to the following:

Long-term loans increased by P9,000 million, or 150.0% from P6,000.0 million as of 31 December 2022 to P15,000.0 million as of 30 June 2023 due to the new medium-term loan drawn last February 2023 with a 5-year duration.

Provision and other liabilities decreased by P560.1 million, or 13.3% from P4,209.9 million as of 31 December 2022 to P3,649.8 million as of 30 June 2023 primarily driven by reclassification of Tabangao asset retirement obligation to short-term provision due to the expected spending on D&R for the year.

## Equity

SPC's total equity increased from P28,929.4 million as of 31 December 2022 to P29,159.9 million as of 30 June 2023 primarily driven by increase in profits and fair value of equity instruments.

## 2022 vs 2021 Financial Condition

### Current Assets

Shell Pilipinas's current assets increased from Php36,475.6 million as of 31 December 2021 to Php49,833.3 million as of 31 December 2022 primarily due to the following:

*Trade and other receivables* increased by Php7,111.7 million, or 44.6% from Php15,940.1 million as of 31 December 2021 to Php23,051.8 million as of 31 December 2022 primarily driven by the increase in sales and finished products prices globally.

*Inventories* increased by Php2,086.4 million, or 13.2% from Php15,853.5 million as of 31 December 2021 to Php17,939.9 million as of 31 December 2022 primarily driven by increase in average global fuel prices for petroleum products such as gasoline, diesel, fuel oil, aviation fuel from ~\$82/bbl as of 31 December 2021 to ~\$94/bbl by 31 December 2022.

*Prepayments and other current assets* increased by Php2,886.5 million, or 96.3% from Php2,997.8 million as of 31 December 2021 to Php5,884.3 million as of 31 December 2022 mainly driven by prepaid corporate income tax and increase in input VAT credit from higher importations.

*Cash* increased by Php1,272.9 million, or 75.6 % from Php1,684.3 million as of 31 December 2021 to Php2,957.2 million as of 31 December 2022 primarily as a result of stronger cash generation from operations and financing activities partially offset by dividends paid during the year and strategic spend on capital projects to increase its mobility network and enhance its supply chain. and.

### Non-Current Assets

Shell Pilipinas's non-current assets increased from Php58,673.6 million as of 31 December 2021 to Php67,203.2 million as of 31 December 2022 primarily due to the following:

*Right to use assets net*, increased by Php2,148.8 million, or 12.0% from Php17,964.5 million as of 31 December 2021 to Php20,113.3 million as of 31 December 2022 owing to additions and renewal of lease contracts.

*Long-term Receivables, rentals and investments, net* increased by Php3,451.0 million, or 43.8% from Php 7,880.5 million as of 31 December 2021 to P11,331.5 million as of 31 December 2022 mainly due to increase

in excise duty claims including the second tranche of payment under protest of alleged excise tax on importation of alkylate.

*Property, plant and equipment, net* increased by Php3,843.3 million, or 16.4% from Php23,419.4 million as of 31 December 2021 to Php27,262.7 million as of 31 December 2022 due to additional mobility stations built during the year, upgrades made to existing mobility sites and enhancement of the supply chain network.

*Deferred income tax assets, net*, decreased by Php1,093.1 million, or 26.5% from Php4,130.7 million as of 31 December 2021 to Php3,037.5 million as of 31 December 2022 primarily due to utilization of NOLCO from prior years.

*Other assets* increased by Php 179.6 million, or 3.4% from Php5,278.6 million as of 31 December 2021 to Php5,458.2 million as of 31 December 2022 mainly driven by increase in fair value of equity securities and proprietary club shares.

### **Current Liabilities**

Shell Pilipinas's current liabilities increased from Php32,704.3 million as of 31 December 2021 to Php59,770.8 million as of 31 December 2022 primarily due to the following:

*Trade and other payables* increased by Php8,458.6 million, or 34.6% from Php24,467.5 million as of 31 December 2021 to Php32,926.0 million as of 31 December 2022 primarily driven by increase in overall global petroleum product prices and depreciation of Philippine peso.

*Short-term loans* increased by Php9,607.0 million, or 116.9% from Php8,220.0 million as of 31 December 2021 to Php17,827.0 million as of 31 December 2022 primarily due to higher working capital requirements driven by the increase in global fuel product prices, Peso depreciation, and high inflation.

*Current portion of loans payable* increased by Php9,000.0 million, or 100.0% million from nil as of 31 December 2021 to Php9,000.0 million as of 31 December 2022 due to the reclassification of the portion of long-term debt that will mature within three-months from 31 December 2022. This has been replaced with a Php 9,000.0 million new Medium-Term Loan drawn in February 2023, which was split equally between BPI and Metrobank.

### **Non-Current Liabilities**

Shell Pilipinas's non-current liabilities decreased from Php36,273.4 million as of 31 December 2021 to Php28,336.2 million as of 31 December 2022 primarily due to the following:

*Long term debt* decreased by Php9,000.0 million, or 60.0% from Php15,000.0 million as of 31 December 2021 to Php6,000.0 million as of 31 December 2022 due to the reclassification of the portion of long-term debt that will mature within three-months from 31 December 2022. A new Medium-Term Loan of Php 9,000.0 million was drawn in February 2023; it was split equally between BPI and Metrobank.

*Lease liabilities*, increased by Php2,197.1 million, or 13.8% from Php15,929.2 million as of 31 December 2021 to Php18,126.3 million as of 31 December 2022 primarily driven by additions and renewals of lease contracts.

*Provision and other liabilities* decreased by Php1,134.3 million, or 21.2% from Php5,344.2 million as of 31 December 2021 to Php4,209.9 million as of 31 December 2022 primarily driven by remeasurement of asset retirement obligation due to changes in discount and inflation rate.

## Equity

Shell Pilipinas's total equity increased from Php26,171.5 million as of 31 December 2021 to Php28,929.4 million as of 31 December 2022 primarily due to the following:

*Retained earnings* increased by Php2,462.3 million, or 185.7% from Php1,325.9 million of 31 December 2021 to Php3,788.2 million as of 31 December 2022 primarily due to the increase in profits during the year. This increase is net of dividends paid amounting to P1,613.4 million.

## 2021 vs. 2020 Financial Condition

### Current assets

PSPC's current assets increased from P29,902.6 million as of 31 December 2020 to P34,305.8 million as of 30 September 2021, primarily due to the following:

*Cash* decreased by P4,821.5 million, or 77% from P6,290.5 million as of 31 December 2020 to P1,469.0 million as of 30 September 2021 primarily driven by settlement of short-term borrowings and partial payment of contractual obligations from cessation of refinery operations.

*Receivables* increased by P2,209.6 million or 18.8% from P11,732.6 million as of 31 December 2020 to P13,942.2 million as of 30 September 2021 primarily driven by the increase in finished products prices in the region.

*Inventories, net* increased by P5,349.1 million, or 53.4% from P10,016.4 million as of 31 December 2020 to P15,365.5 million as of 30 September 2021 primarily driven by finished product prices in the region which increased from ~\$53/bbl as of 31 December 2020 to ~\$80/bbl by end of September 2021.

*Prepayments and other current assets* increased by P1,666.0 million, or 89.4% from P1,863.1 million as of 31 December 2020 to P3,529.1 million as of 30 September 2021 mainly driven by the increase in prepaid corporate taxes, input VAT credit and prepaid excise taxes for imports.

### Non-Current Assets

PSPC's non-current assets decreased from P56,647.6 million as of 31 December 2020 to P56,032.6 million as of 30 September 2021 primarily due to the following:

*Right of use assets* increased by P1,304.0 million, or 9.0% from P14,507.5 million as of 31 December 2020 to P15,811.5 million as of 30 September 2021 mainly driven by the renewal of lease contracts.

*Deferred income tax assets, net*, decreased by P2,370.1 million, or 38.8% from P6,102.8 million as of 31 December 2020 to P3,732.7 million primarily due to the reduction in Regular Corporate Income Tax Rate (RCIT) from 30% to 25% effective 01 July 2020, and adjustments in the provisions related to the cessation of refinery operations.

### Current Liabilities

PSPC's current liabilities increased from P33,394.3 million as of 31 December 2020 to P34,017.3 million as of 30 September 2021 primarily due to the following:

*Short-term loans* increased by P724.0 million from P13,000.0 million as of 31 December 2020 to P13,724.0 million as of 30 September 2021 primarily due to working capital requirements driven by the increase in product prices in the market.

## Non-Current Liabilities

PSPC's non-current liabilities decreased from P29,524.0 million as of 31 December 2020 to P29,066.9 million as of 30 September 2021 primarily due to the following:

*Provision and other liabilities* decreased by P1,876.6 million from P7,505.2 million as of 31 December 2020 to P5,628.6 million as of 30 September 2021 primarily driven by provision reversal for decommissioning and restoration costs of the refinery equipment due to asset sales and adjustment on provisions related to cessation of refinery operations

*Lease liabilities* increased by P1,419.6 million from P13,018.8 million as of 31 December 2020 to P14,438.3 million as of 30 September 2021 mainly due to renewal of lease contracts.

## Equity

PSPC's total equity increased from P23,631.8 million as of 31 December 2020 to P27,254.1 million as of 30 September 2021 due to profits earned during the period mainly driven by strong marketing earnings and inventory gains

## 2020 vs 2019 Financial Condition

### Current assets

PSPC's current assets decreased from Php47,469.4 million as of 31 December 2019 to Php29,902.6 million as of 31 December 2020 primarily due to the following:

*Cash* increased by Php1,511.6 million, or 31.6% from Php4,778.9 million as of 31 December 2019 to Php6,290.5 million as of 31 December 2020 driven by strong cash flow from operations in the latter part of the year as a result of strong performance from marketing business and various cash conservation strategies.

*Trade and other receivables* decreased by Php4,035.0 million, or 25.6% from Php15,767.6 million as of 31 December 2019 to Php11,732.6 million as of 31 December 2020 primarily driven by general decrease in global oil prices for petroleum products and decline in volumes due to the pandemic.

*Inventories* decreased by Php15,406.3 million, or 60.6% from Php25,422.7 million as of 31 December 2019 to Php10,016.4 million as of 31 December 2020 primarily driven by the Company's decision to sell all the pumpable crude oil stock in 2020, as a result of cessation of refining operations in Tabangao. The Company does not hold any remaining marketable crude oil stock as at 31 December 2020.

*Prepayments and other current assets* increased by Php362.9 million, or 24.2% from Php1,500.2 million as of 31 December 2019 to Php1,863.1 million as of 31 December 2020 mainly driven by increase in prepaid corporate taxes arising from unutilized credits, which is partially offset by decrease in prepaid excise taxes as a result of cessation of refining operations.

### Non-Current Assets

PSPC's non-current assets increased from Php55,450.1 million as of 31 December 2019 to Php56,647.5 million as of 31 December 2020 primarily due to the following:

*Long-term Receivables, rentals and investments, net* increased by Php982.4 million, or 21.3% from Php4,622.8 million as of 31 December 2019 to P5,605.2 million as of 31 December 2020 mainly due to increase in excise duty claims.

*Right to use assets*, increased by Php1,858.4 million, or 14.7% from Php12,649.1 million as of 31 December 2019 to Php14,507.5 million as of 31 December 2020 owing to additions and renewal of lease contracts.



*Property, plant and equipment* decreased by Php7,790.8 million, or 25.2% from Php30,925.8 million as of 31 December 2019 to Php23,135.0 million as of 31 December 2020 due to impairment of refinery assets as a result of cessation of refining operations in Tabangao.

*Other assets* increased by Php44.8 million, or 0.6% from Php7,252.3 million as of 31 December 2019 to Php7,297.1 million as of 31 December 2020 mainly driven by increase in fair value of pension assets, which is partially offset by decrease in value of intangible assets as a result of impairment of refinery assets.

### **Current Liabilities**

PSPC's current liabilities decreased from Php39,453.2 million as of 31 December 2019 to Php33,394.3 million as of 31 December 2020 primarily due to the following:

*Trade and other payables* decreased by Php9,307.0 million, or 31.4% from Php29,684.2 million as of 31 December 2019 to Php20,377.2 million as of 31 December 2020 primarily driven by the decline in demand owing to the pandemic, decrease in general crude oil prices and increase in provision for decommissioning and restoration owing to the cessation of the refining operations.

*Short-term loans* increased by Php3,248.0 million, or 33.3% from Php9,752.0 million as of 31 December 2019 to Php13,000.0 million as of 31 December 2020 primarily due to higher short-term bridge financing requirements.

### **Non-Current Liabilities**

PSPC's non-current liabilities increased from Php23,637.9 million as of 31 December 2019 to Php29,524.0 million as of 31 December 2020 primarily due to the following:

*Lease liabilities*, increased by Php2,541.3 million, or 24.3% from Php10,477.4 million as of 31 December 2019 to Php13,018.7 million as of 31 December 2020 primarily driven by additions and renewals of lease contracts.

*Deferred Tax* moved from a net liability position of Php1,000.1 million as of 31 December 2019 to a net asset position of Php6,102.8 million as of 31 December 2020.

*Provision and other liabilities* increased by Php4,344.8 million, or 137.5% from Php3,160.4 million as of 31 December 2019 to Php7,505.2 million as of 31 December 2020 primarily due to increase in asset retirement obligations and provisions for onerous contracts due to cessation of refining operations.

### **Equity**

PSPC's total equity decreased from Php39,828.3 million as of 31 December 2019 to Php23,631.9 million as of 31 December 2020 primarily due to the following:

*Retained earnings* decreased by Php16,242.1 million from Php11,938.0 million as of 31 December 2019 to Php4,304.1 million deficit as of 31 December 2020. The reduction in retained earnings is primarily attributable to the net loss realized in the current year amounting to P16,182.7 million owing to the pandemic impact on decline in demand, decrease in crude oil prices and one-off charges related to the impairment and its associated costs due to the cessation of refining operations.

*Other reserves* increased by Php45.6 million, or 8.2% from Php554.6 million as of 31 December 2019 to Php600.2 million as of 31 December 2020 due to increase in fair value of equity instruments.

## 2019 vs 2018 Financial Condition

### Current assets

PSPC's current assets increased from Php40,778.6 million as of 31 December 2018 to Php47,469.4 million as of 31 December 2019 primarily due to the following:

*Trade and other receivables* increased by Php2,774.8 million, or 21.4% from Php12,992.8 million as of 31 December 2018 to Php15,767.6 million as of 31 December 2019 primarily driven by higher sales volumes and imposition of higher excise tax on petroleum products.

*Cash* increased by Php323.8 million, or 7.3% from Php4,455.1 million as of 31 December 2018 to Php4,778.9 million as of 31 December 2019 as a result of stronger net income and decrease in cash used from financing. This was partially offset by working capital movements.

*Inventories* increased by Php5,779.9 million, or 29.4% from Php19,642.8 million as of 31 December 2018 to Php25,422.7 million as of 31 December 2019 primarily driven by general increase in crude oil prices.

*Prepayments and other current assets* decreased by Php2,187.6 million, or 59.3% from Php3,687.8 million as of 31 December 2018 to Php1,500.2 million as of 31 December 2019 mainly driven by utilization of input VAT and decrease in rental prepayments and recognition of right to use assets as a result PFRS 16 implementation.

### Non-Current Assets

PSPC's non-current assets increased from Php39,387.8 million as of 31 December 2018 to Php55,450.1 million as of 31 December 2019 primarily due to the following:

*Right to use assets*, of Php 12,649.1 million as of 31 December 2019 is due to the implementation of PFRS 16 starting January 1, 2019. This was previously under prepayments and long-term receivables as per PAS 17 and asset retirement obligations under PAS 16.

*Property, plant and equipment* increased by Php2,797.1 million, or 9.9% from Php28,128.7 million as of 31 December 2018 to Php30,925.8 million as of 31 December 2019 primarily due to additional retail stations built during the year, implementation of growth projects in the refinery, and enhancement of the supply chain network.

*Other assets* increased by Php652.2 million, or 9.9% from Php6,600.1 million as of 31 December 2018 to Php7,252.3 million as of 31 December 2019 mainly driven by increase in fair value of pension assets and equity instruments during the year.

### Current Liabilities

PSPC's current liabilities increased from Php28,456.8 million as of 31 December 2018 to Php39,453.2 million as of 31 December 2019 primarily due to the following:

*Trade and other payables* increased by Php4,504.0 million, or 17.9% from Php25,180.1 million as of 31 December 2018 to Php29,684.2 million as of 31 December 2019 primarily due to general increase in crude oil prices and lease liabilities due to PFRS 16 implementation.

*Dividends payable* increased by Php1.5 million, or 9.6% from Php15.6 million as of 31 December 2018 to Php17.1 million as of 31 December 2019 primarily due to cash dividend declared during the year which remain uncollected at 31 December 2019.

*Short-term loans* increased by Php6,491.0 million, or 199.0% from Php3,261.0 million as of 31 December 2018 to Php9,752.0 million as of 31 December 2019 primarily due to higher short-term borrowings for working capital requirements.

### **Non-Current Liabilities**

PSPC's non-current liabilities increased from Php12,737.8 million as of 31 December 2018 to Php23,637.9 million as of 31 December 2019 primarily due to the following:

*Lease liabilities*, of Php10,477.4 million as of 31 December 2019 is due to implementation of PFRS 16.

*Deferred income tax liabilities, net* increased by Php306.5 million, or 44.2% from Php693.6 million as of 31 December 2018 to Php1,000.1 million as of 31 December 2019 primarily due to government claims and retirement benefits. This is partially offset by deferred tax asset arising from implementation of PFRS 16.

*Provision and other liabilities* increased by Php116.2 million, or 3.8% from Php3,044.2 million as of 31 December 2018 to Php3,160.4 million as of 31 December 2019 primarily due to increase in asset retirement obligations.

### **Equity**

PSPC's total equity increased from Php38,971.8 million as of 31 December 2018 to Php39,828.3 million as of 31 December 2019 primarily due to the following:

*Retained earnings* increased by Php863.1 million from Php11,074.9 million as of 31 December 2018 to Php11,938.0 million as of 31 December 2019 primarily driven by increase in profits during the year.

*Other reserves* decreased by Php6.6 million, or 1.2% from Php561.2 million as of 31 December 2018 to Php554.6 million as of 31 December 2019 due to decrease in fair value of equity instruments.

### **YTD Q2 2023 vs YTD Q2 2022 Results of Operation**

*Net sales* decreased by P6,903.6 million, or 5.1% from P135,326.3 million for the year ended 30 June 2022 to P128,422.7 million for the year ended 30 June 2023 primarily due to lower pump prices driven by the general decrease in global oil prices.

*Gross profit* decreased by P8,845.5 million or 48.5% from P18,232.7 million for the year ended 30 June 2022 to P9,387.2 million for the year ended 30 June 2023 mainly due to pre-tax inventory holding loss of P2,261.43 million in Q2 2023 against pre-tax gains of P8,529.73 million in Q2 2022.

*Selling, General and Administrative expenses* increased by P804.2 million, or 11.4% from P7,072.0 million for the year ended 30 June 2022 to P7,876.1 million for the year ended 30 June 2023 primarily as a result of increased spending on outside services, logistics and transshipment costs, repair and maintenance and documentary stamp tax related to borrowings. This is partially offset by Tabangao refinery impairment reversal.

*Other operating income/expense, net* decreased by P531.8 million or 62.4% from P852.6 million income for the period ended 30 June 2022 to P320.8 million income for the period ended 30 June 2023 primarily driven by the commodity hedging net mark to market loss in 2023 as compared to 2022 due to the oil price and market premium volatility globally and depreciation of the Philippine Peso. This is partially offset by the income P121.0 million generated by the non-fuel retail business.

*EBITDA* decreased by P10,059.0 million or 75.1% from P13,396.4 million for the period ended 30 June 2022 to P3,337.4 million for the period ended 30 June 2023 mainly due to impact of pre-tax inventory holding loss of P2,261.43 million in Q2 2023 against pre-tax gains of P8,529.73 million in Q2 2022.

*Core earnings (net earnings excluding inventory holding gains and other one-off items)* increased by P69.6 million from P1,367.7 million for the period ended 30 June 2022 to P1,437.3 million for the period ended 30 June 2023. This was driven by the increase in marketing volumes and premium products partially offset by increase in borrowing costs as Philippine interest rates tripled from Q1 2022 versus 2023 levels.

## **2022 vs 2021 Results of Operation**

*Net sales* increased by Php114,325.8 million, or 64.5 %, from Php177,156.9 million for the year ended 31 December 2021 to Php291,482.6 million for the year ended 31 December 2022 mainly driven by the increase in sales and higher pump prices due to the general increase in global oil prices.

*Cost of sales* increased by Php111,707.1 million, or 72.3% from Php154,412.7 million for the year ended 31 December 2021 to Php266,119.8 million for the year ended 31 December 2022 driven by increase in global fuel prices for petroleum product from ~\$82/bbl as of 31 December 2021 to ~\$94/bbl by end of 31 December 2022 and increase in sales volume.

*Gross profit* increased by Php2,618.7 million, or 11.5% from Php22,744.2 million for the year ended 31 December 2021 to Php25,362.9 million for the year ended 31 December 2022 primarily as result of increase in marketing volumes and inventory gains as a result of increase in global oil prices.

*Selling, General and Administrative expenses* increased by Php1,331.9 million, or 8.7% from Php15,347.7 million for the year ended 31 December 2021 to Php16,679.6 million for the year ended 31 December 2022 primarily as a result of increased spending on logistics and transshipment, higher depreciation, communication and utilities, employee benefits and outside services, partially offset by repair and maintenance cost.

*Impairment losses* decreased by Php300.4 million, or 100.0%, from Php300.4 million for the year ended 31 December 2021 to nil for the year ended 31 December 2022 due to the completion of impairment activities in the former refinery.

*Other operating income/expense net* decreased by Php1,917.9 million, or 100.2%, from Php1,914.8 million income for the year ended 31 December 2021 to Php3.1 million loss for the year ended 31 December 2022 primarily driven by oil price and market premium volatility globally and depreciation of Philippine Peso leading to commodity hedging net mark to market loss in 2022 as compared to 2021. This is partially offset by the growth in non-fuel retail business.

*Finance income* increased by Php114.4 million, or 3,732.8%, from Php3.1 million for the year ended 31 December 2021 to Php117.5 million for the year ended 31 December 2022, mainly due to help in unrealized foreign currency gain during the year.

*Finance expense* increased by Php1,083.5 million, or 48.2%, from Php2,248.0 million for the year ended 31 December 2021 to Php3,331.4 million for the year ended 31 December 2022 mainly driven by increase in realised foreign exchange loss due to weakening of Peso against other foreign currencies.

*Net Income After Tax for the period* improved by Php220.0 million or 5.7% from an income of Php3,855.7 million for the year ended 31 December 2021 to an income of Php4,075.7 million for the year ended 31 December 2022. This is primarily driven by stronger marketing performance supported by volume growth and inventory holding gains offset by loss from mark to market and foreign exchange.

*Core income* increased by Php503 million, or 21.7% from Php2,321.0 million profit for the year ended 31 December 2021 to Php2,824 million for the year ended 31 December 2022 primarily driven by stronger

marketing delivery with 10% increase in volumes tempered by the impact of foreign exchange loss due to material depreciation of the Philippine Peso.

*EBITDA decreased* by Php413.3 million, or 3.3% from a profit of Php12,365.3 million for the year ended 31 December 2021 to a profit of Php11,952.0 million for 31 December 2022 mainly due to impact of decrease in pre-tax inventory holding gain, from inventory holding gain of Php4,859.5 million in 2021 down to Php2,072.7 million in 2022.

### **2021 vs. 2020 Results of Operation**

*Net sales* increased by P16,425.6 million, or 15.2% primarily due to higher pump prices driven by the general increase in global oil prices.

*Gross profit* increased by P25,452.6 million or 312.0% mainly due to higher premium fuel penetration, and inventory gains as a result of increase in global oil prices, and lower costs as a result of the cessation of refinery operations.

*Selling, General and Administrative expenses* increased by P664.2 million, or 6.6% from P10,047.9 million for the year ended 30 September 2020 to P10,712.1 million for the year ended 30 September 2021 as a result of increase in business activities in marketing and supply chain.

*Other operating income/expense, net* increased by P1,362.0 million from net operating expense of P203.2 million for the period ended 30 September 2020 to net operating income of P1,158.8 million for the period ended 30 September 2021 primarily driven by increase in market prices leading to commodity hedging net mark to market gain in 2021 as compared to net mark to market loss in 2020.

*EBITDA* increased by P24,527.7 million or 166.9% from loss of P14,696.2 million for the period ended 30 September 2020 to profit of P9,831.4 million for the period ended 30 September 2021 mainly due to the significant recovery of core earnings from prior year loss position and impact of post-tax inventory holding gains of P1,866.7 million in YTD 3Q 2021 against losses of P5,720.5 million in YTD 3Q 2020.

*Core earnings* increased by P2,702.4 million from loss of P659.1 million for the period ended 30 September 2020 to P2,043.3 million for the period ended 30 September 2021, mainly driven by resilient marketing earnings and lower costs from the cessation of refining operations. Core earnings represents net profits after excluding inventory holding gains and losses (2021 – P1,866.7 million income, 2020 –P5,720.5 million loss post-tax), and other one-off items (2021 CREATE adjustment on deferred taxes of ~ P1.0 billion and post-tax one of manufacturing expenses amounting to P0.2 billion).

### **2020 vs 2019 Results of Operation**

*Net sales* decreased by Php61,451.1 million, or 28.1%, from Php218,403.0 million for the year ended 31 December 2019 to Php156,951.8 million for the year ended 31 December 2020 mainly driven by decline in global oil prices and lower marketing volumes due to lockdowns implemented by the government as a measure to prevent the spread of the pandemic. Starting August, the Government relaxed the imposition of community lockdowns to improve the economic activity in the country.

*Cost of sales* decreased by Php41,661.4 million, or 21.4% from Php194,952.6 million for the year ended 31 December 2019 to Php153,291.2 million for the year ended 31 December 2020 due to lower purchase prices on account of decline in global crude prices and lower volumes as a result of COVID-19 pandemic.

*Gross profit* decreased by Php19,789.7 million, or 84.4% from Php23,450.3 million for the year ended 31 December 2019 to Php3,660.6 million for the year ended 31 December 2020 primarily as result of decline in sales volumes due to mobility restrictions imposed to prevent the spread of the pandemic and one off charges associated to the cessation of refining operations.

*Selling, General and Administrative expenses* decreased by Php725.8 million, or 5.0% from Php14,448.6 million for the year ended 31 December 2019 to Php13,722.8 million for the year ended 31 December 2020 primarily as a result of reduced spending on repairs and maintenance, logistics and transshipment, advertising expenses and travel expenses in line with the various cash preservation initiatives and strategies implemented.

*Other operating income* decreased by Php210.6 million, or 54.2%, from Php388.4 million for the year ended 31 December 2019 to Php177.8 million for the year ended 31 December 2020 primarily due to decrease in non-fuel retail income as a result of mobility restrictions and higher notional net mark to market loss in 2020 as compared 2019, primarily driven by decline in market prices. When there is a downward trend for market prices, commodity hedging may result in mark-to-market losses, which is offset by the lower cost of materials.

*Impairment losses* amounting to Php11,124.5 represents the losses on impairment of refinery assets and decommissioning and demolition expenses due to cessation of refining operations.

*Finance income* decreased by Php231.6 million, or 45.3%, from Php511.7 million for the year ended 31 December 2019 to Php280.1 million for the year ended 31 December 2020, mainly due to decrease in foreign currency exposure during the year as a result of weakening of Peso against other foreign currencies.

*Finance expense* increased by Php418.8 million, or 22.3%, from Php1,880.6 million for the year ended 31 December 2019 to Php2,299.4 million for the year ended 31 December 2020, mainly driven by increase in interest on lease liabilities as a result of additions and renewals of lease contracts.

*Net Income After Tax for the period* reduced by Php21,803.8 million or 387.9% from a profit of Php5,621.2 million for the year ended 31 December 2019 to a loss of Php16,182.7 million for the year ended 31 December 2020. The loss reported during the period consists of 73% or Php12 billion of one-off charges related to the cessation and transformation of the refinery into a World-Class import facility, while Php4.8 billion is due to the drastic decline in crude prices.

*EBITDA Adjusted for COSA* decreased by Php22,009.4 million, or 178.8% from profit of Php12,311.3 for the year ended 31 December 2019 to loss of Php9,698.1 million for the year ended 31 December 2020 primarily driven by the lower demand on oil products arising from the COVID-19 pandemic. The Company's core earnings have shown a strong rebound by end of 2020 by Php1.1 billion or 157.1% from a loss of Php0.7 billion as of Q3 to a profit of Php0.4 as of Q4 due to the improved market conditions.

*EBITDA decreased significantly* by Php30,753.8 million, or 215.8% from a profit of Php14,252.3 million for the year ended 31 December 2019 to loss of Php16,501.5 million for 31 December 2020 mainly due to impact of increase in pre-tax inventory holding gains from Php1,941.0 inventory holding gain in 2019 vs inventory holding loss of Php6,803.4 million in 2020.

## **2019 vs. 2018 Results of Operation**

*Net sales* marginally decreased by Php465.7 million, or 0.2%, from Php218,868.7 million for the year ended 31 December 2018 to Php218,403.0 million for the year ended 31 December 2019 despite a 3% increase in sales volume primarily due to the lower average pump prices as influenced by the marginal decrease in global oil prices.

*Gross profit* increased by Php1,155.5 million, or 5.2% from Php22,294.8 million for the year ended 31 December 2018 to Php23,450.3 million for the year ended 31 December 2019 primarily as result of strong marketing delivery and increased premium fuel penetration. This is supported by marginal decrease in average oil prices and lower logistics costs.

*Selling, General and Administrative expenses* increased by Php62 million, or 0.4% from Php14,386.6 million for the year ended 31 December 2018 to Php14,448.6 million for the year ended 31 December 2019 primarily driven by PFRS 16 implementation partially offset by the reduction in logistics costs.

*Other operating income* decreased by Php195.5 million, or 33.5%, from Php583.9 million for the year ended 31 December 2018 to Php388.4 million for the year ended 31 December 2019 primarily due to disposal of property, plant and equipment coupled with remediation activities. This is partially offset by growth in non-fuel retail business.

*Finance income* increased by Php466.6 million, or 1,034.6%, from Php45.1 million for the year ended 31 December 2018 to Php511.7 million for the year ended 31 December 2019, mainly due to improved foreign currency exposure during the year as a result of strengthening of Peso against other foreign currencies.

*Finance expense* increased by Php635.6 million, or 51.1%, from Php1,245.0 million for the year ended 31 December 2018 to Php1,880.6 million for the year ended 31 December 2019, mainly driven by increase in interest and finance charges due to implementation of PFRS 16, offset by net foreign exchange gain in 2019 vs net foreign exchange loss realized in 2018.

*Net Income After Tax for the period* improved by Php544.9 million or 10.7% from Php5,076.3 million for the year ended 31 December 2018 to Php5,621.2 million for the year ended 31 December 2019. This is primarily driven by stronger marketing performance supported by volume growth and higher premium fuel penetration, refinery cost savings, and inventory holding gains. This is against the backdrop of lower refinery margins. Inventory gain contributed Php1,364.3 million to 2019 net income vs post-tax inventory holding loss of Php39.8 million in 2018.

*EBITDA Adjusted for COSA* increased by Php2,265.7 million, or 22.6% from Php10,045.6 for the year ended 31 December 2018 to Php12,331.3 million for the year ended 31 December 2019. This is primarily driven by robust delivery from the marketing businesses and implementation of PFRS 16. This was partially offset by lower refinery margins and the impact of planned maintenance of Tabango refinery. EBITDA adjusted for COSA or the period ended 31 December 2019 under PAS 17 would have resulted to Php8,556.9 million.

*EBITDA* increased significantly by Php4,263.7 million, or 42.7% from Php9,988.6 million for the year ended 31 December 2018 to Php14,252.3 million for 31 December 2019 mainly due to impact of increase in pre-tax inventory holding gains from Php56.9 million inventory holding loss in 2018 vs inventory holding gain of Php1,941.0 million in 2019 and strong marketing delivery.

**STATEMENTS OF INCOME:**

In PhP millions	YTD Q2 2023	2022	2021	2020	2019	2018
Net Sales	128,423	291,483	177,157	156,952	218,403	218,869
Cost of Sales	119,036	266,120	154,413	153,291	194,953	196,574
Gross profit	9,387	25,363	22,744	3,661	23,450	22,295
Operating Expenses, net	(7,555)	(16,683)	(13,733)	(24,669)	(14,060)	(13,775)
Income/(Loss) from Operations	1,832	8,680	9,011	(21,008)	9,390	8,492
Other non-operating income/ (Expense)	0	0	0	0	0	0
Finance Income (costs), net	(1,671)	(3,214)	(2,244)	(2,019)	(1,369)	(1,200)
Income/(Loss) Before Provision for Income Tax	161	5,466	6,766	(23,028)	8,021	7,292
(Provision for)/ Benefit from Income Tax	(38)	(1,390)	(2,910)	6,846	(2,400)	(2,216)
<b>Net Income/(Loss) for the Year</b>	<b>123</b>	<b>4,076</b>	<b>3,856</b>	<b>(16,183)</b>	<b>5,621</b>	<b>5,076</b>
<b>Earnings Per Share</b>	<b>0.08</b>	<b>2.53</b>	<b>2.39</b>	<b>(10.03)</b>	<b>3.48</b>	<b>3.15</b>

In %	YTD Q2 2023	2022	2021	2020	2019	2018
Net Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	92.69%	91.30%	87.16%	97.67%	89.26%	89.81%
Gross profit	7.31%	8.70%	12.84%	2.33%	10.74%	10.19%
Operating Expenses, net	-5.88%	-5.72%	-7.75%	-15.72%	-6.44%	-6.29%
Income/(Loss) from Operations	1.43%	2.98%	5.09%	-13.38%	4.30%	3.88%
Other non-operating income/ (Expense)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Finance Income (costs), net	-1.30%	-1.10%	-1.27%	-1.29%	-0.63%	-0.55%
Income/(Loss) Before Provision for Income Tax	0.13%	1.88%	3.82%	-14.67%	3.67%	3.33%
Provision for Income Tax	-0.03%	-0.48%	-1.64%	4.36%	-1.10%	-1.01%
<b>Net Income/(Loss) for the Year</b>	<b>0.10%</b>	<b>1.40%</b>	<b>2.18%</b>	<b>-10.31%</b>	<b>2.57%</b>	<b>2.32%</b>



Change (year-on-year)	Q2 2023 vs Q2 2022	2022 v 2021	2021 v 2020	2020 v 2019	2019 v 2018
Net Sales	(6,903.6)	114,325.8	20,205.0	(61,451.0)	(466.0)
Cost of Sales	1941.9	111,707.1	1,122.0	(41,662.0)	(1,621.0)
Gross profit	(8,845.5)	2,618.7	19,083.0	(19,789.0)	1,155.0
Operating Expenses, net	(1,336.0)	(2,949.3)	10,936.0	(10,609.0)	(285.0)
Income/(Loss) from Operations	(10,181.5)	(330.6)	30,019.0	(30,398.0)	898.0
Other non-operating income/ (Expense)	-	-	-	-	-
Finance Income (costs), net	(3.7)	(969.0)	(225.0)	(650.0)	(169.0)
Income/(Loss) Before Provision for Income Tax	(10,185.2)	(1,299.7)	29,794.0	(31,049.0)	729.0
Provision for Income Tax	2,542.4	1,519.7	(9,756.0)	9,246.0	(184.0)
<b>Net Income/(Loss) for the Year</b>	(7,642.8)	220	20,039.0	(21,804.0)	545.0
<b>Earnings Per Share</b>	(4.73)	0.14	12.4	(13.5)	0.3

% Change (year-on-year)	Q2 2023 vs Q2 2022	2022 v 2021	2021 v 2020	2020 v 2019	2019 v 2018
Net Sales	-5%	65%	13%	-28%	0%
Cost of Sales	2%	72%	1%	-21%	-1%
Gross profit	-49%	11.5%	521%	-84%	5%
Operating Expenses, net	21%	21%	-44%	75%	2%
Income/(Loss) from Operations	-85%	-4%	-143%	-324%	11%
Other non-operating income/ (Expense)					
Finance Income (costs), net	0%	43%	11%	47%	14%
Income/(Loss) Before Provision for Income Tax	-98%	-19%	-129%	-387%	10%
Provision for Income Tax	-99%	-52%	-143%	-385%	8%
<b>Net Income/(Loss) for the Year</b>	-98%	5.7%	-124%	-388%	11%
<b>Earnings Per Share</b>	-98%	5.7%	-124%	-388%	11%

**BALANCE SHEETS:**

In PhP millions	Q2 2023	2022	2021	2020	2019	2018
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	2,842	2,957	1,684	6,291	4,779	4,455
Receivables, net	19,776	23,052	15,940	11,733	15,768	12,993
Inventories, net	17,959	17,940	15,853	10,016	25,423	19,643
Prepayments and other current assets	7,997	5,884	2,998	1,863	1,500	3,688
Total Current Assets	48,573	49,833	36,476	29,903	47,469	40,779
<b>NON-CURRENT ASSETS</b>						
Long-term receivables, advance rentals and investments	11,906	11,331	7,881	5,605	4,623	4,659
Property, plant and equipment, net	29,796	27,263	23,419	23,135	30,926	28,129
Right to use assets, net	20,351	20,113	17,964	14,507	12,649	0
Deferred income tax assets	2,991	3,038	4,131	6,103	0	0
Other assets	5,610	5,458	5,279	7,297	7,252	6,600
Total non-current assets	70,655	67,203	58,674	56,648	55,450	39,389
<b>TOTAL ASSETS</b>	<b>119,228</b>	<b>117,036</b>	<b>95,149</b>	<b>86,550</b>	<b>102,919</b>	<b>80,166</b>
<b>LIABILITIES &amp; STOCKHOLDERS EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable & accrued expenses	27,908	32,926	24,467	20,377	29,684	25,180
Short-term borrowings	25,189	17,827	8,220	13,000	9,752	3,261
Dividends payable	18	18	17	17	17	16
Current portion of Loans payable		9,000				
Total current liabilities	53,115	59,771	32,704	33,394	39,453	28,457
<b>NON-CURRENT LIABILITIES</b>						
Long-term loans payable	15,000	6,000	15,000	9,000	9,000	9,000
Lease liabilities	18,303	18,126	15,929	13,019	10,477	0
Deferred income tax liabilities, net	-	-	-	-	1,000	694
Provisions and other liabilities	3,650	4,210	5,344	7,505	3,160	3,044
Total non-current liabilities	36,953	28,336	36,273	29,524	23,638	12,738
Total Liabilities	90,068	88,107	68,978	62,918	63,091	41,195
<b>STOCKHOLDERS' EQUITY</b>	29,160	28,929	26,172	23,632	39,828	38,972
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>119,228</b>	<b>117,036</b>	<b>95,149</b>	<b>86,550</b>	<b>102,919</b>	<b>80,166</b>

In %	Q2 2023	2022	2021	2020	2019	2018
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	2.38%	2.53%	1.77%	7.27%	4.64%	5.56%
Receivables, net	16.59%	19.70%	16.75%	13.56%	15.32%	16.21%
Inventories, net	15.06%	15.33%	16.66%	11.57%	24.70%	24.50%
Prepayments and other current assets	6.71%	5.03%	3.15%	2.15%	1.46%	4.60%
Total current assets	40.74%	42.58%	38.34%	34.55%	46.12%	50.87%
<b>NON-CURRENT ASSETS</b>						
Long-term receivables, advance rentals and investments	9.99%	9.68%	8.28%	6.48%	4.49%	5.81%
Property, plant and equipment, net	24.99%	23.29%	24.61%	26.73%	30.05%	35.09%
Right to use assets, net	17.07%	17.19%	18.88%	16.76%	12.29%	0.00%
Deferred income tax assets	2.51%	2.60%	4.34%	7.05%	0.00%	0.00%
Other assets	4.71%	4.66%	5.55%	8.43%	7.05%	8.23%
Total non-current assets	59.26%	57.42%	61.67%	65.45%	53.88%	49.13%
<b>TOTAL ASSETS</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>LIABILITIES &amp; STOCKHOLDERS EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable & accrued expenses	23.41%	28.13%	25.71%	23.54%	28.84%	31.41%
Short-term borrowings	21.13%	15.23%	8.64%	15.02%	9.48%	4.07%
Dividends payable	0.01%	0.02%	0.02%	0.02%	0.02%	0.02%
Current portion of Loans payable	0.00%	7.69%	0.00%	0.00%	0.00%	0.00%
Total current liabilities	44.55%	51.07%	34.37%	38.58%	38.33%	35.50%
<b>NON-CURRENT LIABILITIES</b>						
Long-term loans payable	12.58%	5.13%	15.76%	10.40%	8.74%	11.23%
Lease liabilities	15.35%	15.49%	16.74%	15.04%	10.18%	0.00%
Deferred income tax liabilities, net	0.00%	0.00%	0.00%	0.00%	0.97%	0.87%
Provisions and other liabilities	3.06%	3.60%	5.62%	8.67%	3.07%	3.80%
Total non-current liabilities	30.99%	24.21%	38.12%	34.11%	22.97%	15.89%
Total Liabilities	75.54%	75.28%	72.49%	72.70%	61.30%	0.00%
<b>STOCKHOLDERS' EQUITY</b>	24.46%	24.72%	27.51%	27.30%	38.70%	48.61%
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Change (year-on-year)	Q2 2023 vs FY 2022	2022 v 2021	2021 v 2020	2020 v 2019	2019 v 2018
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	(115)	1,273	(4,607)	1,512	324
Receivables, net	(3,276)	7,112	4,207	(4,035)	2,775
Inventories, net	18.8	2,086	5,837	(15,407)	5,780
Prepayments and other current assets	2,112	2,887	1,135	363	(2,188)
Total Current Assets	(1,260)	13,357	6,573	(17,566)	6,690
<b>NON-CURRENT ASSETS</b>					
Long-term receivables, advance rentals and investments	575	3,451	2,276	982	(36)
Property, plant and equipment, net	2,534	3,843	284	(7,791)	2,797
Right to use assets, net	238	2,149	3,457	1,858	12,649
Deferred income tax assets	(46)	(1,093)	(1,972)	6,103	-
Other assets	152	180	(2,018)	45	652
Total non-current assets	3,451	8,530	2,026	1,198	16,061
<b>TOTAL ASSETS</b>	2,191	21,887	8,599	(16,369)	22,753
<b>LIABILITIES &amp; STOCKHOLDERS EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable & accrued expenses	(5,018)	8,459	4,090	(9,307)	4,504
Short-term borrowings	7,362	9,607	(4,780)	3,248	6,491
Dividends payable	(0.2)	1	-	-	1
Current portion of Loans payable	(9,000)	9,000	-	-	-
Total Current Liabilities	(6,656)	27,066	(690)	(6,059)	10,996
<b>NON-CURRENT LIABILITIES</b>					
Long-term loans payable	9,000	(9,000)	6,000	-	-
Lease liabilities	177	2,197	2,910	2,542	10,477
Deferred income tax liabilities, net	-	-	-	(1000)	306
Provisions and other liabilities	(560)	(1,134)	(2,161)	4,345	116
Total non-current liabilities	8,617	(7,937)	6,749	5,886	10,900
Total Liabilities	1,961	19,129	6,060	(173)	1,453
<b>STOCKHOLDERS' EQUITY</b>	230	2,758	2,540	(16,196)	856
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	2,191	21,887	8,599	(16,369)	22,753

% Change (year-on-year)	Q2 2023 vs FY 2022	2022 v 2021	2021 v 2020	2020 v 2019	2019 v 2018
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	-4%	76%	-73%	32%	7%
Receivables, net	-14%	45%	36%	-26%	21%
Inventories, net	0.1%	13%	58%	-61%	29%
Prepayments and other current assets	36%	96%	61%	24%	-59%
Total Current Assets	-3%	37%	22%	-37%	16%
<b>NON-CURRENT ASSETS</b>					
Long-term receivables, advance rentals and investments	5%	44%	41%	21%	-1%
Property, plant and equipment, net	9%	16%	1%	-25%	10%
Right to use assets, net	1%	12%	24%	15%	
Deferred income tax assets	-2%	-27%	-32%		
Other assets	3%	3%	-28%	1%	10%
Total non-current assets	5%	15%	4%	2%	41%
<b>TOTAL ASSETS</b>	2%	23%	10%	-16%	28%
<b>LIABILITIES &amp; STOCKHOLDERS EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable & accrued expenses	-15%	35%	20%	-31%	18%
Short-term borrowings	41%	117%	-37%	33%	199%
Dividends payable	-1%	6%	0%	0%	6%
Current portion of Loans payable	-100%	100%			
Total Current Liabilities	-11%	83%	-2%	-15%	39%
<b>NON-CURRENT LIABILITIES</b>					
Long-term loans payable	150%	-60%	67%	0%	0%
Lease liabilities	1%	14%	22%	24%	
Deferred income tax liabilities, net	-	-	-	-100%	44%
Provisions and other liabilities	-13%	-21%	-29%	138%	4%
Total Non-Current Liabilities	30%	-22%	23%	25%	86%
Total Liabilities	2%	28%	10%	0%	53.2%
<b>STOCKHOLDERS' EQUITY</b>	1%	11%	11%	-41%	2%
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	2%	23%	10%	-16%	28%

## Key financial ratios

	As of/for the year ended 31 December						
	2017	2018	2019	2020	2021	2022	Q2 2023
Current ratio <sup>1</sup>	1.5	1.4	1.2	0.9	1.1	0.8	0.9
Debt to equity ratio <sup>2</sup>	0.2	0.2	0.4	0.7	0.8	1.1	1.3
Debt ratio <sup>3</sup>	10.9%	9.7%	13.6%	18.2%	22.6%	26%	31%
Return on assets <sup>4</sup>	12.7%	6.3%	5.5%	(18.7)%	4.1%	3.5%	0.10%
Return on equity <sup>5</sup>	24.9%	13.2%	14.3%	(70.3)%	15.1%	14.6%	0.44%
Return on average capital employed <sup>6</sup>	26.9%	14.8%	16.3%	(39.8)%	17.5%	13.6%	(2.88)%

<sup>1</sup> Current ratio is computed by dividing current assets over current liabilities.

<sup>2</sup> Debt to equity ratio is computed by dividing net debt (short-term borrowings and loans payable less cash) by equity (exclusive of other reserves).

<sup>3</sup> Debt ratio is computed as net debt divided by total assets.

<sup>4</sup> Return on assets is computed as profit (loss) for the period divided by total assets.

<sup>5</sup> Return on equity is computed as profit (loss) for the period divided by equity (exclusive of other reserves).

<sup>6</sup> Return on average capital employed is defined as EBIT as a percentage of the average capital employed for the period. Capital employed consists of total equity, short-term borrowings and loans payable. Average capital is calculated as the mean of the opening and closing balances of capital employed for that period.

## Key operating data

	As of/for the year ended 31 December					
	2018	2019	2020	2021	2022	Q2 2023
Nameplate capacity (thousand barrels per day (kbpd)) <sup>1</sup>	110	110	110	N/A	N/A	N/A
Refinery utilization rate (%) <sup>2</sup>	69.6%	63.5%	56.3%	N/A	N/A	N/A
Mobility volumes sold (million litres) <sup>3</sup>	3,136	3,175	2,312	2,184	2,158	1,128
Commercial volumes sold (million litres) <sup>4</sup>	1,917	2,084	1,748	1,582	1,996	988
Others (million litres) <sup>5</sup>	598	570	1,022	65	44	24

Note:

<sup>1</sup> 110,000 bpd is nameplate capacity on a calendar basis.

<sup>2</sup> Refinery utilization rate is calculated as the ratio of total product output to the calendar day nameplate capacity. The refinery ceased operations in August 2020.

<sup>3</sup> Retail volumes sold indicates the total volume of fuels and lubricants sold through the retail business for the period.

<sup>4</sup> Commercial volumes sold indicates the total volume of wholesale commercial fuel, jet fuel, lubricants and specialties sold for the period.

<sup>5</sup> Others volume sold indicates the total volume of manufacturing and supply for the period.

## OTHER FINANCIAL DATA

2Q 2023	2Q 2022		YTD 2Q 2023	YTD 2Q 2022
63,129,895	76,258,291	Net sales	128,422,718	135,326,326
(58,203,867)	(65,923,003)	Cost of sales	(119,035,555)	(117,093,640)
4,926,028	10,335,288	Gross profit	9,387,163	18,232,686
(3,595,989)	(3,634,944)	Selling, general and administrative expenses	(7,876,141)	(7,071,965)
220,511	124,911	Other operating income/(expenses), net	320,804	852,624
1,550,550	6,825,255	Loss/Income from operations	1,831,826	12,013,345
(964,303)	(1,200,031)	Finance expense, net	(1,671,422)	(1,667,694)
-	-	Other non-operating income, net	-	-
586,247	5,625,224	Loss/Income before income tax	160,404	10,345,651
(153,117)	(1,387,366)	Provision for income tax	(37,511)	(2,579,910)
433,130	4,237,858	Net loss/income	122,893	7,765,741
0.27	2.63	Earnings per share - Basic and Diluted	0.08	4.81

**Known trends, demands, developments, commitments, events or uncertainties that will have a material impact on the issuer's liquidity**

### *Commodity price risk*

The Corporation is exposed to price volatility of certain commodities such as crude oil and petroleum products. To minimize the Corporation's risk of potential losses due to volatility of international crude and product prices, the Corporation may implement commodity hedging for crude and petroleum products.

### *Liquidity risk*

The Corporation is exposed to the possibility that adverse changes in the business environment or its operations could result in substantially higher working capital requirements and consequently, suitable sources of funding for the Corporation's activities may be difficult to obtain or unavailable. The Corporation manages its liquidity risk by monitoring rolling forecasts of the Corporation's liquidity reserve on the basis of expected cash flow. Additionally, Shell Treasury Centre East centrally monitors bank borrowings, foreign exchange requirements and cash flow position. The Corporation has access to sufficient external debt funding sources to meet currently foreseeable borrowing requirements. Furthermore, surplus cash is invested into a range of short-dated money market instruments, time deposits and other assets, which seek to ensure the security and liquidity of investments while optimizing yield.

**Any events that will trigger direct or contingent financial obligation that are material to the Corporation, including any default or acceleration of an obligation.**

There are no material or significant events during the reporting period that will trigger direct or contingent financial obligation that are material to the Corporation except for the cases enumerated under the section 'Legal Proceedings'.

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

The Corporation does not have any material off-balance sheet arrangements with unconsolidated entities.

## Capital Expenditures Commitments

Based on its 5-year strategy released in 2021, Shell Pilipinas plans to spend approximately ~Php3-5 billion for capital investments. The Company will continue to focus on building new retail service stations, invest on the conversion of the refinery to a world-class terminal and improve existing supply and distribution sites.

### **Known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on Net Sales/Income from continuing operations**

Global developments, particularly volatility in oil prices and foreign exchange, will continue to impact PSPC's financial performance.

### **Any significant elements of income or loss that did not arise from the registrant's continuing operations**

There are no material elements of income or loss that did not arise from the registrant's continuing operations during the period.

### **Any seasonal aspects that had material effect on the financial condition or results of operations**

There are no seasonal aspects that have material effect on the financial condition or results of operations during the period.

## (c) Description of the General Nature and Scope of Business

Shell Pilipinas Corporation's ("Shell Pilipinas", the "Corporation" or the "Company") (*formerly Shell Pilipinas Corporation*) presence in the Philippines began as early as 1914 when Asiatic Petroleum Co. (Philippine Islands) Ltd. opened for business in the Philippines selling motor gasoline and kerosene to the growing Philippine market. In the 1940's, Asiatic Petroleum Co. (Philippine Islands) Ltd. was renamed as The Shell Company of the Philippine Islands, Inc.

In the 1950's, the National Economic Council of the Philippines required a minimum Filipino ownership of 25% in large industrial ventures. This led to the formation of the Shell Refining Company (Philippines), which was incorporated on 09 January 1959 with 25% Filipino ownership and 75% foreign ownership. In November 1970, the Shell Refining Company (Philippines) was renamed to Shell Philippines, Inc. In 1973, the Company was again renamed to Pilipinas Shell Petroleum Corporation. In February 1987, Filipino ownership in the Company stood at 33.33%, while foreign ownership at 66.67%.

On 18 August 2015, Shell Pilipinas received approval from the Securities and Exchange Commission ("SEC") for its application for increase in authorized capital stock from Php1 billion divided into 1 billion shares with par value of Php1.00 each to Php2.5 billion divided into 2.5 billion shares with par value of Php1.0 each. Out of the 1.5 billion increase in Shell Pilipinas's authorized capital stock, a total of 0.9 billion shares were offered to existing shareholders as of 12 May 2015 at Php20 per share. 99.41% of the said 0.9 billion shares were subscribed to and paid for by stockholders who exercised their pre-emptive rights.

The increase in percentage ownership of shares held by major shareholders post the rights issue are as follows: Shell Overseas Investments B.V. increased from 67.12% to 68.18%; Insular Life Assurance Company, Ltd. increased from 19.49% to 19.55% and Spathodea Campanulata, Inc. increased from 5.06% to 5.14%.

In compliance with the provisions of the Downstream Oil Industry Deregulation Act of 1998 which requires entities engaged in the oil refinery business to make a public offering of at least 10% of its common stock through the stock exchange, Shell Pilipinas was listed in the Philippine Stock Exchange, Inc. ("PSE") on 03 November 2016 with the stock symbol "SHLPH". Initially offered at Php 67.00 per share, the Company offered 291 million shares (Primary Offer of 27,500,000 shares and Secondary Offer of 247,500,000 Shares with an Over-allotment Option of up to 16,000,000 Common Shares) for the IPO.



The decrease in percentage ownership of shares held by major shareholders immediately post IPO are as follows: Shell Overseas Investments B.V. decreased from 68.18% to 55.21%; Insular Life Assurance Company, Ltd. decreased from 19.55% to 15.83% and Spathodea Campanulata, Inc. decreased from 5.14% to 4.16%.

Shell Pilipinas celebrates its 108 years in the Philippines in 2022. Throughout history, the Company has been committed in partnering with the country in nation-building and powering progress in the Philippines.

On August 10, 2022, the Board has approved the change in corporate name of the Company to “Shell Pilipinas Corporation” and the amendment and broadening of the Corporation’s Secondary Purpose to include retail trade as it aims to grow its non-fuel retail segment.

Moreover, in its virtual Special Stockholders’ Meeting on 26 September 2022 through Shell Operated Webcast, stockholders representing at least 79.1% of the total issued and outstanding capital approved the change in corporate name from “Pilipinas Shell Petroleum Corporation” to “Shell Pilipinas Corporation” and the new Secondary Purpose to allow retail trade. This introduces the Company’s wider future forward approach towards energy transition that will reposition it beyond petroleum, shifting towards sustainable and cleaner energy solutions. The SEC approval was obtained on 15 March 2023.

As at 31 December 2022, Shell Pilipinas is not subject of any bankruptcy, receivership or similar proceedings. It is also not involved in any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets not in the ordinary course of business.

## **2022 Operational Highlights**

In 2022, the Philippine economy started opening up with the easing of restrictions related to the COVID-19 pandemic. Despite mobility restrictions implemented in Q1 due to the Omicron variant, volume recovery continued, and net income delivery was sustained. This was amidst increasing inflation & interest rates, significant Peso depreciation, and soaring product prices reaching the height of an average product price of 94 USD/bbl in June, which have decreased thereafter.

Shell Pilipinas had highlights and lowlights throughout the year that correspond with the Company’s delivery. The Company continue to invest in projects that further energy transition initiative. In 2022, the Company faced several challenges driven by local and global macro factors. Company’s strategy enabled it to become resilient and agile to continue to progress power in the Philippines, purposefully and profitably. In 2022, Mobility opened two more Sites of the Future - Shell Mahogany in Tagaytay City and Shell North Gateway in Mandaue, Cebu. These are in addition to the first Site of the Future in Silang, Cavite opened in September 2021. These Sites of the Future are set to become a global blueprint for mobility stations focused on enhancing customer experiences, enabling more forms of transportation, and lowering carbon footprint through innovation. They lay the foundations in promoting sustainability and inclusive mobility with site features like dedicated service areas for cyclists while supporting the local economy. The site design is also energy-efficient and lowers carbon emissions from operations through solar panels integrated in the forecourt canopy; eco-bricks upcycled from used plastics that make up the walls and outdoor chairs and tables; as well as rain catchers that harvest water for watering plants and flushing toilets.

Shell Pilipinas continues to elevate customer journey and experience through best-in-class digital loyalty program. The Shell Go+ App has reached more than 2 million subscribers over the course of the year. This program allows the customer to enjoy contactless transactions while earning more rewards in both fuels and non-fuel offerings on-site. The program successfully helps in increasing customers’ trip spending and loyalty volume through brand engagements and promotions.

Shell Pilipinas’s mobility network remains the most efficient in the industry, with more than 1,150 Shell-branded stations nationwide. Recognizing the evolving needs of customers, the Company continues to expand its non-fuel retailing business. Affordable food choices and other products are made available in its

more than 220 Select shops, 93 Deli2go stores and over 300 quick service restaurants, lifestyle brands, and clip-ins present on the sites. The Company has also put up more than 223 Select Express stations nationwide – a smaller version of the typical Select shops. Other services such as oil change and car maintenance are also offered through its more than 470 SHOC+ and Helix Service Centers (HSC).

Wholesale Commercial Fuels continues to supply quality products and services to resilient industry sectors such as manufacturing, mining, and power. The business also positions itself as the preferred energy partner in the growing construction sector of the country. Lubricants had an outstanding year in increasing its customer base with new products and services, maintaining its market leadership. Specialities business has sustained growth by successfully capturing the expansion of construction projects nationwide. In 2022, Aviation volume grew by 51% as travel restrictions eased up but remains 45% below pre-COVID levels.

During the year, Shell stayed true to its commitment to integrate sustainability in its operations as well as in the products and services that it offers to customers. In July 2022, Mobility took the lead in energy transition by launching the Company’s first EV charging station at Shell Mamplasan – the first 180KW High Performance Ultra Rapid Charger in the Philippines which can charge an EV within 30 to 45 minutes versus over 5 to 7 hours that’s currently present in the country. This will make EV charging more convenient and accessible to users. In addition, the Nature Based Solutions (NBS) carbon credit offer for drivers was also launched. This offer will help customers offset the transport emissions and will help achieve a lower carbon footprint altogether.

**Amount Spent on Research and Development:**

Under existing agreement with Shell International Petroleum Company (“SIPC”) an entity under common control, SIPC provides research and development services to the Corporation.

<b>R &amp; D Costs</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Amount (in Million Php)	91.775	133.89	185.86
Net Sales	291,483	177,157	156,952
	0.03%	0.08%	0.12%

**Effect of existing or probable governmental regulations on the business**

**The Clean Air Act**

In keeping with the worldwide trend for cleaner fuels, the Philippines has been progressively moving towards adopting more stringent fuel quality standards, largely patterned after those enforced in the EU (“Euro Standards”). In 1999, Republic Act No. 8749, otherwise known as the Philippine Clean Air Act of 1999, was signed into law, providing a legal framework by which air quality in the country could be improved via a combination of fuel specifications and motor vehicle standards. Its Implementing Rules and Regulations were finalized in 2000.

Following the implementation of the Clean Air Act, limits were imposed on Sulphur dioxide, nitrogen dioxide and particulate emissions from manufacturing facilities. Continuous emissions monitoring systems (“CEMS”) were installed in Tabangao, Batangas in 2001. PSPC conducts a Relative Accuracy Test Audit (RATA) of its CEMS in compliance with its Permit to Operate conditions, which is reflected in its self-monitoring reports and submitted to the Department of Environment and Natural Resources - Environmental Management Bureau (DENR-EMB) Region 4A.

PSPC imports blending components (purchased mainly from other Shell companies in the region) in order to meet the Clean Air Act and PNS’ requirements for aromatics and benzene contents in finished grade gasoline products.

On 01 January 2016, the effectivity of the new PNS for Euro IV (Philippines) gasoline and automotive diesel took place under the mandate of the Department of Energy pursuant to the Clean Air Act. In line

with this, PSPC upgraded its refinery which enabled PSPC to supply Euro IV fuels in all its retail sites and depots.

With the cessation of refining activities, PSPC has ceased to import blending components (purchased mainly from other Shell companies in the region) which were required to meet the Clean Air Act and PNS' requirements for aromatics and benzene contents in finished grade gasoline products.

Republic Act No. 8749 mandates the following fuel standards:

A.	Gasoline	
	Tetra-ethyl lead	Nil
	Aromatics, vol.% max	35
	Benzene, vol.% max	2
	Sulfur, wt.% max	0.005
B.	Auto Diesel Oil	
	Sulfur, wt.%	0.005

On May 2016, the Department of Energy has implemented an improved national standard PNS/DOE QS 002:2015 for coconut methyl ester (CME) biodiesel component to address technical concerns seen by the oil industry. The new national standard further tightened quality specifications related to sulfur and product stability. PSPC has reviewed its contracts with its CME suppliers to ensure compliance on the new standard. As will be discussed below, oil companies are required by Republic Act No. 9367, otherwise known as the Biofuels Act of 2006, to blend 2% CME into all diesel sales.

### **Mandatory Fuel Marking**

On 19 December 2017, the Philippine government has enacted R.A. 10963 (Tax Reform for Accelerated Inclusion) which included a provision on mandatory marking of fuel products to curb oil smuggling. Implementing rules and regulations from the government on the fuel marking program were released on 05 July 2019 through Joint Circular No 001.2019 by the Department of Finance, Bureau of Internal Revenue and Bureau of Customs. The Joint Circular mandates the marking of refined, manufactured and imported gasoline, diesel and kerosene after duties and taxes have been paid. As confirmed with the fuel marking consortium, the Tabangao refinery is the first refinery to be marked in the country and North Mindanao Import Facility is the first import terminal to be marked in Mindanao.

The government commenced conducting random field testing and confirmatory testing on fuel to check its compliance towards the mandatory fuel marking requirement in 2020. This initiative is targeted to help curb smuggling. Data gathered by the government consortium in 2021 identified homogeneity issues of the fuel marker in storage tanks for several oil industry players resulting to a deferment of the program's enforcement phase. The government has identified terminals/locations where fuel marking operations are instructed to shift from vertical tanks dosing to truck/lorry marking to immediately address the homogeneity issues. Subic OSP is scheduled to shift their marking operations to truck marking on Q1 2022.

The automated injection system fuel marking facility for SHIFT, which is funded by the Department of Finance as part of the fuel marking program, has commenced onsite installation activities in December 2021 with a target commissioning date of March 2022. Shell Pilipinas has also proposed to the Department of Finance to upgrade its own fuel marking facility at Shell North Mindanao Import Facility to an automated injection system (AIS) of technology to minimize the homogeneity risks identified in the present fuel marking dosing operations by the consortium. The proposal is currently undergoing review by the DOF.

### **Biofuels Act**

The Biofuels Act of 2006 was implemented with the aim of reducing dependence on imported fuels. It also aimed to develop and utilize indigenous renewable and sustainable clean energy sources; to mitigate toxic

and greenhouse gas (GHG) emissions; to increase rural employment and income; and to ensure the availability of alternative and renewable clean energy without any detriment to the natural ecosystem, biodiversity and food reserves of the country.

Shell Pilipinas currently blends diesel with 2% coconut methyl ester (CME) and gasoline with 10% ethanol as mandated in the current PNS. On December 2021, the Department of Energy Technical Committee on Petroleum Products and Additives (TCPPA) has finalized the draft national standards for 3% and 4% CME blends into diesel and are ready for endorsement to the Bureau of Product Standards. The implementation of these new standards are subject to the DOE's implementation plan for the succeeding years. Utilization of Locally-Produced Bioethanol in the Production of E-Gasoline. Consistent with The Biofuels Act of 2006, DC2011-12-0013 was implemented. It mandated the exhaustion of locally-sourced bioethanol in order to sustain and expand the local bioethanol industry. Shell Pilipinas sources its local bioethanol in accordance with its Local Monthly Allocation as computed and circulated by the Department of Energy's Oil Industry Management Bureau (OIMB).

#### **Euro IV(PH) Equivalent Specifications**

On 07 September 2010, the DENR issued a DENR Administrative No 2010-23 on Revised Emission Standards for Motor Vehicles Equipped with Compression Ignition and Spark Ignition Engines, mandating compliance of all new passenger and light duty motor vehicles with Euro IV (PNS) emission limits subject to fuel availability, starting 01 January 2016.

Euro IV vehicle emission technology requires a more stringent fuel quality, *i.e.* 50 ppm sulfur content for both diesel and gasoline. In 2012, the DOE spearheaded discussions on the development of a Euro IV PNS fuel specification to support DENR DAO 2010-23. PSPC, as a regular permanent member of the Technical Committee on Petroleum Products and Additives (TCPPA), was actively involved and supportive of the development of Euro IV PNS fuel specifications.

The DTI promulgated and released the PNS for gasoline and diesel which mandates the introduction of Euro IV PNS fuels not later than 01 January 2016. PSPC successfully completed its Refinery upgrade and is producing and supplying Euro IV-compliant fuels since 01 January 2016. All Shell terminals and retail stations supply Euro IV-compliant fuels since 01 January 2016.

#### **Clean Water Act**

Republic Act No. 9275, otherwise known as the Philippine Clean Water Act of 2004, aims to protect the country's water bodies from pollution from land-based sources (industries and commercial establishments, agriculture and community/household activities). All owners or operators of facilities that discharge wastewater are required to get a permit to discharge from the DENR or the Laguna Lake Development Authority, and to report the quality of effluents on a regular basis.

No further impact from the effect of Clean Water Act towards the Company's Shell Mobility stations is expected. No major change from the Pollution Head Accreditation Board has been received. All sites continue to comply with the quarterly SMRs and Discharge Permit to DENR or LLDA.

#### **Parity Tax Treatment Between Indigenous and Imported Fuel Sources for Power Generation**

The Electric Power Industry Reform Act (EPIRA) provides for parity tax treatment among imported oil and indigenous fuels. Prior to the said law, indigenous fuels were imposed with higher taxes largely due to royalties to the government.

#### **Compensation for Oil Pollution Damage**

The Oil Pollution Compensation proposes the imposition of liability for oil pollution damage. It proposes to require entities, which receive more than 150,000 tons of oil in a year from all ports or terminals in the Philippines to contribute to the International Oil Compensation Fund (IOPC) in accordance with the

provisions of the 1992 Fund Convention. Republic Act No. 9483, otherwise known as the Oil Pollution Compensation Act of 2007, proposes to collect a fee of ten (10) centavo/liter from owners and operators of tankers and barges hauling oil and/or petroleum products in Philippine waterways and coast wise shipping routes. This new fund, named the Oil Pollution Management Fund (“OPMF”), will be on top of the requirement under the 1992 CLC and 1992 Fund Conventions and will be administered by the Maritime Industry Authority (“MARINA”). The circular was published in November 2021, and the imposition of the 10 centavos/liter fee has taken into effect starting 10 December 2021.

### **Oil Spill Prevention and Control**

The Oil Pollution Compensation Act seeks to require oil companies to install oil spill prevention and control liabilities in their tankers and to undertake immediate cleaning operations in the event of oil spill within the country’s territorial waters.

### **Cost and Effects of Complying with Environmental Laws:**

Compliance with various environmental laws entails costs on the part of PSPC, resulting in higher production costs and operating expenses. In 2020, PSPC’s long term provision for environmental remediation is Php 65.3 million and the short-term provision is Php 805.9 million.

## **(d) Securities of the Registrant**

### **1) Market Price**

The Corporation’s common shares are listed and traded in the Philippine Stock Exchange as “SHLPH”.

As of 31 August 2023, the total number of stockholders of the Corporation was 320.

The high and low sale prices of its shares per quarter from its listing until 30 September 2023 are as follows:

<b>FROM</b>	<b>TO</b>	<b>HIGH (Php)</b>	<b>LOW (Php)</b>
03 November 2016	31 December 2016	73.00	66.60
01 January 2017	31 March 2017	80.00	70.65
01 April 2017	30 June 2017	73.95	64.20
01 July 2017	30 September 2017	69.35	65.95
01 October 2017	31 December 2017	68.00	57.30
01 January 2018	31 March 2018	66.50	54.35
01 April 2018	30 June 2018	54.95	48.10
01 July 2018	30 September 2018	59.50	51.20
01 October 2018	31 December 2018	54.00	46.05
01 January 2019	31 March 2019	51.25	46.25
01 April 2019	30 June 2019	49.65	37.30
01 July 2019	30 September 2019	39.95	31.35
01 October 2019	31 December 2019	34.25	31.8
01 January 2020	31 March 2020	35.00	17.50
01 April 2020	30 June 2020	22.30	16.30
01 July 2020	30 September 2020	19.20	16.00
01 October 2020	31 December 2020	23.30	14.52
01 January 2021	31 March 2021	23.00	19.00
01 April 2021	30 June 2021	22.30	19.98
01 July 2021	30 September 2021	21.05	17.50
01 October 2021	31 December 2021	24.50	18.90
01 January 2022	31 March 2022	21.00	17.00
01 April 2022	30 June 2022	19.38	16.02
01 July 2022	30 September 2022	22.25	16.70
01 October 2022	31 December 2022	18.02	16.50

01 January 2023	31 March 2023	18.70	16.06
01 April 2023	30 June 2023	17.12	14.00
01 July 2023	30 September 2023	14.88	13.50

As of 29 September 2023, the last traded price for SHLPH stocks was Php 13.92.

## 2) Holders

The top twenty (20) stockholders of the Corporation as of 30 June 2023 are as follows:

SH NAME	SHARES	%
SHELL OVERSEAS INVESTMENTS B.V.	890,860,212.00	55.214814
The Insular Life Assurance Company, Ltd.	265,465,395.00	16.4533
PCD NOMINEE CORP - FILIPINO	210,855,877.00	13.06868
PCD NOMINEE CORP - NON FILIPINO	135,466,483.00	8.396106
Spathodea Campanulata Inc.	67,184,265.00	4.164028
Rizal Commercial Banking Corporation	28,863,475.00	1.788935
VICTORIA L. ARANETA PROPERTIES, INC	2,312,245.00	0.143311
PAN MALAYAN MANAGEMENT & INVESTMENT CORPORATION	1,298,536.00	0.080482
Gregorio Araneta III	1,177,720.00	0.072994
Miguel P. De Leon	817,447.00	0.050665
Nieva Paz L. Erana	665,970.00	0.041276
Maria Lina A. de Santiago	467,541.00	0.028978
E. Zobel Inc.	329,785.00	0.020440
HOMER LEE ANTE AND/OR SARA JEM MAGGAY ANTE	300,000.00	0.018594
Margarita J. Ortoll	298,500.00	0.018501
TERESA VELASQUEZ FERNANDEZ	294,057.00	0.018225
LEON, MIGUEL P. DE	272,459.00	0.016887
HENRY O. CHUSUEY	215,000.00	0.013326
JOSE ARANETA ALBERT	203,877.00	0.012636
JOSEFINA MULTI-VENTURES CORPORATION	170,000.00	0.010536

## 3) Dividends

On 10 August 2022, the Corporation declared dividend of PhP1.00 from its unrestricted retained earnings as of 30 June 2022 (17-Q results), acting on the endorsement of the Board Audit and Risk Oversight Committee, details as below:

Date of Approval by Board of Directors	10 August 2022
Type	Regular
Amount of Cash Dividend Per Share	PhP1.00
Record Date	15 August 2022
Payment Date	19 September 2022

At the same time, the Dividend Policy of the Corporation was amended to change the frequency of its dividend declaration from annual to semi-annual with the same basis of 75% of the net income after tax during the relevant period and provided that it has sufficient unrestricted retained earnings.

On 24 March 2021, the Corporation has negative unrestricted retained earnings as of 2021 Audited Financial Statements, making it unable to declare dividends.

On 12 August 2020, the Board of Directors decided to take a more prudent approach to preserve cash and consequently cancel dividends for 2020 was induced by the continuous uncertainties due to the impact of COVID-19 pandemic, including the reinstatement of modified enhanced community

quarantine (MECQ) from 04 to 18 August 2020. The Corporation recorded a deficit in its 2020 Audited Financial Statements.

Previously, at the Regular Meeting of the Board held on 21 March 2019, the Board approved the distribution of a cash dividend from the unrestricted retained earnings as of 31 December 2018 to stockholders of record amounting to P4.84 billion, with details as follows:

Cash Dividend (per share)		
Percent/Amount	Record Date	Payment Date
PhP 3.00 per share	05 April 2019	30 April 2019

Previously, at the Regular Meeting of the Board held on 14 March 2018, the Board approved the distribution of a cash dividend from the unrestricted retained earnings as of 31 December 2017 to stockholders of record amounting to P8.29 billion, with details as follows:

Cash Dividend (per share)		
Percent/Amount	Record Date	Payment Date
PhP 5.14 per share	28 March 2018	19 April 2018

At the Regular Meeting of the Board held on 20 April 2017, the Board approved the distribution of a cash dividend from the unrestricted retained earnings as of 31 December 2016 to stockholders of record amounting to P2.7 billion, with details as follows:

Cash Dividend (per share)		
Percent/Amount	Record Date	Payment Date
PhP 1.65 per share	05 May 2017	18 May 2017

Prior to that, at the Regular Meeting of the Board held on 15 August 2016, the Board approved the distribution of a cash dividend likewise from the unrestricted retained earnings as of as of 30 June 2016 to stockholders of record as of 15 August 2016 amounting to P3.3 billion, with details as follows:

Cash Dividend (per share)		
Percent/Amount	Record Date	Payment Date
PhP 2.08 per share	15 August 2016	19 September 2016

There were no dividends declared during the year 2014 and 2015.

### **Dividend Policy**

The Board of Directors is authorized to declare dividends only from the Corporation's unrestricted retained earnings, representing the net accumulated earnings of the Corporation with its unimpaired capital, which are not appropriated for any other purpose. The Board of Directors may not declare dividends which will impair the Corporation's capital. Dividends may be payable in either cash, shares or property, or a combination thereof, as the Board of Directors determines. A cash dividend declaration does not require any further approval from the Corporation's shareholders.

Each holder of Shares will be entitled to such dividends as may be declared by the Board of Directors on the basis of outstanding stock held by them, provided that any declaration of stock dividends requires the further approval of shareholders holding at least two-thirds of the Corporation's total outstanding capital stock. The Philippine Corporation Code has defined "outstanding capital stock" as the total shares of stock issued, whether paid in full or not, except treasury shares.

The Corporation, pursuant to a Board approval on 18 July 2016, intends to pay annual dividends in the amount of not less than 75% of its audited net income after tax of the previous year subject to compliance

with the requirements of applicable laws and regulations and subject to investment plans and financial condition.

On 10 August 2022, the Dividend Policy of the Corporation was amended to change the frequency of its dividend declaration from annual to semi-annual with the same basis of 75% of the net income after tax during the relevant period and provided that it has sufficient unrestricted retained earnings

The amount of dividends will be reviewed periodically by the Board in light of the Company's earnings, financial condition, cash flows, capital requirements and other considerations while maintaining a level of capitalization that is commercially sound and sufficient to ensure that the Company can operate on a standalone basis. Unless otherwise required by law, the Board, at its sole discretion, shall determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

- the level of the Company's earnings, cash flow, return on equity and retained earnings;
- its results for and its financial condition at the end of the year in respect of which the dividend is to be paid and its expected financial performance;
- the projected levels of capital expenditures and other investment programs;
- restrictions on payments of dividends that may be imposed on it by any of its financing arrangements and current or prospective debt service requirements; and
- such other factors as the Board deems appropriate.

The payment of dividends in the future will depend on the Corporation's earnings, cash flow, investment program and other factors. Dividends payable to foreign shareholders may not be remitted using foreign exchange sourced from the Philippine banking system unless their investment was first registered with the Bangko Sentral ng Pilipinas and thus, covered by the required Bangko Sentral Registration Document ("BSRD").

As at 31 December 2022, cost of treasury shares, accumulated earnings of its associates and unrealized mark to market gains are not available for dividend declaration.

#### 4) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

In 2015, the Corporation issued stock rights enabling its existing shareholders, thru their pre-emptive rights, to subscribe to up to an additional 900,000,000 common shares. The Authorized Capital Stock was increased from 1,000,000,000 shares to 2,500,000,000 shares, each with a par value of P 1.00 per share. Subscribed Capital Stock, which was fully paid, increased by PhP 894,672,777 from PhP 691,271,425 to PhP 1,585,944,202.

The Philippine Securities Exchange Commission issued on 18 August 2015 its Certificate of Approval of Increase of Capital Stock.

Since then, there has been no sale of unregistered or exempt securities by the Corporation,

#### 5) Description of the Corporation's Shares

Capital stock and treasury shares as at 31 December 2017 to 2022 consist of:

	2022, 2021, 2020, 2019		2015		2014	
	2018, 2017		Number of shares	Amount	Number of shares	Amount
Authorized capital stock, common shares at P1 par value per share	2.5 billion	2,500,000	2.5 billion	2,500,000	1 billion	1,000,000
Issued shares	1,681,058,291	1,681,058	1,653,558,291	1,653,558	758,885,514	758,885
Treasury shares	(67,614,089)	(507,106)	(67,614,089)	(507,106)	(67,614,089)	(507,106)
Issued and outstanding shares	1,613,444,202	1,173,953	1,585,944,202	1,146,452	691,271,425	251,779



The capital stock of the Corporation increased from PhP1.0 billion divided into 1 billion shares with a par value of PhP1.00 each to PhP2.5 billion divided into 2.5 billion shares with a par value of PhP1.00 each. The increase was approved by majority of the Board of Directors on 24 March 2015 and the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock at a meeting held on 12 May 2015, certified to by the Chairman and the Secretary of the stockholders meeting and a majority of the Board of Directors.

The SEC approved the increase in authorized capital stock on 18 August 2015. In 2015, after approval of increase in authorized capital stock, the Corporation issued 894,672,777 shares with par value of PhP1 per share for a total consideration of PhP17.9 billion. Transaction costs relating to the issue of shares amounted to PhP40.6 million composed of registration and regulatory fees, and stamp duties. These were accounted for as a deduction from equity - through share premium. During its initial public offering, the Corporation issued 27,500,000 shares with par value of P1 per share for a total consideration of PhP1.8 billion. Transaction costs relating to the issue of shares amounted to PhP49.3 million composed of underwriting and selling fees, professional consultancy cost stamp duties and other related costs. These were accounted for as a deduction from equity, through share premium. Transaction costs that relate jointly to more than one transaction (e.g., professional consultancy costs) are allocated to those transactions based on the proportion of the number of new shares sold compared to the total number of outstanding shares immediately after the new share issuance.

As of 31 December 2022, the Corporation has 317 shareholders (31 December 2021 - 323), 282 of whom hold at least 100 shares (board lot size) of the Corporation's common shares (31 December 2021 - 286).

As at 31 December 2021, the Corporation had 323 shareholders (31 December 2020 - 320), 286 of whom hold at least 100 shares (board lot size) of the Corporation's common shares (31 December 2020 - 283).

As at 31 December 2020, the Corporation had 320 shareholders (31 December 2019 - 320), 283 of whom hold at least 100 shares (board lot size) of the Corporation's common shares (31 December 2019 - 283).

#### (e) Compliance with leading practices on Corporate Governance

On 24 March 2022, the Board approved the amendments to the following corporate governance documents:

1. Updated Securities Dealing Code
2. Revised Related Party Transaction Policy, as endorsed by the RPT Committee
3. Revised Board Audit and Risk Oversight Committee Charter, as endorsed by BARC

On 06 December 2022, the Corporation conducted its third Virtual In-House Corporate Governance Training Sessions. Some participants joined in person while some joined virtually through Microsoft Teams.

The topics of the Training were **An Overview of Public Private Partnerships (PPP)** and **Administrative Law and Agencies** presented by Atty. Alberto Agra, Chairman of the Philippine Reclamation Authority. Atty. Agra is a Certified Public-Private Partnership ("PPP") Specialist and Certified Regulation Specialist. He is a PPP Law, Administrative Law and Local Government Law author, a professor and Political Law Bar reviewer, and former Acting Secretary of Justice, Acting Solicitor General and Government Corporate Counsel.

The Training totaled four hours. Atty. Agra first discussed the framework on PPPs and administrative agencies pertinent to the conduct of business of the Corporation, and in understanding the synergies between the government and the private sector. An in-depth discussion revolved around identifying the important elements of PPPs, overview of the PPP process, and the laws governing them. There was then a discussion on the administrative agencies, from their creation, types, powers, and recent jurisprudence and how these agencies impact the business of the Corporation.

On 24 and 25 November 2021, the Corporation held its second Virtual In-House Corporate Governance Training Sessions held on November 24 and 25 through Microsoft Teams ("Training"). The topic of the

Training was Shell Scenarios: Building Resilient Mindsets. Ms. Geraldine Wessing, Chief Political Advisor from the Shell Group, delivered the Training. The Training commenced with the Founding Principles of a Scenario mindset, the Scenarios and the need to use them. The guiding principles in Scenarios: The Long View, Outside-in Thinking, and Multiple Perspectives are used to make better decisions. The participants applied the learnings in the Philippine setting for each of the Scenario.

Following a competitive tender process and pursuant to the endorsement from the RPT Committee and Board approval, the Corporation secured a five-year loan amounting to PhP6 billion with the Bank of the Philippines Islands, then a related party, replacing an existing PhP6bln of short-term loan. The loan will reduce the Corporation's exposure to short-term volatilities in the market and maximize the low interest rate for its cash requirements. This will not impact its gearing which remains healthy. The drawdown date of the loan was on 20 December 2021.

On 10 November 2021, the Corporation received the Certificate of Approval of Equity Restructuring dated 05 November 2021 from the Securities and Exchange Commission (the "Commission"). Accordingly, the Corporation's deficit amounting to PhP4,304,059,000.00 in its Audited Financial Statements as of 31 December 2020 was wiped out against its additional paid-in capital ("APIC") of PhP26,161,736,000.00. Said approval is subject to the condition that the Corporation's remaining APIC of PhP21,857,677,000.00 shall not be used to wipe out future losses without the approval of the Commission. The Board of Directors of the Corporation approved its equity restructuring at its Regular Meeting held on 25 March 2021.

On 09 November 2021, the Board of Directors approved the contracts of the Corporation with Shell International Eastern Trading Company (SIETCO), trading arm of the Shell Group, after a favorable endorsement from the RPT Committee. Due to the materiality of the contracts, an external independent party evaluated the fairness of the contract terms. Transactions with SIETCO accounted for 96% of the related party transactions of the Corporation as of Q3 2021. The relevant advisement report was timely disclosed in compliance with SEC Memorandum Circular No. 10 on Rules on Material Related Party Transactions (MRPT) for Publicly-Listed Companies and the Corporation's RPT Policy.

On 11 October 2021, the Corporation became the first Philippine energy company to support Task Force on Climate-related financial disclosures (TCFD) and adopt its recommendations in providing decision-useful, climate-related information for its stakeholders. It made its first disclosures in its 2021 Annual and Sustainability Report.

The Corporation appointed an external facilitator to conduct a Board Effectiveness Evaluation covering 2020. The directors completed the assessment in February 2021. The external firm also conducted interview with the President and Chief Executive Officer. Results of the evaluation were reported to the Corporate Governance Committee in July 2021. The Committees and their respective Secretariats were engaged to address the recommendations and set the way forward.

On 26 September 2022, the Corporation held a Special Stockholders' Meeting. It recorded a quorum of 79% of the total outstanding shares of the Corporation. Total votes cast reached around 1.275 billion shares. During this meeting, the stockholders approved the change in corporate name to "**Shell Pilipinas Corporation**" from "Pilipinas Shell Petroleum Corporation." Likewise, the shareholders approved the amendment of the Corporation's Articles of Incorporation, particularly the Secondary Purposes, to allow it to engage in retail trade. On 15 March 2023, the SEC approved these changes.

On 09 May 2023, the Corporation held its fourth virtual Annual Stockholders' Meeting. It recorded a quorum of 78.87% of the total outstanding shares of the Corporation. Total votes cast reached around 1.204 billion shares and the elected directors garnered favorable votes of more than 13.243 billion votes.

On 06 May 2022, the Corporation held its third virtual Annual Stockholders' Meeting. It recorded a quorum of 79% of the total outstanding shares of the Corporation. Total votes cast reached around 1.207 billion shares and the elected directors garnered favorable votes of more than 13.284 billion votes.

On 11 May 2021, the Corporation held its second virtual Annual Stockholders' Meeting. It recorded a quorum of more than 80% of the total outstanding shares of the Corporation. Total votes cast reached 1.295 billion shares and the elected directors garnered favorable votes of more than 13.352 billion votes. The Corporation also increased the number of its independent directors with the election of former Governor Amando M. Tetangco, Jr. He will be part of the Board Audit and Risk Oversight Committee and Sustainability Committee. He was the Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairman of the Monetary Board for two six-year terms covering 04 July 2005 to 02 July 2017.

On 28 April 2021, the Corporate Governance Committee received the results of the Board Evaluation Survey covering the period of 2020 and has approved on 29 July 2021 the key action items to strengthen the Board's and the Committees' effectiveness.

On 26 March 2021, the Corporation launched its reset and refocused five-year strategy (2021-2025), which includes:

1. Transforming retail fuel stations to broader mobility destinations
2. Pursuing a reliable, competitive and sustainable supply chain
3. Driving lower carbon operations, products and solutions

On 21 January 2021, the Sustainability Committee (formerly, CSR Committee) has amended its Charter to make it more relevant to the Corporation and the Board. This has been approved by the Board on 21 March 2021. The Committee's objective has been amended to support one of the Mission Statements of the Corporation which is "to be a partner in nation-building through multi-sector collaboration, especially with national and local government, civil society/NGOs and communities, on sustainability initiatives." The duties of the Sustainability Committee would be focused on:

1. Sharing external sustainability best practices and trends
2. When there is opportunity, steering the Business to provide additional resources or support to particular social performance, social investment and sustainability initiatives;
3. Providing support needed with regard to engagement with external stakeholders;
4. Support communication on the Corporation's social performance, social investment and sustainability initiatives, if needed; and
5. Reviewing the sustainability-related content of the Annual Report prior to its issuance.

In 2020, the Corporation was conferred by Capital Finance International with the Best Energy Corporate Governance Award, a recognition for the Corporation's comprehensive governance code and its strong fit-for-purpose corporate structure that is guided by its core values of honesty, integrity, and respect for people.

On 16 June 2020, the Corporation held its first virtual Annual Stockholders' Meeting. The meeting was held virtually for the safety of the shareholders, stakeholders, directors and officers of the Corporation in the midst of the COVID-19 pandemic, and in compliance with government regulations prohibiting mass gatherings. It was the first time that its shareholders were allowed to participate *in absentia* or via remote communication. The meeting recorded a quorum of more than 84% of the total outstanding shares of SHLPH. Total votes cast reached 1.355 billion shares and the elected directors garnered favorable votes of more than 14.617 billion votes.

Pursuant to the new SEC Rules on Material Related Party Transactions for Publicly-Listed Companies, PSPC amended its Related Party Transaction Policy to align its requirements with the said rules. The rules cover any related party transactions amounting to ten percent (10%) or higher of a company's total assets based on its latest audited financial statements.

On 31 May 2018, the Corporation filed its first Integrated Annual Corporate Governance Report. It disclosed the Corporation's state of compliance with the recommendations under SEC Memorandum Circular No. 19, Series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies. The Report harmonized the corporate governance reportorial requirements of the Securities and Exchange Commission and the Philippine Stock Exchange.

On 31 May 2017, the Corporation filed its Revised Manual on Corporate Governance (“Revised Manual”) in compliance with the Code of Corporate Governance for Publicly-Listed Companies, which aims to develop a strong corporate governance culture consistent with regulatory and statutory developments in this space.

As part of its initiatives, the Corporation separated the roles of Chairman from the President and that of the Corporate Secretary from the Chief Compliance Officer. The Corporation also created the Corporate Governance Committee, composed of independent directors, to assist in its corporate governance responsibilities and to take on, among others, the functions formerly assigned to the Compensation and Remuneration Committee. The Corporate Governance Committee ensures compliance with and proper observance of corporate governance principles and practices, and ensures that these are reviewed and updated regularly and consistently implemented in form and substance.

The Corporation, through its Chief Compliance Officer, carries out an evaluation to measure the Corporation’s adherence to good corporate governance towards over-all business sustainability and success. This evaluation ensures that good corporate governance structures are built and maintained to create value for the Corporation and provide accountability and control systems commensurate with the risks involved. In this connection, the Corporation has collaborated with the Institute of Corporate Directors and other accredited organizations to determine the level of compliance by its Board and Management with corporate governance best practices. The Revised Manual also requires assessment of Board performance which the Corporate Governance Committee oversees. All directors and key officers are required to attend corporate governance seminars.

Measures are constantly being undertaken to improve the Corporation’s corporate governance. Monitoring implementation and change is paramount to ensure that the Corporation’s Revised Manual remains relevant and adjustable to uncertain and complex local and international environments. It is subject to annual review by the Board.

Another initiative taken by the Corporation is the renaming of the BARC, befitting of its responsibility to ensure an effective and integrated risk management process in place through an enterprise risk management (“ERM”) framework. BARC also provides oversight over Management’s activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation. To carry out these very critical activities, various officers like the Corporate Audit & Assurance Manager and Chief Risk Officer have been nominated and shall report, in one way or another, to the BARC.

The Revised Manual likewise provides for a Full Business Interest Disclosure for all incoming officers of the Corporation in order to address possible conflict of interest issues. In fact, the Corporation’s internal policy on Conflicts of Interest applicable to all employees is well aligned with this requirement.

The Corporation is committed to strictly adhere to the requirements of the Revised Manual. There has been no violation nor sanction imposed on the company so far and we intend to continue with this feat. The Chief Compliance Officer is responsible for determining violation/s through notice and hearing, and will recommend to the Chairman the imposable penalty, for further review and approval of the Board.

The Corporation adopted the Revised Corporate Disclosure Guide to conform with the Revised Manual’s steer for the Corporation to perform its corporate governance commitment as a publicly-listed company. The Corporation provides a comprehensive, accurate and timely report of its financial condition, results and business operations, material fact or event and non-financial information (economic, environmental, social and governance) which underpin sustainability.

The Nomination Committee of the Corporation also adopted its own Charter. It included the nomination guidelines and process, statement on diversity and inclusion as well as review of the effectiveness of the nomination process. The Related Party Transaction Committee has also updated its Charter and Policy as part of its periodic review.

#### **Components of the monitoring system:**

<b>Key Compliance Activities</b>	<b>Action Points</b>	<b>Milestone Dates</b>	<b>Person/ Entity Responsible</b>	<b>Status</b>	<b>Reason for Non-Compliance/ Deviation from Manual</b>
1. Separation of the roles of Chairman and President		01 November 2016	Board	Done	
2. Adoption of Securities Dealing Code		27 February 2017	Board	Done	
3. Submission to the Philippine Stock Exchange of the first Compliance Report on Corporate Governance		31 March 2017	Corporate Secretary	Done	
4. Adoption of the Revised Manual on Corporate Governance which details the functions and responsibilities of the Board and its Committees		16 May 2017	Board	Done	
5. Creation of the Corporate Governance Committee		16 May 2017	Board	Done	
6. Adoption of Corporate Governance Committee Charter		16 May 2017	Board	Done	
7. Appointment of Chief Compliance Officer		16 May 2017	Board	Done	
8. Renaming of the Board Audit Committee to Board Audit and Risk Oversight Committee		16 May 2017	Board	Done	
9. Establishment of selection procedure for new directors under pertinent SEC rules and best practice recommendations		16 May 2017 based on the Revised Manual	Nomination Committee	Done	
10. Appointment of Chairman and Members of Board Committees consistent with the requirements of item 4 above		16 May 2017	Nomination Committee and Board	Done	
11. Directors to provide information on business interests and directorships in other corporations (Full business interest disclosure)			Nomination Committee	Done	
12. Assessment of "Independence" of directors based on disclosures in item 11 above			Nomination Committee	Done	
13. Appointment of Corporate Audit & Assurance Manager		01 June 2017	Board	Done	
14. Approval of the Revised Corporate Disclosure Guide		08 August 2017	Corporate Disclosure Committee	Done	
15. Approval of the Revised Related Party Transaction Committee Charter and Policy		27 February 2018	Board	Done	
16. First Non-Executive Directors Meeting		03 May 2018	Non-Executive Directors	Done	
17. Appointment of Lead Independent Director		03 May 2018	Non-Executive Directors	Done	
18. Submission of the first Integrated Annual Corporate Governance Report		30 May 2018	Board	Done	

Key Compliance Activities	Action Points	Milestone Dates	Person/ Entity Responsible	Status	Reason for Non-Compliance/ Deviation from Manual
19. Approval of the Internal Audit Charter		08 August 2018	Board	Done	
20. Approval of the Nomination Committee Charter		21 March 2019	Board	Done	
21. Approval of the Revised Related Party Transaction Committee Policy		21 March 2019	Board	Done	
22. Implementation of Related Party Transaction Policy			Related Party Transaction Committee	Done	
23. Approval of the Revised Related Party Transaction Policy		08 August 2019	Related Party Transaction Committee and Board	Done	
24. Information drive on the Revised Related Party Transaction Policy			Related Party Transaction Committee	Done	
25. First SEC-Accredited In-House Corporate Governance Training		08 November 2019	Corporate Secretary	Done	
26. Approval of the Revised Internal Audit Charter		26 March 2020	BARC and Board	Done	
27. Approval of the Revised BARC Charter		26 March 2020	BARC and Board	Done	
28. Records of Attendance level of directors in board meetings to be prepared and accessible to shareholders			Corporate Secretary	Done on a yearly basis	
29. Disclosure of Results of Stockholders' and Board Meetings			Corporate Secretary	Done	
30. Disclosure of Public Ownership Report			Corporate Secretary	Done every quarter	
31. Disclosure of Top 100 Stockholders			Corporate Secretary	Done every quarter	
32. Disclosure of changes in beneficial ownership of directors, officers and principal stockholders			Corporate Secretary	Done as and when transactions occur	
33. Conduct of Investors' and Analysts' Briefings			Investor Relations Office	Done every quarter	
34. Continuous assessment of Board performance via questionnaire			Corporate Governance Committee and Corporate Secretary	Done annually	
35. Review of vision, mission and core values			Corporate Governance Committee	Done annually	
36. Conduct an induction program for incoming Board members on PSPC's financial, strategic, operational and risk management position and the role of committees		After election of Directors	Corporate Governance Committee Secretariat	As and when there are new directors	

Key Compliance Activities	Action Points	Milestone Dates	Person/ Entity Responsible	Status	Reason for Non-Compliance/ Deviation from Manual
37. Attendance in Corporate Governance Workshops (Sec. 4 of PSPC's Revised Manual)		After election of Directors	Corporate Governance Committee and Corporate Secretary	Done	
38. Dissemination of copies of PSPC's Revised Manual to all classes of business and service functions with one copy under custody of HR dept. (Sec. 3 of PSPC's Revised Manual)			Corporate Secretary	Done	
39. Held first Virtual Annual Stockholders' Meeting allowing shareholders to attend and vote <i>in absentia</i> or via remote communication		16 June 2020	Corporate Secretary	Done	
40. Approval of the Revised Internal Audit Charter		25 March 2021	BARC and Board	Done	
41. Approval of the Sustainability Committee Charter (formerly, Corporate Social Responsibility Committee Charter)		25 March 2021	Sustainability Committee (formerly, Corporate Social Responsibility Committee) and Board	Done	
42. Board approval of equity restructuring to wipe out deficit		25 March 2021	Board of Directors	Done	
43. Launched the next five-year strategy (2021 to 2025)		26 March 2021	Management	Done	
44. Results of the Board Evaluation Survey covering the period of 2020		28 April 2021	Corporate Governance Committee	Done	
45. Increase in the number of independent directors from three to four in the 2021 Annual Shareholders' Meeting		11 May 2021	Shareholders	Done	
46. Approved the key action items on Board Evaluation Survey		29 July 2021	Corporate Governance Committee	Done	
47. Submitted the Advisement Report on the contracts with SIETCO, a material reportable RPT		06 November 2021	RPT Committee and Secretariat	Done	
48. Disclosure of loan with BPI, a material RPT		20 December 2021	Corporate Disclosure Committee	Done	
49. Updated Securities Dealing Code		24 March 2022	Board	Done	
50. Revised Related Party Transaction Policy		24 March 2022	RPT Committee and Board	Done	
51. Revised Board Audit and Risk Oversight Committee Charter		24 March 2022	BARC and Board	Done	

## Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action will be taken with respect to any transaction involving the following:

- (a) the merger or consolidation of the registrant into or with any other person or of any other person into or with the Corporation;
- (b) the acquisition by the registrant or any of its stockholder of securities of another person;
- (c) the acquisition by the registrant of any other going business or of the assets thereof;
- (d) the sale or other transfer of all or any substantial part of the assets of the Corporation; or
- (e) the liquidation or dissolution of the Corporation.

## Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up with respect to acquisition or disposition of any property by the Corporation.

## Item 14. Restatement of Accounts

There are no matters or actions to be taken up with respect to the restatement of any asset, capital, or surplus account of the Corporation.

## D. OTHER MATTERS

### Item 15. Action with Respect to Reports

The approval of the stockholders on the following actions will be taken up:

- (a) Approval of the Minutes of the Annual Meeting of the Stockholders held on 09 May 2023;
- (b) Approval of acts of the Board of Directors, Board Committees and Management for the period covering 09 May 2023 to 21 November 2023:
  1. The Corporation directly engaging in electric vehicle charging station business and amendment of the Articles of Incorporation to allow the sale of services related to electric charging; and
  2. The Corporation selling services (including technical services related to lubricants business) and amendment of the Articles of Incorporation for the purpose.

A draft of the Minutes of the 2023 Annual Meeting of the Stockholders may be accessed through the Corporation's website at <https://pilipinas.shell.com.ph/>.

### Requirements under Section 49 of the Revised Corporation Code of the Philippines

Requirement	Reference
a) <i>Description of the voting and vote tabulation procedures used in the 2023 Annual Stockholders' Meeting</i>  We will follow the same process for the Special Stockholders' Meeting	<i>See attached Minutes of the Annual Stockholders' Meeting, item 867, page 6</i>  <i>For the current Special Stockholders' Meeting, see Annex B of this Definitive Information Statement,</i>



	<i>Participation In Absentia or Via Remote Communication, pages 57-58</i>
<p>b) <i>Record of the questions asked, and answers given during the 2023 Annual Stockholders' Meeting</i></p> <p>The stockholders were given the opportunity to ask questions during the 2023 Annual Stockholders' Meeting. The questions and answers may be found in the Minutes of the Annual Stockholders' Meeting.</p>	<p><i>See attached Minutes of the Annual Stockholders' Meeting, item 874, pages 19-25</i></p> <p><i>Website link at: <a href="#">Stockholders' Meeting Information</a></i></p>
<p>c) <i>Matters discussed and resolutions reached during the 2023 Annual Stockholders' Meeting:</i></p> <ul style="list-style-type: none"> <li>• Approval of Minutes of the Special Meeting held on 26 September 2022</li> <li>• Approval of acts and resolutions of the Board of Directors, Committees and Management: <ul style="list-style-type: none"> <li>• Election of SyCip Gorres Velayo &amp; Co. as the independent auditor</li> </ul> </li> <li>• Election of Directors/Independent Directors</li> <li>• Amendment of By-Laws: Change of Corporate Seal to "Shell Pilipinas Corporation"</li> </ul>	<p><i>See attached Minutes of the Annual Stockholders' Meeting:</i></p> <ul style="list-style-type: none"> <li>• <i>Item 868, pages 6-7</i></li> <li>• <i>Item 872, pages 15-16</i></li> <li>• <i>Item 873, pages 17-19</i></li> <li>• <i>Item 872, pages 16-17</i></li> </ul> <p><i>Website link at: <a href="#">Stockholders' Meeting Information</a></i></p>
<p>d) <i>Voting results of the 2023 Annual Stockholders' Meeting</i></p>	<p><i>See attached Minutes of the Annual Stockholders' Meeting:</i></p> <ul style="list-style-type: none"> <li>• <i>Item 868, pages 6-7</i></li> <li>• <i>Item 872, pages 15-16</i></li> <li>• <i>Item 873, pages 17-19</i></li> <li>• <i>Item 872, pages 16-17</i></li> </ul> <p><i>Website link at: <a href="#">Stockholders' Meeting Information</a></i></p>
<p>e) <i>Directors or trustees, officers and stockholders or members who attended the 2023 Annual Stockholders' Meeting</i></p>	<p><i>See attached Minutes of the Annual Stockholders' Meeting, pages 1-5</i></p> <p><i>Website link at: <a href="#">Stockholders' Meeting Information</a></i></p>
<p>f) <i>Material information on the current stockholders, and their voting rights for the 2023 Annual Stockholders' Meeting</i></p> <p>Material information on the stockholders and voting rights for the 2023 Annual Stockholders' Meeting ("Meeting") were provided during the meeting and in the Definitive 20-IS. The Corporate Secretary informed the stockholders that all stockholders of record holding common shares as of 12 April 2023 are entitled to notice and to vote at the Meeting. Each common share is entitled to one vote. There were represented at the Meeting, in person or by proxy, stockholders owning 1,272,506,281 shares, representing 78.87% of the total issued and outstanding capital stock of the Corporation.</p>	<p><i>See attached Minutes of the Annual Stockholders' Meeting, pages 1-6</i></p> <p><i>Refer to the Definitive 20-IS: pages 8-11, 64-65 through our website link at: <a href="#">2023 Annual Meeting</a></i></p>

g) <i>A detailed, descriptive, balanced and comprehensible assessment of the corporation's performance, which shall include information on any material change in the corporation's business, strategy, and other affairs</i>	See pages 12-37 of this Definitive Information Statement
h) <i>A financial report for the preceding year, which shall include financial statements duly signed and certified in accordance with this Code and the rules the Commission may prescribe, a statement on the adequacy of the corporation's internal controls or risk management systems, and a statement of all external audit and non-audit fees</i>	See pages 12-37 of this Definitive Information Statement
i) <i>An explanation of the dividend policy and the fact of payment of dividends or the reasons for nonpayment thereof</i>	See pages 38-40 of this Definitive Information Statement
j) <i>Director profiles which shall include, among others, their qualifications and relevant experience, length of service in the corporation, trainings and continuing education attended, and their board representations in other corporations</i>	Not applicable as this is not an Annual Meeting with election of directors
k) <i>Directors' attendance report, indicating the attendance of each director at each of the meetings of the board and its committees and in regular or special stockholder meetings</i>	Refer to the Certification on Attendance of Directors through our website link at: <a href="#">Corporate Disclosures</a>
l) <i>Appraisals and performance report for the board and the criteria and procedure for assessment</i>  The Corporation conducts an annual self-evaluation to strengthen the Board's and the Committees' effectiveness. The Corporate Governance Committee has oversight over the results of the Board evaluations.	Refer to the Revised Manual on Corporate Governance through our website link at: <a href="#">Revised CG Manual</a>
m) <i>Directors' compensation report prepared in accordance with this Code and the rules the Commission may prescribe</i>	Not applicable as this is not an Annual Meeting with election of directors
n) <i>Directors' disclosures on self-dealing and related party transactions</i>	Refer to the Definitive 20-IS through our website link at: <a href="#">2023 Annual Meeting</a>  Please also see the RPT Policy and Charter at <a href="#">Board Committees</a>
o) <i>The profiles of directors nominated or seeking election or reelection</i>	Not applicable as this is not an Annual Meeting with election of directors

**Item 16. Matters Not Required to be Submitted**

No action is to be taken with respect to any matter which is not required to be submitted to a vote of the stockholders.

**Item 17. Amendment of Charter, Bylaws or Other Documents**

At its meeting on 11 August 2023, the Board of Directors proposed the following amendments to the Corporation's Articles of Incorporation, which require approval of the shareholders:

**1. The Corporation directly engaging in electric vehicle charging station business and amendment of the Articles of Incorporation to allow the sale of services related to electric charging**

The Board of Directors has approved the proposal for the Corporation to directly engage in the electric vehicle charging station business and to sell various services related to electric charging. This aligns with the company's approach towards energy transition in step with society, evolving beyond petroleum, towards sustainable and cleaner energy solutions for the company, people, community and environment today and for the future.

Thus, the Second Article, Secondary Purpose (i) of the Articles of Incorporation will be amended and broadened to include the sale of services related to electric charging, as follows:

- (i) To purchase, create, generate, hold or otherwise acquire electric current and electric power of every kind, description and source, and to sell, market, supply or otherwise dispose of at wholesale/retail, insofar as may be permitted by law, light, heat and power of every kind, description and source as well as to offer, provide, and sell services of all kinds to business entities and/or end consumers, either in conjunction with or independent of, the sale, marketing, and supply of light, heat and power of every kind, description and source, including but not limited to services related to electric charging. (Underscoring supplied)

**2. The Corporation selling services (including technical services related to lubricants business) and amendment of the Articles of Incorporation for the purpose**

To generate more revenues for the company, the Board of Directors has approved the proposal for the Corporation to also sell technical services related to the company's lubricants business to non-buyers of its lubricants products.

As such, the Second Article, Secondary Purpose (c) of the Articles of Incorporation will be amended and broadened to include the sale of services, as follows:

- (c) To the extent permitted by law, to buy, trade, exchange, distribute and sell, at wholesale and/or retail, all kinds, types, and classes of goods, wares, merchandise, products, and other articles of trade including, whether tangible or intangible, but not limited to, dry goods, foodstuffs, food products, beverages, electrical supplies, office equipment, rubber and synthetic products, hydrocarbon products, chemical, chemical products, and credits or certificates and to offer, provide, and sell services of all kinds to business entities and/or end consumers, either in conjunction with or independent of, the sale of the foregoing goods, products and articles. (Underscoring supplied)

ARTICLES OF INCORPORATION		
Article No.	Current Provision	Proposed Revision
Second	<p>Secondary Purpose</p> <p>xxx</p> <p>(c) To the extent permitted by law, to buy, trade, exchange, distribute and sell, at wholesale and/or retail, all kinds, types, and classes of goods, wares, merchandise, products, and other articles of trade including, whether tangible or intangible, but not limited to, dry goods, foodstuffs, food products,</p>	<p>Secondary Purpose</p> <p>xxx</p> <p>(c) To the extent permitted by law, to buy, trade, exchange, distribute and sell, at wholesale and/or retail, all kinds, types, and classes of goods, wares, merchandise, products, and other articles of trade including, whether tangible or intangible, but not limited to, dry goods, foodstuffs, food products,</p>

ARTICLES OF INCORPORATION		
Article No.	Current Provision	Proposed Revision
	<p>beverages, electrical supplies, office equipment, rubber and synthetic products, hydrocarbon products, chemical, chemical products, and credits or certificates.</p> <p style="text-align: center;">xxx</p> <p>(i) To purchase, create, generate, hold or otherwise acquire electric current and electric power of every kind, description and source, and to sell, market, supply or otherwise dispose of at wholesale/retail, insofar as may be permitted by law, light, heat and power of every kind, description and source.</p>	<p>beverages, electrical supplies, office equipment, rubber and synthetic products, hydrocarbon products, chemical, chemical products, and credits or certificates <u>and to offer, provide, and sell services of all kinds to business entities and/or end consumers, either in conjunction with or independent of, the sale of the foregoing goods, products and articles.</u></p> <p style="text-align: center;">xxx</p> <p>(i) To purchase, create, generate, hold or otherwise acquire electric current and electric power of every kind, description and source, and to sell, market, supply or otherwise dispose of at wholesale/retail, insofar as may be permitted by law, light, heat and power of every kind, description and source <u>as well as to offer, provide, and sell services of all kinds to business entities and/or end consumers, either in conjunction with or independent of, the sale, marketing, and supply of light, heat and power of every kind, description and source, including but not limited to services related to electric charging.</u></p>

#### Item 18. Other Proposed Action

There are no other actions to be taken up other than those mentioned above.

#### Item 19. Voting Procedures

Only those shareholders who have voted by proxy, *in absentia* or remote communication will be included in determining the existence of a quorum. All matters subject to vote, except in cases where the law provides otherwise, shall be decided by the affirmative majority vote of stockholders present by proxy, in absentia or by remote communication and entitled to vote thereat, provided a quorum is present.

For election of directors, a stockholder may vote such number of shares for as many persons as there are for directors to be elected. The stockholder may also cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares owned or the shareholder may distribute them on the same principle among as may candidates as they see fit.

Pursuant to Sections 23, 49 and 50 of the RCC, shareholders may participate through remote communication and *in absentia*. During the Annual Stockholders' Meeting and the Organizational and Regular Board Meeting held on 07 May 2019, the shareholders and the Board of Directors of the Corporation approved the amendment of its By-laws to allow stockholders to vote through remote communication or *in absentia*. The Securities and Exchange Commission approved the amendment on 15 March 2023, thereby allowing stockholders to participate and vote *in absentia* or via remote communication. Said stockholders shall be deemed present for purposes of quorum.

For the detailed procedure on voting *in absentia* or via remote communication, please refer to Annex "B".

Voting and counting shall be by ballot or electronic where available. Such stockholder may or may not cumulate his/her votes. The counting thereof shall be verified by SGV, a member firm of Ernst & Young Global Limited.

**Item 20. Participation and Voting of Shareholders *In Absentia* or By Remote Communication**

In view of the conduct of a virtual Special Stockholders' Meeting, the shareholders, after a verification process, may attend virtually through Shell Operated Webcast.

The registration, verification and voting processes are outlined in Annex "B". Stockholders may also email questions or comments prior to the meeting to the Office of the Corporate Secretary at [PSPC-Governance@shell.com](mailto:PSPC-Governance@shell.com).

## UNDERTAKING

The Annual Report (hereto attached as Annex “E”) and Audited Financial Statements as of 31 December 2022 as approved by the Board of Directors on 23 March 2023 plus the Second Quarter Results as of 30 June 2023 (hereto attached as Annex “F”) as approved by the Board of Directors on 11 August 2023 will be attached to the Definitive Information Statement for distribution to stockholders on or before 30 October 2023.

Upon written request of a stockholder, the Corporation undertakes to furnish requestor-stockholder with a copy of SEC Form 17-A free of charge, except for exhibits attached thereto which shall be charged at cost. Any written request for a copy of SEC Form 17-A shall be addressed to the following:

**SHELL PILIPINAS CORPORATION**  
Office of the Corporate Secretary at [PSPC-Governance@shell.com](mailto:PSPC-Governance@shell.com).

**Attention: Request for Documents**

**PART II.**

**SIGNATURE PAGE**

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

*This report is electronically signed on 02 October 2023.*

**By:**



**MARK HADRIAN P. GAMO**  
*Corporate Secretary*  
*Shell Pilipinas Corporation*

ANNEX A

SAMPLE PROXY FORM (DRAFT)

The undersigned stockholder of **SHELL PILIPINAS CORPORATION** (the “Corporation”, formerly Pilipinas Shell Petroleum Corporation) hereby appoints \_\_\_\_\_<sup>1</sup> or in his absence, the Chairman of the meeting, as *attorney-in-fact* and *proxy*, with power of substitution, to present and vote all shares registered in his/her/its name at the special meeting of stockholders of the Company on 21 November 2023 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of previous meeting.  Yes  No  Abstain
2. Approval of acts and resolutions of the Board of Directors, Committees and Management:
  - (a) The Corporation directly engaging in electric vehicle charging station business and amendment of the Articles of Incorporation to allow the sale of services related to electric charging  Yes  No  Abstain
  - (b) The Corporation selling services (including technical services related to lubricants business) and amendment of the Articles of Incorporation for the purpose  Yes  No  Abstain

PRINTED NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY

DATE

**WE ARE NOT SOLICITING A PROXY. YOU ARE NOT REQUIRED TO ISSUE A PROXY. THIS SAMPLE FORM IS PROVIDED ONLY FOR YOUR REFERENCE AND CONVENIENCE.**

ANY PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY BY EMAIL TO [PSPC-Governance@shell.com](mailto:PSPC-Governance@shell.com) ON OR BEFORE **10 NOVEMBER 2023**, THE DEADLINE FOR SUBMISSION OF PROXIES.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

<sup>1</sup> Please include the email address of the proxy named other than the Chairman of the Board to allow the proxy to attend via remote communication.



**ANNEX B**  
**PARTICIPATION *IN ABSENTIA* OR VIA REMOTE COMMUNICATION**

Stockholders of record as of 25 October 2023 have the option of electronic voting *in absentia* on the matters in the Agenda, after email registration and successful validation.

**Registration**

1. Shareholder must send an email to the Office of the Corporate Secretary at [PSPC-Governance@shell.com](mailto:PSPC-Governance@shell.com) on or before **10 November 2023**:

- a. Subject of the Email: SHLPH 2023 Special Stockholders' Meeting Registration
- b. The following must be provided or attached in the email:

Individual stockholders with stock certificates	<ol style="list-style-type: none"> <li>i. A recent photo of the stockholder, with the face fully visible (in JPG format). File size should be no larger than 2MB;</li> <li>ii. A scanned copy of the front and back portions of the stockholder's valid government-issued ID, preferably with residential address (in JPG format). File size should be no larger than 2MB;</li> <li>iii. Email address</li> <li>iv. Contact number</li> <li>v. <b><u>Indicate if stockholder will attend via remote communication</u></b></li> </ol>
Stockholders under Broker accounts	<ol style="list-style-type: none"> <li>i. Broker's certification on the stockholder's number of shareholdings (in JPG format) as of 21 April 2023. File size should be no larger than 2MB;</li> <li>ii. A recent photo of the stockholder, with the face fully visible (in JPG format). File size should be no larger than 2MB;</li> <li>iii. A scanned copy of the front and back portions of the stockholder's valid government-issued ID, preferably with residential address (in JPG format). File size should be no larger than 2MB;</li> <li>iv. Email address</li> <li>v. Contact number</li> <li>vi. <b><u>Indicate if stockholder will attend via remote communication</u></b></li> </ol>
Corporate stockholders	<ol style="list-style-type: none"> <li>a. Secretary's certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation (in JPG format). File size should be no larger than 2MB;</li> <li>b. A recent photo of the stockholder's representative, with the face fully visible (in JPG format). File size should be no larger than 2MB;</li> <li>c. A scanned copy of the front and back portions of the valid government-issued ID of the stockholder's representative, preferably with residential address (in JPG format). The file size should be no larger than 2MB;</li> <li>d. Company email address</li> <li>e. Contact number</li> <li>f. <b><u>Indicate if stockholder will attend via remote communication</u></b></li> </ol>

## Validation

2. Upon receipt by the Corporation of the email, the Office of the Corporate Secretary will acknowledge it and will revert with its validation result no later than three (3) business days from receipt.
3. Once successfully validated, the stockholders will receive another e-mail notification of their successful registration.

## Voting

4. Registered stockholders have until the end of the Meeting to cast their votes *in absentia* or via remote communication through the digital ballot link that will be sent by the Office of the Corporate Secretary.
  - a. For items other than the Election of Directors, the registered stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the registered stockholder's shares.
  - b. For the election of directors, the registered stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. Further, if a stockholder has indicated an intention to vote for the nominees but did not indicate the number of shares voted for/against each nominee, it will be presumed that the stockholder (i) has cast the maximum number of votes he is entitled to (i.e. shares held multiplied by 11) and (ii) that he allocated an equal number of votes for/against the indicated nominees.
  - c. The registered stockholder can proceed to submit the accomplished ballot by clicking the 'Submit' button.

Votes cast *in absentia* will have equal effect as votes cast in person or by proxy. If a proxy was sent prior to voting *in absentia*, the proxy will be superseded by a ballot cast by the same shareholder or his/her/its proxy *in absentia*.

## Counting

1. The Office of the Corporate Secretary will count and tabulate the votes cast *in absentia* and via remote communication together with the votes cast by proxy.

For any clarifications, please contact Office of the Corporate Secretary at [PSPC-Governance@shell.com](mailto:PSPC-Governance@shell.com).

## Remote Communication

1. Only shareholders who have notified the Office of the Corporate Secretary upon registration of their intention to participate in the Meeting by remote communication will receive the link of the Meeting.
2. Note that shareholders participating by remote communication who wish to cast their votes must also accomplish the digital ballot to cast their votes.
3. Stockholders will be on audio mode and will be able to see the presentations. Since only the presenters can speak during the Meeting, stockholders may email questions or comments prior to the meeting to the Office of the Corporate Secretary at [PSPC-Governance@shell.com](mailto:PSPC-Governance@shell.com). Time permitting, the Corporation will exert best efforts to read and answer the questions during the Meeting.
4. The recorded webcast of the Meeting will be posted on the Corporation's website after the Meeting. Stockholders shall have two weeks from posting to raise to the Company any issues, clarifications and concerns on the Meeting conducted.

**ANNEX C**  
**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING ON**  
**09 MAY 2023**

**ANNEX D**  
**AUDITED FINANCIAL STATEMENT AS OF 31 DECEMBER 2022**

**ANNEX E**  
**17-A / ANNUAL REPORT AS OF 31 DECEMBER 2022**

**ANNEX F**  
**17-Q / 2<sup>ND</sup> QUARTER REPORT AS OF 30 JUNE 2023**