COVER SHEET

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S.E.C. Registration Number

SHELL PILIPINAS CORPORATION

(Company's Full Name)

41ST FLR. THE FINANCE CENTER, 26TH ST. COR 9TH AVE., BONIFACIO GLOBAL CITY, BRGY. FORT BONIFACIO, TAGUIG CITY, METRO MANILA 1635

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

Reynaldo P. Abilo	+632 3 4994001
Contact Person	Company Telephone Number

0 9	3 0	1 7 - Q	0 5	1 4
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			2nd Tuesday of May Annual General Meeting as per By-Laws	

CERTIFICATE OF PERMIT TO OFFER SECURITIES FOR SALE DATED 14 OCTOBER 2016

Secondary License Type, If Applicable

C G F D	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

313	41,021,000,000	
Total No. of Stockholders (As of 30 September 2024)	Domestic	Foreign

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To be accomplished by SEC Personnel concerned

File Number

LCU

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Cashier

STAMPS

Confidential

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: September 30, 2024

2. Commission identification number: 14829

3. BIR Tax Identification Number: 000-164-757

4. Exact name of issuer as specified in its chapter

   SHELL PILIPINAS CORPORATION

5. Province, country, or other jurisdiction of incorporation or organization: Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office — *Postal code*

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

8. Issuer's telephone number, including area code: (632) 3 4994001

9. Former name, former address, and formal fiscal year, if changed since last report: N/A

10. Securities registered pursuant to Sections 8 and 12 of the Code, or sections 4 and 8 of RSA

Title of Class	*Number of shares common stock outstanding and amount of debt outstanding*
Common Stock	1,613,444,202
Total Liabilities	81,316,436,000

11. Are any or all of the securities listed on a Stock Exchange? Yes [X] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippines Stock Exchange - Common Shares

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

    Yes [X] No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days
    Yes [X] No [ ]

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PART I – FINANCIAL INFORMATION

ITEM 1

SHELL PILIPINAS CORPORATION
Statements of Financial Position
As at 30 September 2024
With Comparative Figures for 31 December 2023
(All amounts in thousands Philippine Peso, except par value per share)

	Note	September 2024 Unaudited	December 2023 Audited
ASSETS			
Current Assets			
Cash	2	1,903,864	1,796,813
Trade and other receivables	3	16,316,697	16,463,571
Inventories	4	13,096,758	14,854,051
Current financial assets	9	95,990	16,238
Prepayments and other current assets	5	13,388,283	10,305,021
Total Current Assets		**44,801,592**	**43,435,694**
Noncurrent Assets			
Property, plant and equipment, net		29,978,810	31,099,060
Right of use assets, net	6	18,174,368	20,592,931
Long-term receivables and rentals	7	10,625,355	12,307,625
Other assets, net	11	5,095,424	4,827,930
Deferred tax assets, net	8	2,868,524	2,650,540
Non-current financial assets	9	1,187,308	977,828
Investments in associates	10	96,499	30,607
Total Noncurrent Assets		**68,026,288**	**72,486,521**
TOTAL ASSETS		**112,827,880**	**115,922,215**
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	19,708,067	23,541,398
Short term loans	13	26,021,000	24,290,000
Dividends payable		17,538	17,541
Total Current Liabilities		**45,746,605**	**47,848,939**
Noncurrent Liabilities			
Lease liabilities		15,978,251	18,266,086
Loans payable	14	15,000,000	15,000,000
Provisions	15	3,799,299	3,766,587
Other liabilities	15	792,281	758,914
Total Noncurrent Liabilities		**35,569,831**	**37,791,587**
Total liabilities		**81,316,436**	**85,640,526**
Equity			
Share capital – P1 par value	16	1,681,058	1,681,058
Share premium		21,857,677	21,857,677
Treasury shares	16	(507,106)	(507,106)
Retained earnings	17	5,954,789	4,971,092
Remeasurement gains on defined benefit plans		1,243,703	1,243,703
Other reserves		1,281,323	1,035,265
Total Equity		**31,511,444**	**30,281,689**
TOTAL LIABILITIES AND EQUITY		**112,827,880**	**115,922,215**

Certified by:	REYNALDO P. ABILO
	Chief Financial Officer

SHELL PILIPINAS CORPORATION

Unaudited Statement of Income
For the period ended 30 September 2024 and 2023
(All amounts in thousands Philippine Peso, except earnings per share)

3Q 2024	3Q 2023		YTD 3Q 2024	YTD 3Q 2023
59,802,856	**61,841,482**	Net sales	**185,157,340**	**190,264,200**
(55,212,518)	**(54,864,388)**	Cost of sales	**(168,501,181)**	**(173,899,943)**
4,590,338	**6,977,094**	Gross profit	**16,656,159**	**16,364,257**
(4,435,441)	**(4,191,734)**	Selling, general and administrative expenses	**(12,415,200)**	**(12,067,875)**
(240,409)	**907,631**	Other operating income (losses), net	**231,964**	**1,228,435**
(85,512)	**3,692,991**	Income (loss) from operations	**4,472,923**	**5,524,817**
(958,501)	**(1,114,083)**	Finance expense	**(2,860,073)**	**(2,750,883)**
118,630	**5,350**	Other income (charges)	**(194,043)**	**(29,272)**
(925,383)	**2,584,258**	Income (loss) before income tax	**1,418,807**	**2,744,662**
163,341	**(652,294)**	Provision for income tax	**(435,110)**	**(689,805)**
(762,042)	**1,931,964**	Net income (loss)	**983,697**	**2,054,857**
(0.47)	**1.20**	Earnings (loss) per share - Basic and Diluted	**0.61**	**1.27**

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of common shares in issue during the year, excluding common shares purchased by the Company and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

Weighted average number of Common Shares, excluding Treasury Shares, for 3Q 2024 and for 3Q 2023 is 1,613,444,202 respectively.

Certified by:	REYNALDO P. ABILO
	Chief Financial Officer

SHELL PILIPINAS CORPORATION
Unaudited Statement of Comprehensive Income
For the period ended 30 September 2024 and 2023
(All amounts in thousands Philippine Peso)

3Q 2024	3Q 2023		YTD 3Q 2024	YTD 3Q 2023
(762,042)	**1,931,964**	**Net Income**	**983,697**	**2,054,857**
		Other comprehensive income		
		Items not to be reclassified to income or loss in subsequent periods:		
(2,227)	**23,588**	Increase/(Decrease) in fair value of equity through OCI financial assets, net of tax	**246,058**	**131,198**
(764,269)	**1,955,552**	**Total comprehensive income**	**1,229,755**	**2,186,055**

Certified by:	REYNALDO P. ABILO
	Chief Financial Officer

SHELL PILIPINAS CORPORATION
Unaudited Statement of Changes in Equity
For the period ended 30 September 2024 and 2023
(All amounts in thousands Philippine Peso)

					Other Reserves			
	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Share-based Reserve	Fair value Reserve	Remeasurement Gain on Defined Benefit Plans	Total
Notes	16		16	17				
Balances as at 01 January 2023	1,681,058	21,857,677	(507,106)	3,788,190	238,442	671,548	1,199,567	28,929,376
Income for the period	-	-	-	2,054,857	-	-	-	2,054,857
Increase in fair value of AFS financial assets	-	-	-	-	-	131,198	-	131,198
Total comprehensive income for the period	-	-	-	2,054,857	-	131,198	-	2,186,055
Transactions with owners								
Cash dividends	-	-	-	-	-	-	-	-
Total transactions with owners for the period	-	-	-	-	-	-	-	-
Balances as at 30 September 2023	**1,681,058**	**21,857,677**	**(507,106)**	**5,843,047**	**238,442**	**802,746**	**1,199,567**	**31,115,431**
Balances as at 01 January 2024	**1,681,058**	**21,857,677**	**(507,106)**	**4,971,092**	**226,893**	**808,372**	**1,243,703**	**30,281,689**
Income for the period	-	-	-	983,697	-	-	-	983,697
Increase in fair value of AFS financial assets	-	-	-	-	-	246,058	-	246,058
Total comprehensive income for the period	-	-	-	983,697	-	246,058	-	1,229,755
Transactions with owners								
Cash dividends	-	-	-	-	-	-	-	-
Total transactions with owners for the period	-	-	-	-	-	-	-	-
Balances as at 30 September 2024	**1,681,058**	**21,857,677**	**(507,106)**	**5,954,789**	**226,893**	**1,054,430**	**1,243,703**	**31,511,444**

* Refer to “Basis of Preparation”

Certified by:	REYNALDO P. ABILO
	Chief Financial Officer

SHELL PILIPINAS CORPORATION
Unaudited Statement of Cash Flows
For the period ended 30 September 2024 and 2023
(All amounts in thousands Philippine Peso)

	September 2024	September 2023
Cash flows from operating activities		
Income (loss) before income tax	1,418,807	2,744,662
Adjustments for:		
Depreciation and amortization expense	3,942,355	2,700,705
Interest and finance charges	2,860,109	2,750,884
Unrealized foreign exchange loss (gain), net	30,840	(63,206)
Movements in pension	(3,517)	130,531
Accretion expenses	-	-
Written off of asset	240,318	-
Loss (gain) on disposal of property and equipment	388,476	37,339
Unrealized mark to market loss (gain), net	-	-
Interest income	2,000	802
Share in profit of associates	(68,659)	(57,604)
Working capital changes:		
Decrease/(Increase) in inventories, trade and other receivables, Prepayments and other assets	(301,432)	(2,631,398)
Increase/(Decrease) in trade and other payables and provisions and other liabilities	(3,641,619)	(4,687,255)
Net cash flows from operating activities	4,867,678	925,460
Cash flows from investing activities		
Additions to property and equipment	(1,757,802)	(3,076,069)
Proceeds from sale of property and equipment	260,696	26,102
Dividend received	2,767	42,533
Interest received	(2,000)	(802)
Net cash flows used in investing activities	(1,496,339)	(3,008,236)
Cash flows from financing activities		
Dividends paid	(3)	(223)
Net proceeds (settlements of) from short-term borrowings	1,731,000	6,243,000
Principal elements of lease payments	(2,256,515)	(2,824,449)
Interest and finance charges paid	(2,738,768)	(2,613,142)
Net cash flows used in financing activities	(3,264,286)	805,186
Net increase in cash	107,053	(1,277,590)
Cash at the beginning of the period	1,796,813	2,957,163
Effect of exchange rate changes on cash	(2)	(2)
Cash at end of the period	**1,903,864**	**1,679,571**

Certified by:	REYNALDO P. ABILO
	Chief Financial Officer

SHELL PILIPINAS CORPORATION
NOTES TO FINANCIAL STATEMENTS
As at 30 September 2024 and 31 December 2023 and for the nine-month period ended 30 September 2024 and 2023
(All amounts in table are shown in thousand Philippine Peso except per share data and unless otherwise stated)

Note 1 - General information

Shell Pilipinas Corporation (the "Company") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on 09 January 1959 primarily to engage in the refining and marketing of petroleum products. The Company conducted its initial public offering ("IPO") to list in the Philippine Stock Exchange on 03 November 2016.

The Company is 55% owned by Shell Overseas Investments BV ("SOIBV"), a corporation registered under the laws of the Netherlands and 45% owned by Filipino and other foreign shareholders. The ultimate parent of the Company is Shell plc., incorporated in the United Kingdom.

The Company during its Stockholder's Meeting on 11 May 2021 amended its Primary Purpose in the Articles of Incorporation. The Primary Purpose now is to purchase, acquire, import, manufacture, refine, transport, use, and store any and all kinds of petroleum and petroleum products, components, additives, lubricants, bitumen, chemical and/or petrochemical products; and to market, distribute, and sell at wholesale, export, exchange, deal in, and dispose of such products and by-products which may be produced, developed, or made therefrom.

On August 10, 2022, the Board 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 that 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.

During the Company's special stockholders meeting on 21 November 2023, the stockholders approved the amendment in the Articles of Incorporation to (1) directly engage in the electric vehicle charging station business and to sell various services related to electric charging and (2) to sell technical services related to the company's lubricants business to non-buyers of its lubricant's products. 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.

The Company's registered office, which is also its principal place of business, is 41st Floor, The Finance Centre, 26th Street corner 9th Avenue Bonifacio Global City, Brgy. Fort Bonifacio, Taguig City, Metro Manila, 1635.

Note 2 - Cash

The account as at 30 September 2024 and 31 December 2023 consists of cash in banks which are earning interest at the prevailing bank deposit rates. The Company maintains cash deposits with universal and commercial banks in the Philippines. Universal and commercial banks represent the largest single group, resource-wise, of financial institutions in the country.

Cash as at 30 September 2024 and 31 December 2023 is maintained with the following type of financial institutions:

	30 September 2024	31 December 2023
Universal bank	1,528,585	1,703,359
Commercial bank	375,279	93,454
	1,903,864	1,796,813

Note 3 – Trade and other receivables, net

The account as at 30 September 2024 and 31 December 2023 consists of:

	30 September 2024	31 December 2023
Trade receivables		
Third parties	15,609,053	15,727,759
Related parties	120,778	152,909
Provision for impairment of trade receivables from third parties	(195,519)	(445,141)
	15,534,312	15,435,527
Other receivables		
Non-trade receivable from third party	215,058	259,503
Non-trade receivables from related parties	61,261	72,079
Miscellaneous	540,225	736,348
	816,544	1,067,930
Provision for impairment of other receivables	(34,159)	(39,886)
	782,385	1,028,044
	16,316,697	16,463,571

Miscellaneous receivables pertain to rental from co-locators in mobility service stations and other non-trade receivables.

The Company holds collaterals for trade receivables from third parties as at 30 September 2024 valued at P6.4 billion (31 December 2023 – P5.7 billion) consisting of cash securities, letters of credit or bank guarantees and Real Estate Mortgages (REM). These securities can be applied once the related customer defaults on settlement of the Company's receivables based on agreed credit terms. The maximum exposure of the Company is P10.2 billion as at 30 September 2024 (31 December 2023 – P10.8 billion). These balances relate to a number of independent customers with whom there is no recent history of default. The carrying amount of trade and other receivables at the reporting date approximated their fair value.

Impaired receivables are fully provided and movements in the provision for impairment of the receivables are presented in the table below.

	Trade	Others	Total
As at 01 January 2023	488,943	39,886	528,829
Provisions (Reversals)	(23,255)	-	(23,255)
Write Off	(20,547)	-	(20,547)
As at 31 December 2023	445,141	39,886	485,027
Provisions (Reversals)	(26,492)	(5,727)	(32,219)
Write Off	(223,130)	-	(223,130)
As at 30 September 2024	195,519	34,159	229,678

For the period ended 30 September 2024, total trade receivables written-off directly to statement of income amounted to P289.9 million (30 September 2023 - direct write off P24.4 million) based on the Company's assessment of recoverability.

Note 4 - Inventories, net

The account as at 30 September 2024 and 31 December 2023 consists of:

	30 September 2024	31 December 2023
At cost:		
Petroleum products	10,447,232	11,471,032
Lubricants	-	1,181,620
Materials and supplies	180,090	180,495
	10,627,322	12,833,147
At NRV:		
Petroleum products	2,469,436	2,020,904
	13,096,758	14,854,051

The costs of inventories carried at NRV as at September 30 are as follows:

	2024	2023
Petroleum products	2,621,817	2,114,607

Details of and changes in allowance for inventory write-down and obsolescence as at and for the nine-month period ended 30 September 2024 and for the period ended 31 December 2023 are as follows:

	Petroleum products	Lubricants	Materials and supplies	Total
As at 01 January 2023	59,376	4,173	3,000	66,549
Provisions, net	34,327	1,551	446	36,324
As at 31 December 2023	93,703	5,724	3,446	102,873
Provisions/(reversals), net	58,678	(2,395)	-	56,283
As at 30 September 2024	152,381	3,329	3,446	159,156

The allowance for inventory resulting from the write-down of petroleum products to net realizable value amounted to P152.4 million as at 30 September 2024 (31 December 2023– P93.7 million) and the allowance for obsolescence of finished products amounted to P6.8 million as at 30 September 2024 (31 December 2023 – P9.2 million).

Cost of inventories included as part of cost of sales amounted to P144.7 billion for the nine-month period ended 30 September 2024 (30 September 2023 – P149.0 billion).

Note 5 - Prepayments and other current assets

The account as at 30 September 2024 and 31 December 2023 consists of:

	30 September 2024	31 December 2023
Prepaid corporate income taxes (a)	8,208,767	5,650,473
Creditable withholding tax (b)	530,780	2,042,098
Advance rentals (c)	1,017,293	1,076,109
Claims from government (d)	3,519,138	1,348,930
Input VAT net of output VAT (e)	-	12,942
Prepaid duties and taxes (f)	10,003	10,304
Others	102,302	164,165
	13,388,283	10,305,021

(a) Prepaid corporate income tax

These are claimed against income tax due, representing amounts that were withheld from income tax payments and carried over in the succeeding period for the same purpose.

(b) Creditable withholding tax

Creditable withholding tax represents unapplied certificates which can be used as a payment of income tax due in the succeeding years.

(c) Advance rentals

Advance rental represents the advance payment for leases more than 1 year which the Company enters.

(d) Claims from government

Claims from government agencies arising mainly from the payment of excise duties in which the Company has a right of exemption.

(e) Input VAT, net of output VAT

Input VAT represents the taxes paid on purchases of goods and services which can be recovered as tax credit against future output VAT liability of the Company.

(f) Prepaid duties and taxes

These are custom duties paid in advance for importation of products.

<u>Note 6 – Right of use lease assets</u>

The account as at 30 September 2024 and 31 December 2023 consists of:

	30 September 2024	31 December 2023
Cost	31,129,382	32,416,951
Accumulated depreciation	(12,955,014)	(11,824,020)
Net carrying amount	18,174,368	20,592,931

<u>Note 7 - Long-term receivables and rentals</u>

The account as at 30 September 2024 and 31 December 2023 consists of:

	30 September 2024	31 December 2023
Claims from governments (a)	9,971,969	11,804,706
Provision for impairment (claims)	(5,218)	(100,749)
	9,966,751	11,703,957
Advance rentals	197,886	204,014
Customer grants (b)	119,694	94,682
	317,580	298,696
Other long-term receivables	357,319	315,540
Provision for impairment (other long-term receivables)	(16,295)	(10,568)
	341,024	304,972
	10,625,355	12,307,625

(a) Claims from government

Claims from government agencies amounting to P10.0 billion as at 30 September 2024 (31 December 2023 – P11.8 billion) representing the amount to be recovered from the government on various taxes paid. Further included in this P10.0 billion claims from government is P4.6 billion of excise duties and VAT paid under protest for Alkylate shipment see (Note 20).

(b) *Customer grants*

Customer grants consist of business development funds used to help customers expand their operations. The payments of the funds are secured by long-term sales contracts with the customers. The carrying amount of customer grant approximate their fair value.

Movements in provision for impairment of long-term receivable is as follows:

	30 September 2024	31 December 2023
At as 01 January	111,317	158,545
Write-off	(89,804)	(47,228)
As at 30 September 2024 and 31 December 2023	21,513	111,317

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The carrying amount of long-term receivables approximate their fair value.

Note 8 - Provision for income tax; deferred tax assets / (liabilities)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts at 30 September 2024 and 31 December 2023 are as follows:

	30 September 2024	31 December 2023
Deferred income tax assets (liabilities)		
Recognized directly in profit or loss:		
PFRS 16 Lease Liability accrual	1,719,742	1,514,606
Impairment of property, plant and equipment	1,062,958	1,062,958
Asset retirement obligation	911,269	928,520
Retirement benefit asset	(746,725)	(746,725)
Provision for doubtful debts	62,798	149,086
Provision for inventory losses	147,666	142,725
Unrealized foreign exchange gain	(82,305)	(90,015)
Prepaid duties and taxes	(65,711)	(89,697)
Share-based compensation	56,723	56,723
Unamortized past service cost, net	4,008	16,033
Provision for remediation costs, net	26,285	26,294
Mark to market (loss)/gain	8,607	4,716
Net deferred income tax	3,105,315	2,975,224
Recognized directly in other comprehensive income:		
Retirement benefit asset	(446,481)	(446,481)
Fair value reserve	209,690	121,797
	(236,791)	(324,684)
Net deferred income tax	2,868,524	2,650,540

The gross movements in net deferred income tax (liabilities) assets are as follows:

	30 September 2024	31 December 2023
As at 01 January	2,650,540	3,037,513
Credited/(charged) to profit and loss	261,406	390,668
Credited to other comprehensive income	(43,422)	(38,857)
MCIT Credited/(charged) to profit and loss	-	(738,784)
As at 30 September 2024 and 31 December 2023	2,868,524	2,650,540

Realization of the future benefits related to the deferred income tax assets is dependent on many factors, including the Company's ability to generate taxable income in the future. The Company's Management has considered these factors in arriving at its conclusion that the deferred income tax assets as at 30 September 2024 and 31 December 2023 are fully realizable.

On 31 December 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

NOLCO balances as of 30 September 2024

As at 30 September 2024, the Company has incurred NOLCO which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Years	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2020	2021-2025	5,899,148	5,800,710	-	-	98,438
2021	2022-2026	72,899	-	-	-	72,899
2022	2023-2025	-	-	-	-	-
2023	2024-2026	-	-	-	171,337	-

MCIT balances as at 30 September 2024

Year Incurred	Availment Period	Amount	MCIT Applied Previous Years	MCIT Expired	MCIT Applied Current Year	MCIT Unapplied
2020	2021-2023	160,193	-	-	-	160,193
2021	2022-2024	265,197	-	-	-	265,197
2022	2023-2025	313,393	-	-	-	313,393
2023	2024-2026	-	-	-	738,784	-

The details of provision for income tax for the three-month period ended 30 September 2024 and 2023 are as follows:

	30 September 2024	30 September 2023
Current	696,517	10,132
Deferred	(261,407)	27,379
	435,110	37,511

The reconciliation of provision for income tax computed at the statutory rate to actual provision for income tax shown in the statements of income is shown below:

	30 September 2024	30 September 2023
Income tax at statutory income tax rate	345,702	686,165
Income tax effect of:		
Non-deductible expenses	154,927	5,581
Limitation on deductible interest expense	100	92
Interest income subjected to final tax	(500)	(462)
Income subjected to 8% final tax	(9,885)	(1,781)
Non-taxable income	(17,165)	(14,401)
Provision for income tax before final taxes	482,179	675,194
Final taxes on interest and other charges	2,963	19,871
Prior year current tax	(50,032)	(5,260)
Provision for income tax at effective tax rate	435,110	689,805

Note 9 – Financial assets

	30 September 2024	31 December 2023
Derivative financial assets (a)	15,990	16,238
Financial assets at FVOCI (b)	1,267,308	977,828
	1,283,298	994,066

	30 September 2024	31 December 2023
Current portion	95,990	16,238
Non-current portion	1,187,308	977,828
	1,283,298	994,066

(a) Derivative financial assets

The Company enters into commodity forward contracts to hedge the commodity price risks arising from its petroleum products requirements. As at 30 September 2024, the notional principal amount of the outstanding commodity forward contracts assets amounted to P4.7 billion (31 December 2023 – P4.7 billion). As at 30 September 2024, the fair value of the derivative assets from outstanding commodity forward contracts amounted to P16.0 million (31 December 2023 – P16.2 million).

For the nine-month period ended 30 September 2024, the Company's fair value of settled derivatives amounted to realized a loss of P241.4 million (30 September 2023 - gain of P598.9 million) from mark-to-market settlement of derivatives which was recognized in other operating income, net in the statements of income.

For the nine-month period ended 30 September 2024, net fair value changes of the outstanding commodity forward contracts amounting to a loss of P15.6 million (30 September 2023 - loss of P217.2 million) was recognized in other operating income, net in the statements of income.

(b) Financial assets at FVOCI

Represent proprietary club shares and equity securities which are at fair value. Details of the account as at 30 September 2024 and 31 December 2023 are as follows:

	30 September 2024	31 December 2023
Cost	26,800	26,800
Fair value adjustments recognized directly in OCI		
Balance at the beginning	951,027	790,058
Changes during the year	289,481	160,970
	1,240,508	951,028
Balance at the end	1,267,308	977,828

Note 10 – Investments in associates

	30 September 2024	31 December 2023
Carrying amount of investment in associate	96,499	30,607

	Interest	Assets	Liabilities	Net Assets	Income	Share of Profit
30 September 2024						
Bonifacio Gas Corporation	40%	214,707	146,374	68,333	187,391	74,956
Kamayan Realty Corporation	40%	21,767	5,472	16,295	4,885	1,954
31 December 2023						
Bonifacio Gas Corporation	40%	212,690	154,943	57,747	220,768	88,307
Kamayan Realty Corporation	40%	24,687	5,916	18,771	7,361	2,944

Bonifacio Gas Corporation is an entity engaged in wholesale distribution of LPG and was established to operate a centralized gas distribution system within the Bonifacio Global City.

Kamayan Realty Corporation is an entity engaged in leasing and selling of real properties in the Philippines.

There are no contingent liabilities relating to the Company's interest in the associates.

Note 11 - Other assets, net

The account as at 30 September 2024 and 31 December 2023 consists of:

	30 September 2024	31 December 2023
Pension asset	5,040,318	4,772,823
Deferred input VAT (a)	53,913	53,913
Intangible assets (b)	1,193	1,194
	5,095,424	4,827,930

(a) Deferred Input VAT

Deferred input VAT will be recovered 12 months after reporting date. Hence, this is presented as non-current asset as at 30 September 2024 and 31 December 2023.

(b) Intangible Asset

Intangible asset consists of program software and others. As at 30 September 2024 and 31 December 2023 the movements in the accounts for the years consist of:

	30 September 2024	31 December 2023
Cost		
As at 01 January	848,992	1,007,623
Disposal	-	(158,631)
	848,992	848,992
Accumulated amortization		
As at 01 January	(847,798)	(1,006,429)
Amortization	(1)	-
Disposal	-	158,631
Balance at the end	(847,799)	(847,798)
Net book value	1,193	1,194

Note 12 – Trade and other payables

The account as at 30 September 2024 and 31 December 2023 consists of:

	30 September 2024	31 December 2023
Trade Payables		
Third parties	5,834,337	7,870,300
Related parties	5,178,245	7,698,098
	11,012,582	15,568,398
Other payables		
Non-trade payables from related parties	820,941	306,140
Lease liabilities	2,439,137	2,700,020
Provision for ARO and remediation	1,082,564	1,480,264
Project-related costs (a)	1,147,336	1,476,765
Employee benefits	540,081	362,854
Rent and utilities	607,615	336,011
Advertising and promotions	148,574	238,260
Output VAT, net of Input VAT	1,048,035	-
Duties and taxes	115,723	129,095
Supply and distribution	104,596	56,996
Derivatives (b)	50,431	35,103
Others	590,452	851,492
	19,708,067	23,541,398

Trade payables are non-interest bearing and are normally settled within 30 to 60 days from date of each transaction.

(a) Project-related costs and advances related to accrual of capital expenditure.

(b) As at 30 September 2024, the notional principal amount of the outstanding commodity forward contract liabilities amounted to P3.1 billion (31 December 2023 – P3.9 billion). As at the same date, the fair value of the derivative liabilities from outstanding commodity forward contracts amounted to P50.4 million (31 December 2023 - P35.1 million).

Note 13 - Short-term loans

As at 30 September 2024, unsecured short-term loan amounted to P26,021.0 million with tenure ranging from 1 to 91 days. The loans are intended for working capital requirements and corporate expenses.

As at 31 December 2023, unsecured short-term loan amounted to P24,290.0 million with tenure ranging from 4 to 90 days. The loans are intended for working capital requirements and corporate expenses.

The average interest rate on local borrowings for the nine-month period ended 30 September 2024 was 5.71% (30 September 2023 – 5.90%). Total interest expense charged to operations for the nine-month period ended 30 September 2024 arising from short-term loans amounted to P1,142.3 million (30 September 2023 – P1,079.3 million).

Note 14 – Long-term debt

Details of the loan agreements with Bank of the Philippine Islands (BPI) & Metropolitan Bank and Trust Co Phil as at 30 September 2024 and 31 December 2023 follow:

30 September 2024	31 December 2023	Interest	Terms
6,000,000	6,000,000	6.52% as at 30 September 2024 effective until next re-pricing	Unsecured. Payable after sixty (60) months reckoned from the drawdown date on 20 December 2021. Principal is payable in lump sum at maturity date 21 December 2026. Interest is repriced every three (3) months.

30 September 2024	31 December 2023	Interest	Terms
4,500,000	4,500,000	6.57% as at 30 September 2024 effective until next re-pricing	Unsecured. Payable after sixty (60) months reckoned from the drawdown date on 23 February 2023. Principal is payable in lump sum at maturity date 23 February 2028. Interest is re-priced every three (3) months.
4,500,000	4,500,000	6.46% as at 30 September 2024 effective until next re-pricing	Unsecured. Payable after sixty (60) months reckoned from the drawdown date on 23 February 2023. Principal is payable in lump sum at maturity date 23 February 2028. Interest is re-priced every three (3) months.

The average interest rate on local borrowings for the nine-month period ended 30 September 2024 was 6.52% (30 September 2023 – 6.49%). Total interest expense charged to operations for the nine-month period ended 30 September 2024 arising from these loans amounted to P727.50 million (30 September 2023 – P585.34 million).

There are no collaterals pledged as security against these borrowings.

Under the loan agreements, the Company is required to comply with certain covenants, as follows:

- Maintenance of the Company's legal status.
- Ensure that at all times the loans rank at least *pari passu* with the claims of all other unsecured and in subordinated creditors except those whose claims are preferred by any bankruptcy, insolvency, liquidation or other similar laws of general application.
- The Company shall not create or permit to subsist any encumbrance over all or any of its present or future revenues or assets other than permitted encumbrance as defined in the loan agreements.
- The Company shall duly pay and discharge all taxes, assessment and charges of whatsoever nature levied upon or against it, or against its properties, revenues and assets prior to the date on which penalties attach thereto, and to the extent only that the same shall be contested in good faith and by appropriate legal proceedings.

The Company is in compliance with the covenants as at reporting periods presented.

The carrying amounts of loans payable approximate their fair values as balances are subject to changing interest rates based on market, which falls under level 2 of fair value hierarchy.

Note 15 – Provisions and Other Liabilities

As at 30 September 2024, provisions and other liabilities amounted to P4,591.6 million which also contains asset retirement obligation representing the future estimated dismantling costs of various assets used in retail, depot and commercial operations, amounting to P3,715.3 million and cash security deposits amounting to P185.5 million.

As at 31 December 2023, provisions and other liabilities amounted to P4,525.5 million which also contains asset retirement obligation representing the future estimated dismantling costs of various assets used in retail, depot and commercial operations, amounting to P3,647.1 million and cash security deposits amounting to P182.2 million.

Note 16 - Share capital; Treasury shares; Share premium

Capital stock and treasury shares as at 30 September 2024 and 31 December 2023 consist of:

	30 September 2024		31 December 2023	
	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
Issued shares	1,681,058,291	1,681,058	1,681,058,291	1,681,058
Treasury shares	(67,614,089)	(507,106)	(67,614,089)	(507,106)
Issued and outstanding shares	1,613,444,202	1,173,952	1,613,444,202	1,173,952

As at 30 September 2024, the Company has 313 shareholders excluding treasury shares (31 December 2023 - 315), 277 of whom hold at least 100 shares of the Company's common shares (31 December 2023 - 279).

Note 17 - Retained earnings

Retained earnings as at 30 September 2024 and 31 December 2023 consist of:

	30 September 2024	31 December 2023
Unappropriated retained earnings, unadjusted	5,954,789	4,971,092
Adjustments & Unrealized income items	(4,882,870)	(4,725,461)
Unappropriated Retained Earnings available for dividends (deficit)	1,071,919	245,631

Note 18 - Earnings per share

Computation of earnings per share (EPS) for the nine-month period ended 30 September follow:

	YTD 3Q 2024	YTD 3Q 2023
Earnings available to stockholders:		
Profit for the period	983,697	2,054,857
Weighted average number of shares	1,681,058,291	1,681,058,291
Treasury shares	(67,614,089)	(67,614,089)
	1,613,444,202	1,613,444,202
Basic and diluted EPS	0.61	1.27

As at 30 September 2024 and 2023, the Company does not have any potentially dilutive stocks.

Trailing Earnings per share

	2024 (Trailing 12 months)	2023 (Trailing 12 months)
Earnings available to stockholders:		
Profit for the period	111,742	1,723,717
Weighted average number of shares	1,681,058,291	1,681,058,291
Treasury shares	(67,614,089)	(67,614,089)
	1,613,444,202	1,613,444,202
Basic and diluted EPS	0.07	1.07

Trailing 12 months Earnings/(Loss) per Share (Basic) = Trailing 12 months Net Income/(Loss) – Dividends Paid on Preferred Stock/Weighted Ave. No. of Common Shares Outstanding.

Trailing 12 months Net Income/(Loss) = Current Year-to-date Net Income/(Loss) + Latest Annual Net Income/(Loss) – Previous Year-to-date Net Income/(Loss).

Note 19 – Classification of other operating and non-operating income and finance expense

	YTD 3Q 2024	YTD 3Q 2023
Other operating income	1,174,624	1,609,385
Other operating expense	(942,660)	(380,950)
Other operating income, net	231,964	1,228,435
Other Income/charges	(194,043)	(29,272)
Finance expenses	(2,860,073)	(2,750,883)
Finance expenses, net	(3,054,116)	(2,780,155)

Note 20 – Contingencies

(a) Excise tax on Importations of Catalytic Cracked Gasoline (CCG) and Light Catalytic Cracked Gasoline (LCCG)

Shell Pilipinas Corporation vs. Commissioner of Customs, Collector of Customs of the Port of Batangas, Bureau of Customs and Bureau of Internal Revenue
SC G.R. Nos. 227651 & 227087
Filed 03 December 2009

Matter Summary:
From 2004 to 2009, the Company imported shipments of CCG and LCCG into the Philippines in accordance with the BIR Authority to Release Imported Goods (ATRIG) stating that the importation of CCG and LCCG is not subject to excise tax. Upon payment of VAT as assessed in the ATRIGs, the Bureau of Customs (BOC) allowed the entry of the imported CCG and LCCG without payment of excise tax. CCG and LCCG, being intermediate or raw gasoline components, are then blended with refinery products to produce unleaded gasoline that is compliant with applicable Philippine regulatory standards, particularly the Clean Air Act of 1999 and the Philippine National Standards (the "resulting product"). Prior to the withdrawal of the resulting product from the Company's refinery, the Company paid the corresponding excise taxes.

In 2009, the District Collector of the Port of Batangas issued a letter demanding from the Company the payment of deficiency excise tax, VAT and penalties covering importation entries from 2006 to 2008. The Company requested the cancellation of the demand letter for lack of factual and legal basis. The District Collector of the Port of Batangas denied the request of the Company and declared that the law mandated the payment of excise tax on importation of unleaded gasoline and that it made no distinction or qualification on whether or not it was for consumption or sale to the domestic market. The District Collector of the Port of Batangas then reiterated his previous demand and threatened enforcement of Section 1508 of the Tariff and Customs Code of the Philippines (TCCP) which would hold the delivery or release of imported articles when an importer has an outstanding and demandable account.

The Company appealed before the Commissioner of Customs (COC). In the meantime, the Director of the DOE-Oil Industry Management Bureau issued a letter reiterating the earlier DOE finding that CCG and LCCG imports were raw materials or blending components in the production or processing of gasoline in its finished form. The then BIR Commissioner issued a memorandum confirming and reiterating the initial ruling in 2004 to the effect that CCG and LCCG are intermediate products or blending components which are not subject to excise tax under Section 148 of the NIRC.

The COC denied the appeal of the Company and demanded the payment of excise tax and VAT for the Company's CCG and LCCG importations this time from 2004 to 2009. The Company filed a motion for reconsideration of the Letter-Decision, which was denied by the COC. The COC then ordered the Company to pay the principal amount of P7.4 billion and pay the excise tax and VAT on all incoming CCG and LCCG shipments.

The Company thereafter filed a petition for review with the Court of Tax Appeals (CTA) for the purpose of appealing the ruling of the COC as well as to apply for the issuance of a temporary restraining order (TRO) to immediately prevent the COC from seizing future shipments of the Company pursuant to Section 1508 of the TCCP. The Company likewise applied for the issuance of a suspension order for the purpose of ensuring the preservation of the status quo while the merits of the appeal are being heard by the CTA.

While the case was pending in the CTA, the BIR Commissioner at that time issued on 15 December 2009 a Letter-Ruling declaring that the CCG and LCCG imports of the Company were subject to excise tax on the ground that the law did not make any distinction or qualification on whether or not the imports were intended for consumption or for blending with other substances. The ruling effectively reversed the earlier rulings of former BIR Commissioners.

Following the reversal of the ruling by the BIR Commissioner, the BOC started collecting excise taxes in January 2010 on shipments of the Company. The Company paid the BOC assessments under protest and on 27 January 2010, filed a Supplemental Petition seeking to annul the 15 December 2009 ruling by the BIR Commissioner.

In view of the paramount public interest, the government agreed not to exercise Section 1508 of the TCCP on condition that the Company posts a surety bond.

On 04 March 2010, the CTA approved the surety bond posted by the Company and enjoined the COC, the Collector of Customs at the Port of Batangas, the BOC and all persons acting under their direction or authority from undertaking any actions under Section 1508 of the TCCP and/or from all remedies to collect from petitioner the excise taxes and VAT, with increments, subject of the case.

On 27 November 2012, the CTA 3rd Division issued a Resolution granting the Company's Motion for Summary Judgment. The Court deemed that BOC's demand for the payment of excise taxes on importations of LCCG/CCG during the period 2004 to 2009 without merit, rendering the discussion on whether the CCG/LCCG are properly classified (under Section 148(e) or Section 148(f) of the NIRC, as amended) moot and academic. The CTA 3rd Division ruled in favour of the Company and respondent was prohibited from collecting the alleged unpaid excise taxes and VAT thereon, on the Company's importations of CCG/LCCG for the relevant periods in 2004 to 2009.

The BOC filed a Petition for Review with the CTA en banc. Meanwhile, the Company filed its own Petition for Review with the CTA en banc because the CTA did not invalidate the 15 December 2009 Ruling of the CIR with respect to double taxation - first, upon importation and the other upon withdrawal of the finished grade products from the refinery.

In its 28 September 2015 decision, the CTA en banc reversed the CTA Third Division, ruled partially in favour of the BOC and the BIR and held that the Company is liable to pay excise taxes and VAT on the importation of CCG and LCCG but only for the period from 2006 to 2009. The CTA en banc recognized the Company's defense of amnesty applied for periods from 2004 to 2005, thereby partially reducing the liability to shipments made from 2006 to 2009. Both parties filed motions for reconsideration of the CTA en banc decision. The BIR and BOC filed an Omnibus Motion for Partial Reconsideration and Clarification to question the decision of the CTA en banc in relation to the assessment of the unpaid excise taxes, VAT and penalties for the years 2004 and 2005. The Company, in turn, filed an Opposition to the said motion. The Company likewise filed a motion for reconsideration of the CTA en banc decision in relation to the assessment of the unpaid excise taxes, VAT and penalties for the years 2006 to 2009.

On 21 September 2016, the Company received an Amended Decision of the CTA en banc upholding its 28 September 2015 ruling and holding that the Company is liable to pay the Government for alleged unpaid taxes for the importation of CCG and LCCG for the period from 2006 to 2009 totalling P5.7 billion.

On 06 October 2016, the Company filed the appropriate appeal with the Supreme Court. The BOC and the BIR also filed their Petition for Review on Certiorari seeking to bring back the liability of the Company to P7.4 billion plus interest and surcharges.

Status:

The Supreme Court consolidated the said petitions and the parties have filed their respective Comments. The Government and the Company filed their Reply on 22 January 2018 and 06 June 2018, respectively. On 06 March 2020, the Office of the Solicitor General filed a Motion for Early Resolution. The Company subsequently filed a motion for leave to file an opposition on 23 March 2020. Awaiting action by the Supreme Court. No change in status as of 30 September 2024.

Management believes that provision should not be recognized as at 30 September 2024 since it is the Company's assessment that liability arising is not probable because its factual and legal positions are strong. The Company continues to take appropriate legal action and remediation with respect to such case.

(b) Excise tax on Importations of Alkylate

Shell Pilipinas Corporation vs. Commissioner of Internal Revenue et al.
CTA Case No. 8535, Court of Tax Appeals, 2nd Division
Filed 24 August 2012

Matter Summary:

Following the ruling of the BIR authorizing the collection of excise taxes on CCG/LCCG importations, the Company began importing Alkylate as its blending component. The COC issued Customs Memorandum Circular No. 164-2012 directing the BOC and its officers to take the "appropriate action" in relation to BIR Ruling dated 29 June 2012 (Ruling No. M- 059-2012) issued by the BIR Commissioner. In the ruling dated 29 June 2012, the BIR Commissioner held that Alkylate is also subject to excise tax upon importation. The BIR Ruling further held that the Company is liable for the amount of P1.9 billion representing the unpaid taxes, on the importations of Alkylate from 2010.

A Petition for Review of the BIR ruling was filed with the CTA. On 18 September 2012, the Company filed a Motion for the Issuance of a Suspension Order to stop the implementation of Ruling No. M-059-2012.

On 22 October 2012, the CTA issued a Resolution approving the issuance of a Suspension Order stopping the collection of alleged deficiency excise taxes (and VAT) for the period from 2010 to June 2012, upon the posting by the Company of a surety bond. Said bond was duly filed and the CTA approved the same on 30 October 2012.

In a Resolution dated 28 January 2013, the CTA denied the BIR/BOC Motion to Dismiss the case. Subsequent appeals (Petitions for Certiorari) from the denial of the Motion to Dismiss have been filed by the BOC and the BIR with Supreme Court.

On 02 June 2014, the Company filed a Petition for Certiorari with Application for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction with the SC questioning the denial of its application for the issuance of a suspension order against the assessment and collection of excise taxes on its March 2014 alkylate shipment. On 07 July 2014, the SC issued a temporary restraining order enjoining the CTA and the tax-collecting agencies of the government from imposing excise taxes on incoming alkylate importations of the Company.

Meanwhile, in the main case before the CTA, on 31 July 2014, the Company filed a Motion for Judgment on the Pleadings. This Motion was denied by the tax court on 13 February 2015. On 16 March 2015, the Company filed a Motion for Reconsideration from this denial of the Motion for Judgment on the Pleadings.

As disclosed in Note 7, the Company has excise duties and VAT paid under protest amounting to P4.6 billion for certain Alkylate shipments.

Status:

On 02 May 2023, Shell Pilipinas Corporation received a copy of the Decision dated 27 April 2023 of the CTA Special Second (2nd) Division, which ruled that Alkylate is not subject to excise tax and granted SPC's Amended Petition for Review dated 05 October 2012. The CTA invalidated Document No. M-059-2012 dated 29 June 2012 issued by the Commissioner of Internal Revenue as well as the Letter dated 01 October 2012 of the Collector of Customs of the Port of Batangas which sought to impose taxes on SPC's previous alkylate importations. Thus, the CTA prohibited the government from collecting, in any manner, excise taxes and value-added tax on SPC's Alkylate importations.

Motions for Reconsideration were filed by the Collector of Customs on 8 May 2023 and the Bureau of Customs on 17 May 2023. SPC's consolidated opposition was filed on 1 June 2023.

On 10 July 2023, SPC received the Minute Resolution dated 22 June 2023 of the CTA stating that the Motions for Reconsideration, as well as the Consolidated Opposition, are now considered submitted for resolution.

On 24 October 2023, the CTA denied the Motions for Reconsideration.

Thereafter, the Commissioner of Internal Revenue filed with the CTA En Banc a Petition for Review dated 15 December 2003 on 19 December 2023. Meanwhile, the Bureau of Customs and Collector of Customs of the Port of Batangas were given until 02 January 2024 to file their Petition for Review with the CTA En Banc.

As of 30 September 2024, the appeals of both the Commissioner of Internal Revenue as well as the Bureau of Customs and Collector of Customs of the Port of Batangas have been consolidated and are still pending resolution with the CTA En Banc.

Claims from government includes P4.6 billion of excise duties and VAT paid under protest for certain Alkylate shipments.

On 27 December 2023, SPC filed its Petition for Review for Refund of Excise Tax before the Commissioner of Internal Revenue and the CTA. The case has been docketed as CTA Case No. 11367.

In February 2024, both the Bureau of Internal Revenue and Office of the Solicitor General have received the Summons requiring them to comment on the Petition.

Claims from government includes P4.6 billion of excise duties and VAT paid under protest for certain Alkylate shipments. P1.8 billion of which, pertains to the payment made under protest in January 2022.

(c) Republic of the Philippines rep. by Bureau of Customs vs. Shell Pilipinas Corporation & Filipino Way Industries
SC G.R. No. 209324 Supreme Court
Civil Case No. 02-103191, Regional Trial Court of Manila

Matter Summary:
Sometime in March 1996, TCCs were issued to Filway Industries for customs duties and taxes allegedly paid on raw materials used in the manufacture, processing or production of knitted fabrics. In 1997, Filway executed a deed of assignment over the TCCs in favour of the company. The Company then utilized said TCCs to settle its customs duties and taxes on oil importations.

According to the government, it was discovered that the said credit memos were fake and spurious as they did not conform to the records. Thus, the TCCS were cancelled and BOC is demanding anew for the payment of custom duties and taxes for the Company’s importations.

The Court of Appeals had earlier upheld the dismissal of the case by the RTC Manila Branch 49 that dismissed the case. In a Decision dated 09 December 2015, the Supreme Court remanded the case to the RTC for the conduct of the trial proceedings so that the Bureau of Customs could attempt to prove the alleged fraudulent acquisition and use of TCCs.

Status:

In a Decision dated 16 February 2021, the RTC dismissed the case on the merits. The Bureau of Customs has filed a Notice of Appeal.

SPC received the Appellant’s Brief of the Republic on 21 February 2023. SPC filed its Appellee’s Brief on 22 May 2023, within the extended deadline. On 29 June 2023, SPC received a copy of the Reply Brief of the Republic.

On 07 August 2023, SPC filed its Motion for Leave to File and to Admit Attached Rejoinder Brief of even date. The Court of Appeals, in the Resolution dated 07 September 2023, admitted the Rejoinder Brief and reiterated that the appeal is submitted for decision.

(d) ***Excise Tax Refund Case***

There are also tax cases filed by the Company for its claims from the government amounting to P2.5 billion as of 30 September 2024 in the CTA and SC.

(e) ***Other significant case***

Case filed by the West Tower Condominium Corporation (WTCC)

West Tower Condominium Corp. et al. vs. Judge Elpidio R. Calis et al
SC G.R. No. 215901, Supreme Court
Filed 11 June 2012
Matter Summary:
The Company is a respondent in this Petition for Certiorari filed by West Tower Condominium Corp, et al. to challenge the ruling of Judge Calis requiring the payment of filing fees in the civil case for damages earlier brought by WTCC in connection with the leak in White Oil Pipeline. The issue is whether the case filed with the lower court is exempt from payment of filing fees. The trial court judge earlier ruled that the claim is an ordinary claim for damages.

Status:

In a Decision dated 30 June 2014, the Court of Appeals affirmed the ruling of the Regional Trial Court requiring the payment of filing fees. FPIC and its Board of Directors and Officers asked the Court of Appeals to reconsider the part of its Decision retaining the party-complainants previously dropped as parties to the case arguing that the court has no jurisdiction to reinstate these party-complainants. West Tower Condominium Corporation, et al. filed its Motion for Reconsideration arguing that they have satisfied all the requirements in order that this case may be treated as an environmental case which does not necessitate the payment of the filing fees.

On 26 September 2014, the Company asked the Court of Appeals to deny the motion for reconsideration filed by West Tower Condominium Corporation, et al. for lack of merit. In its resolution dated 11 December 2014, the Court of Appeals denied the motion for reconsideration filed by the West Tower Condominium Corporation, et al. West Tower Condominium Corporation, et al.'s filed with the Supreme Court the present petition dated 11 February 2015 seeking a review of the decision of the Court of Appeals. The Company has filed its Comment with Opposition dated 18 September 2015 asking the Supreme Court to dismiss the petition and to deny the application for a temporary restraining order. Awaiting Supreme Court's action. No change in status as of 30 September 2024.

Note 21 - Summary of significant accounting policies

21.1 Basis of preparation

Basis of Preparation:

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

The accompanying financial statements have been prepared on a historical cost basis, except for equity instruments designated at fair value through OCI, derivative assets and pension assets that are measured at fair value. The financial statements are presented in Philippine peso, the functional and presentation currency of the Company. All amounts are rounded off to the nearest thousand peso unit unless otherwise indicated.

Changes in Accounting Policies and Disclosures:

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards effective in 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New Standards, Interpretations and Amendments

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and

- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement and recognition of any items in the Company's financial statements.

The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, Definition of Accounting Estimates

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  The amendment was applied on the recognition of deferred income tax asset on lease liabilities and deferred income tax liability on right to use assets in 2023.

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

Standards Issued But Not Yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current
- Amendments to PFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to PAS 7 and PFRS 7, Disclosures: Supplier Finance Arrangements

Effective beginning on or after January 1, 2025

- PFRS 17, Insurance Contracts
- Amendments to PAS 21, Lack of exchangeability

Deferred effectivity

Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

Note 22 - Financial risk management

22.1 Financial risk factors

The Company's operations expose it to a variety of financial risks: market risk (including foreign currency risk, cash flow and fair value interest risk, and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial risk management is carried out by its Regional Treasury - Shell Treasury Centre East (STCE) under policies approved by the Board of Directors. STCE identifies, evaluates, and hedges financial risks in close cooperation with the Company's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

22.1.1 Market risk

Market risk is the possibility that changes in currency exchange rates, interest rates or the prices of petroleum products will adversely affect the value of the Company's assets, liabilities or expected future cash flows.

i. Foreign exchange risk

The Company operates internationally and is exposed to foreign currency exchange risk arising from currency fluctuations, primarily with respect to the importations of crude and finished products denominated in US dollar. Foreign currency exchange risk may also arise from future commercial transactions and recognized assets and liabilities denominated in a currency other than the Company's functional currency.

Foreign exchange currency risks are not hedged and the Company does not enter significant derivative contracts to manage foreign currency risks. Since foreign currency exposure is significantly concentrated on purchase of petroleum products, the Company manages foreign currency risk by planning the timing of its importation settlements with related parties and considering the forecast of foreign exchange rates.

Management considers that there are no significant foreign exchange risks with respect to other currencies.

ii. Cash flow and fair value interest rate risk

Cash flow and fair value interest risk is the risk that future cash flows and fair value, respectively, of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant exposure to fair value interest rate risk as the Company has no significant interest-earning assets and interest-bearing liabilities subject to fixed interest rates.

The Company's interest-rate risk arises from its borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest-rate risk. As at 30 September 2024 and December 2023, the Company's short-term borrowings and loans payable carry floating rates based on a certain index plus applicable premium.

The Company does not enter significant hedging activities or derivative contracts to cover risk associated with borrowings.

For the period ended 30 September 2024, if interest rates on Philippine peso-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been P307.7 million (2023 – P294.7 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings. Management uses 100 basis points as threshold in assessing the potential impact of interest rate movements in its operations.

iii. Commodity and Other Price risks

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in market prices. The Company is affected by price volatility of certain commodities such as fuel oil, gasoline, diesel and other petroleum products in its operating activities. To minimize the Company's risk of potential losses due to volatility of international petroleum products prices, the Company may implement commodity hedging for petroleum products. The hedges are intended to protect petroleum products inventories from risk of downward prices and squeezing margins. This allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Company, thus protecting raw material cost and preserving margins. For consumer (buy) hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost. While for producer (sell) hedges, if prices go down, hedge positions may show marked-to-market gains; however, any gain in the marked-to-market position is offset by the resulting lower selling price.

The Company is not significantly exposed to price risk on equity securities and proprietary club shares as investments held by the Company classified in the statement of financial position as equity through other comprehensive income financial assets are not considered material in the financial statements.

22.1.2 Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to trade and non-trade receivables.

The Company maintains cash and certain other financial instruments with various major financial institutions. To minimize this risk, the Company performs periodic evaluations of the relative credit standing of these financial institutions and where appropriate, places limits on the amount of credit exposure with any one institution. Additional information is presented in Note 2.

The Company has policies in place to ensure that sales of products are made to customers with acceptable creditworthiness. Counterparty credit risk is managed within a framework of individual credit limits with utilization being regularly reviewed. Credit checks are performed by a department independent of sales department and are undertaken before contractual commitment. Where appropriate, cash on delivery terms are used to manage the specific credit risk. Also, there are collaterals and security deposits from customers taken which enables to manage the risk.

There is no concentration of credit risks as at statement of financial position dates as the Company deals with a large number of homogenous trade customers. Additional information is presented in Note 3. Where there is a legally enforceable right to offset under trading agreements and net settlement is regularly applied, the net asset or liability is recognized in the statement of financial position, otherwise assets and liabilities are presented at gross. As at 30 September 2024 and December 2023, the Company has the following:

	Gross amounts before offset	Amounts offset	Net Amounts as presented	Credit enhancement	Net amount
30 September 2024					
Financial assets:					
Receivables	16,316,697	-	16,316,697	6,430,751	9,885,946

	Gross amounts before offset	Amounts offset	Net Amounts as presented	Credit enhancement	Net amount
31 December 2023					
Financial assets:					
Receivables	16,463,571	-	16,463,571	5,705,411	10,758,160

22.1.3 Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available. The Company has access to sufficient external debt funding sources (banks credit lines) to meet currently foreseeable borrowing requirements. The Treasury group centrally monitors bank borrowings, foreign exchange requirements and cash flow position.

Surplus cash is invested into a range of short-dated money market instruments, time deposits and money funds, which seek to ensure the security and liquidity of investments while optimizing yield.

Availability of funding to settle the Company's payables are ensured since the Company has unused credit lines and undrawn borrowing facilities at floating rate amounting to P50.0 billion as at 30 September 2024 which are subject to annual review.

22.2 Capital management

The Company manages its business to deliver strong cash flows to fund capital expenditures and growth based on cautious assumptions relating to petroleum products prices. Strong cash position and operational cash flow provide the Company financial flexibility both to fund capital investment and return on equity. Total capital is calculated as 'equity' as shown in the statement of financial position less other reserves plus net debt.

i. Cash flow from operating activities

Cash flow from operating activities is considered a measure that reflects the Company's ability to generate funding from operations for its investing and financing activities and is representative of the realization of value for shareholders from the Company's operations. The statement of cash flows shows the components of cash flow. Management uses this analysis to decide whether to obtain additional borrowings or additional capital infusion to manage its capital requirements.

ii. Gearing ratio

The gearing ratio is a measure of the Company's financial leverage reflecting the degree to which the operations of the Company are financed by debt. The amount of debt that the Company will commit depends on cash inflow from operations, divestment proceeds and cash outflow in the form of capital investment, dividend payments and share repurchases. The Company aims to maintain an efficient statement of financial position to be able to finance investment and growth, after the funding of dividends. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans and borrowings less cash.

The Company considers whether the present gearing level is commercially acceptable based on the ability of the Company to operate on a standalone basis. Gearing target is set after appropriate advice has been taken from Tax, Treasury, and Legal advisors.

The gearing ratios at 30 September 2024 and 31 December 2023 are as follows:

	Note	30 September 2024	31 December 2023
Total loans and borrowings	13,14	41,021,000	39,290,000
Less: cash	2	1,903,864	1,796,813
Net debt		39,117,136	37,493,187
Total equity (excluding other reserves)		30,230,121	29,246,424
Total Capital		69,347,257	66,739,611
Gearing ratio		56%	56%

The Company is not subject to externally imposed capital requirement.

22.3 Fair value estimation

The table below presents the carrying amounts of the Company's financial assets and financial liabilities, which approximates its fair values, as at 30 September 2024 and 31 December 2023:

	Note	30 September 2024	31 December 2023
Financial assets			
Loans and receivables			
Cash	2	1,903,864	1,796,813
Receivables	3	16,316,697	16,463,571
Derivatives	9	15,990	16,238
Financial assets as FVOCI	9	1,267,308	977,828
Total financial assets		19,503,859	19,254,450

	Note	30 September 2024	31 December 2023
Other financial liabilities			
Other financial liabilities			
Accounts payable and accrued expenses	12	19,657,636	23,506,295
Dividends payable		17,538	17,541
Derivatives	12	50,431	35,103
Cash security deposits		185,497	182,179
Short-term borrowings	13	26,021,000	24,290,000
Loans payable	14	15,000,000	15,000,000
Lease Liabilities		18,417,388	20,966,106
Total financial liabilities		79,349,490	83,997,224

Receivables in the table above exclude claims from the government and miscellaneous receivables while accounts payable and accrued expenses exclude amounts payable to the government and its related agencies.
The following methods and assumptions were used to estimate the value of each class of financial instrument:

i. Current financial assets and liabilities

Due to the short-term nature of the accounts, the fair value of cash, receivables, deposits, accounts payable (excluding derivative financial liabilities) and short-term borrowings approximate the amount of consideration at the time of initial recognition.

ii. Financial assets and liabilities carried at cost

Staff car loans, market investment loans, other long-term receivables and payables, are carried at cost which is the repayable amount.

iii. Financial assets and liabilities carried at fair value

The Company's equity securities classified as available-for-sale financial assets are marked-to-market if traded and quoted. The predominant source used in the determining the fair value of the available-for-sale financial assets is the quoted price and is considered categorized under Level 1 of the fair value hierarchy.

For unquoted equity securities, the fair values could not be reliably determined due to the unpredictable nature of future cash flows and the lack of suitable methods of carrying at a reliable fair value. These are carried at cost less any allowance for impairment losses. These are not significant in relation to the Company's portfolio of financial instruments.

Fair values of derivative assets and liabilities are calculated by reference to the fixed or variable price and the relevant index price as of the statement of financial position date. The fair values of the derivatives are categorized under Level 2 of the fair value hierarchy.

iv. Loans payable

The carrying values of long-term loans payable approximates their fair value because of regular interest reprising based on market conditions.

Note 23 – Changes in estimates of amounts

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that would have a material effect in the current interim period.

Note 24 – Issuances, repurchases, and repayments of debt and equity securities

There were no issuances, repurchases of debt and equity securities during the quarter.

Note 25 – Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

There were no material events subsequent to the end of the interim period that has not been reflected in the financial statements for the interim period.

Note 26 – Changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations

There were no changes of material amount in the composition of the Company during the interim period.

Note 27 – Changes in contingent liabilities or contingent assets

There were no changes of material amount in contingent liabilities or contingent assets since the last annual balance sheet date.

Note 28 – Existence of material contingencies

There were no material contingencies, events or transactions that existed that materially impact the current interim period except those disclosed in the contingencies note.

Note 29 – Other Matters

a. The Company has reviewed the known trends, demands, developments, commitments, events or uncertainties during the reporting period and is of the opinion that there are no items which will have a material impact on the issuer's liquidity.

b. There were no material or significant events during the reporting period that will trigger direct or contingent financial obligations that are material to Shell Pilipinas Corporation except for the cases enumerated under Note 19 - Contingencies.

c. There were no material off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

d. For the year 2024, a budget of ~P2 to 3 billion has been allotted for capital expenditures, subject to additional spend deemed necessary by the Company to accelerate growth and enhance the supply chain. Bulk of the capital expenditures will be allocated to build new mobility stations and growth projects, and the improvement of existing supply and distribution facilities.

e. Global developments, particularly the volatility in oil prices, will continue to impact fuel oil supply, both internationally and in the domestic market.

f. There are no material elements of income or loss that did not arise from the registrant's continuing operations during the period.
g. Certain accounts were reclassified to conform with the current year financial statements presentation.

ITEM 2
Management's Discussion and Analysis of Financial Performance and Financial Condition

The Statements of Financial Position and Statements of Income for the period ended 30 September 2024 and 31 December 2023, are shown in Million Philippine Pesos.

Financial condition as of the nine-month period ended 30 September 2024 compared with the period ended 31 December 2023

	30 September 2024	31 December 2023	% Increase (Decrease)
Current assets	44,801.6	43,435.7	3.1%
Non-Current assets	68,026.3	72,486.5	-6.2%
Total assets	112,827.9	115,922.2	-2.7%
Current Liabilities	45,746.6	47,848.9	-4.4%
Non-Current Liabilities	35,569.8	37,791.6	-5.9%
Total Liabilities	81,316.4	85,640.5	-5.0%
Equity	31,511.4	30,281.7	4.1%

Current assets

SPC's current assets increased from P43,435.7 million as of 31 December 2023 to P44,801.6 million as of 30 September 2024 primarily due to the following:

Prepayments and Other Current Assets increased by P3,083.1 million, or 29.9% from P10,305.0 million as of 31 December 2023 to P13,388.3 million as of 30 September 2024 mainly driven by increased claims from government. Product Replenishment Certificate (PRC) amounting to P2,090.9 million, which is a long-term receivable from government, has been approved for conversion to Tax Credit Certificate (TCC), a short-term receivable. Prepaid corporate income taxes also increased due to utilization of creditable withholding tax.

Inventories, net decreased by P1,757.3 million, or 11.8% from P14,854.1 million as of 31 December 2023 to P13,096.8 million as of 30 September 2024 primarily driven by lower stock holdings at the end of the period and decline in global fuel prices.

Cash increased by P107.1 million, or 6.0% from P1,796.8 million as of 31 December 2023 to P1,903.9 million as of 30 September 2024 as a result of cash generation from operating activities partially offset by cash used in investing and financing activities.

Non-Current Assets

SPC's non-current assets reduced from P72,486.5 million as of 31 December 2023 to P68,026.3 million as of 30 September 2024 primarily due to the following:

Property, plant and equipment, net decreased by P1,120.3 million, or 3.6% from P31,099.1 million as of 31 December 2023 to P29,978.8 million as of 30 September 2024 mainly due to asset retirements arising from Mobility's network portfolio optimization to drive the maximum value for SPC.

Right to use asset decreased by P2,418.6 million, or 11.7% from P20,592.9 million as of 31 December 2023 to P18,174.4 million as of 30 September 2024 mainly due to lease retirements arising from Mobility's network portfolio optimization.

Long-term Receivables and rentals, decreased by P1,682.3 million, or 13.7% from P12,307.6 million as of 31 December 2023 to P10,625.4 million as of 30 September 2024 primarily due to decrease in claims from government. Product Replenishment Certificate (PRC) amounting to P2,090.9 million, which is a long-term receivable from government, has been approved for conversion to Tax Credit Certificate (TCC), a short-term receivable.

Current Liabilities

SPC's current liabilities decreased from P47,848.9 million as of 31 December 2023 to P45,746.6 million as of 30 September 2024 primarily due to the following:

Trade and other payables decreased by P3,833.3 million, or 16.3 % from P23,541.4 million as of 31 December 2023 to P19,708.1 million as of 30 September 2024 primarily driven by decrease in inventory purchases.

Short-term loans increased by P1,731.0 million, or 7.1% from P24,290.0 million as of 31 December 2023 to P26,021.0 million as of 30 September 2024 primarily due to higher working capital requirements.

Non-Current Liabilities

SPC's non-current liabilities decreased from P37,791.6 million as of 31 December 2023 to P35,569.8 million as of 30 September 2024.

Lease liabilities decreased by P2,287.8 million, or 12.5% from 18,266.1 as of 31 December 2023 to P15,978.3 million as of 30 September 2024 primarily due to lease terminations and asset retirements arising from Mobility's network portfolio optimization to drive the maximum value for SPC.

Equity

SPC's total equity increased from P30,281.7 million as of 31 December 2023 to P31,511.4 million as of 30 September 2024 primarily driven by increase in retained earnings and fair value of equity instruments.

Financial Performance

	YTD 3Q 2024	YTD 3Q 2023	%Increase (decrease)
Net Sales	185,157.3	190,264.2	(2.7)%
Sales Volumes (M liters)	2,952.3	3,076.2	(4.0)%
Marketing Volumes (M liters)	2,919.6	3,041.6	(4.0)%
Cost of sales	168,501.2	173,899.9	(3.1)%
Gross profit	16,656.2	16,364.3	1.8%
Selling, General and administrative expenses	12,415.2	12,067.9	2.9%
Other operating losses (income), net	232.0	1,228.4	(81.1)%
Finance expense	2,860.1	2,750.9	4.0%
Other income (charges)	194.0	29.3	562.9%
EBITDA	8,219.2	8,197.1	0.3%
Provision for income tax	435.1	689.8	(36.9)%
Net Income	983.7	2,054.9	(52.1)%
Core earnings	2,235.7	1,602.3	39.5%

Results of operations for the period ended 30 September 2024 compared with the period ended 30 September 2023

Net sales decreased by P5,106.9 million, or 2.7% from P190,264.2 million for the period ended 30 September 2023 to P185,157.3 million for the period ended 30 September 2024 primarily due to lower pump prices driven by the general decrease in global oil prices and 4% decline in overall volume.

Gross profit increased by P291.9 million or 1.8% from P16,364.3 million for the period ended 30 September 2023 to P16,656.2 million for the period ended 30 September 2024 mainly due to improved margins across key businesses.

Selling, General and Administrative expenses increased by P347.3 million, or 2.9% from P12,067.9 million for the period ended 30 September 2023 to P12,415.2 million for the period ended 30 September 2024 mostly driven by the increase in depreciation partially offset by the Company's cost savings initiative which reduced repairs and maintenance cost, outside services, and logistics and transshipment costs.

Other operating losses (income), net decreased by P996.5 million or 81.1% from P1,228.4 million income for the period ended 30 September 2023 to P232.0 million income for the period ended 30 September 2024 primarily driven by loss on disposal from asset retirement, asset write-off and the commodity hedging net mark to market loss in 2024 as compared to 2023 due to the oil price and market premium volatility globally. This is partially offset by the 17% growth in non-fuel retail business.

Finance expense increased by P109.2 million, or 4.0%, from P2,750.9 million for the period ended 30 September 2023 to P2,860.1 million for the period ended 30 September 2024 mainly driven by increase in interest rate and finance charges.

Other income (charges) increased by P164.8 million, or 562.9%, from P29.3 million loss for the period ended 30 September 2023 to P194.0 million loss for the period ended 30 September 2024, mainly due exchange rate volatility and Peso depreciation during the year.

EBITDA increased by P22.2 million or 0.3% from P8,197.1 million for the period ended 30 September 2023 to P8,219.2 million for the period ended 30 September 2024 mainly due to high premium product penetration across all sectors offset by the impact of pre-tax inventory holding loss of P996.9 million for the period ended 30 September 2024 against pre-tax gain of P94.38 million for the period ended 30 September 2023.

Core earnings (net earnings excluding inventory holding gains and other one-off items) increased by P0.6 million from P1602.3 million for the period ended 30 September 2023 to P2,235.7 million for the period ended 30 September 2024. This was due to improved margins, high premium penetration across sectors, increase in NFR income, and operating expense savings which tempered the volume decline vs prior year.

Key financial ratios

	YTD 3Q 2024 (Unaudited)	FY 2023 (Audited)
Current Ratio (a)	0.98	0.91
Debt Ratio (b)	0.35	0.32
Debt to Equity (c)	1.29	1.28
Asset to equity ratio (d)	3.73	3.96
Interest coverage ratio (e)	1.76	1.71
Return on Assets (f)	0.87%	1.02%
Return on Equity (g)	3.25%	4.04%
Return on average capital employed (h)	5.77%	8.13%

a. Current ratio is computed by dividing current assets over current liabilities.
b. Debt ratio is computed by dividing net debt (short-term and long-term borrowings less cash) over total assets.
c. Debt to equity ratio is derived by dividing net debt (short-term and long-term borrowings less cash) over stockholder's equity (exclusive of Other Reserves).
d. Asset to equity ratio is derived by dividing total assets over stockholder's equity (exclusive of Other Reserves).
e. Interest coverage ratio is derived by dividing earnings before interest expense and taxes over interest expense.
f. Return on assets is computed as Profit (Loss) for the year divided by total assets.
g. Return on equity is computed as Profit (Loss) for the year divided by stockholder's equity (exclusive of Other Reserves).
h. Return on average capital employed is defined as rolling 12 months 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.

(Please note that the numbers for 2024 are only for YTD 3Q 2024 while those for 2023 are for the full year, as audited).

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of SPC Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Taguig on day of 12th November 2024.

Issuer:

Signature and Title: ______________________________
REYNALDO P. ABILO
Vice President – Finance, Treasurer and Chief Risk Officer

Signature and Title: ______________________________
ANGELICA M. CASTILLO
Corporate Controller and Investor Relations Manager

Signature and Title: ______________________________
ATTY. MARK HADRIAN GAMO
Corporate Secretary