

COVER SHEET

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S.E.C. Registration Number

S H E L L P I L I P I N A S C O R P O R A T I O N

(Company's Full Name)

4 1 S T F L R . T H E F I N A N C E C E N T E R ,

2 6 T H S T . C O R 9 T H A V E . , B O N I F A C I O
G L O B A L C I T Y , B R G Y . F O R T

B O N I F A C I O , T A G U I G C I T Y , M E T R O
M A N I L A 1 6 3 5

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

Reynaldo P. Abilo
Contact Person

+632 3 4994001
Company Telephone Number

0 3 3 1
Month Day

1 7 - Q
FORM TYPE

0 5 1 2
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

312
Total No. of Stockholders
(As of 31 March 2026)

32,200,000,000
Domestic

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

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
- 2. Commission identification number
- 3. BIR Tax Identification Number
- 4. Exact name of issuer as specified in its chapter
- 5. Province, country, or other jurisdiction of incorporation or organization
- 6. Industry Classification Code: (SEC Use Only)
- 7. Address of issuer's principal office *Postal code*
- 8. Issuer's telephone number, including area code
- 9. Former name, former address, and formal fiscal year, if changed since last report
- 10. Securities registered pursuant to Sections 8 and 12 of the Code, or sections 4 and 8 of RSA

<i>Title of Class</i>	<i>Number of shares common stock outstanding and amount of debt outstanding</i>
<input type="text" value="Common Stock"/>	<input type="text" value="1,613,444,202"/>
<input type="text" value="Total Liabilities"/>	<input type="text" value="95,868,197,000"/>

- 11. Are any or all of the securities listed on a Stock Exchange? Yes 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 No
 - (b) has been subject to such filing requirements for the past ninety (90) days
 - Yes No

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PART I – FINANCIAL INFORMATION

ITEM 1

SHELL PILIPINAS CORPORATION

Statements of Financial Position

As at 31 March 2026

With Comparative Figures for 31 December 2025

(All amounts in thousands Philippine Peso, except par value per share)

	Note	March 2026 Unaudited	December 2025 Audited
ASSETS			
Current Assets			
Cash	2	2,089,849	2,776,049
Trade and other receivables	3	19,827,348	16,764,870
Inventories	4	29,795,491	14,847,658
Current financial assets	9	744,612	104,359
Prepayments and other current assets	5	6,614,599	8,217,637
Total Current Assets		59,071,899	42,710,573
Noncurrent Assets			
Property, plant and equipment, net		28,658,328	29,179,304
Right of use assets, net	6	17,527,100	17,521,358
Long-term receivables and rentals	7	16,934,120	18,830,836
Other assets, net	11	6,285,726	6,286,267
Deferred tax assets, net	8	2,550,417	2,295,255
Non-current financial assets	9	1,185,318	1,154,948
Investments in associates	10	71,707	44,139
Total Noncurrent Assets		73,212,716	75,312,107
TOTAL ASSETS		132,284,615	118,022,680
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	43,957,486	23,862,894
Short term loans	13	12,200,000	19,340,000
Dividends payable		17,536	17,536
Total Current Liabilities		56,175,022	43,220,430
Noncurrent Liabilities			
Lease liabilities		16,651,315	17,009,080
Loans payable	14	20,000,000	20,000,000
Provisions	15	2,230,978	2,202,446
Other liabilities	15	810,882	817,172
Total Noncurrent Liabilities		39,693,175	40,028,698
Total liabilities		95,868,197	83,249,128
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	9,947,962	8,330,911
Remeasurement gains on defined benefit plans		2,191,448	2,191,448
Other reserves		1,245,379	1,219,564
Total Equity		36,416,418	34,773,552
TOTAL LIABILITIES AND EQUITY		132,284,615	118,022,680

Certified by:	REYNALDO P. ABILO
	Chief Financial Officer

SHELL PILIPINAS CORPORATION

Unaudited Statement of Income

For the period ended 31 March 2026 and 2025

(All amounts in thousands Philippine Peso, except earnings per share)

1Q 2026	1Q 2025		YTD 1Q 2026	YTD 1Q 2025
63,289,401	57,992,295	Net sales	63,289,401	57,992,295
(56,863,075)	(52,185,242)	Cost of sales	(56,863,075)	(52,185,242)
6,426,326	5,807,053	Gross profit	6,426,326	5,807,053
(4,462,608)	(4,277,660)	Selling, general and administrative expenses	(4,462,608)	(4,277,660)
(409,439)		- Asset impairment losses	(409,439)	-
1,667,558	411,132	Other operating income (losses), net	1,667,558	411,132
3,221,837	1,940,525	Income (loss) from operations	3,221,837	1,940,525
(832,942)	(932,217)	Finance expense	(832,942)	(932,217)
(177,439)	57,677	Other income (charges)	(177,439)	57,677
2,211,456	1,065,985	Income (loss) before income tax	2,211,456	1,065,985
(594,405)	(322,394)	Provision for income tax	(594,405)	(322,394)
1,617,051	743,591	Net income (loss)	1,617,051	743,591
		Earnings (loss) per share - Basic and Diluted		
1.00	0.46		1.00	0.46

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 1Q 2026 and for 1Q 2025 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 31 March 2026 and 2025
 (All amounts in thousands Philippine Peso)

1Q 2026	1Q 2025		YTD 1Q 2026	YTD 1Q 2025
1,617,051	743,591	Net Income	1,617,051	743,591
		Other comprehensive income		
		<i>Items not to be reclassified to income or loss in subsequent periods:</i>		
		(Decrease)/Increase in fair value of equity through OCI financial assets, net		
25,815	(3,375)	of tax	25,815	(3,375)
1,642,866	740,216	Total comprehensive income	1,642,866	740,216

Certified by:	REYNALDO P. ABILO
	Chief Financial Officer

SHELL PILIPINAS CORPORATION
Unaudited Statement of Changes in Equity
For the period ended 31 March 2026 and 2025
(All amounts in thousands Philippine Peso)

Notes	Other Reserves							Total
	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Share-based Reserve	Fair value Reserve	Remeasurement Gain on Defined Benefit Plan	
Notes	16		16	17				
Balances as at 01 January 2025	1,681,058	21,857,677	(507,106)	6,221,266	217,403	1,049,985	1,660,559	32,180,842
Income for the period	-	-	-	743,591	-	-	-	743,591
Decrease in fair value of AFS financial assets	-	-	-	-	-	(3,375)	-	(3,375)
Total comprehensive income for the period	-	-	-	743,591	-	(3,375)	-	740,216
Transactions with owners								
Cash dividends	-	-	-	-	-	-	-	-
Total transactions with owners for the period	-	-	-	-	-	-	-	-
Balances as at 31 March 2025	1,681,058	21,857,677	(507,106)	6,964,857	217,403	1,046,610	1,660,559	32,921,058
Balances as at 01 January 2026	1,681,058	21,857,677	(507,106)	8,330,911	192,640	1,026,924	2,191,448	34,773,552
Income for the period	-	-	-	1,617,051	-	-	-	1,617,051
Increase in fair value of AFS financial assets	-	-	-	-	-	25,815	-	25,815
Total comprehensive income for the period	-	-	-	1,617,051	-	25,815	-	1,642,866
Transactions with owners								
Cash dividends	-	-	-	-	-	-	-	-
Total transactions with owners for the period	-	-	-	-	-	-	-	-
Balances as at 31 March 2026	1,681,058	21,857,677	(507,106)	9,947,962	192,640	1,052,739	2,191,448	36,416,418

Certified by:	REYNALDO P. ABILO
	Chief Financial Officer

SHELL PILIPINAS CORPORATION
Unaudited Statement of Cash Flows
For the period ended 31 March 2026 and 2025
(All amounts in thousands Philippine Peso)

	March 2026	March 2025
Cash flows from operating activities		
Income (loss) before income tax	2,211,456	1,065,985
Adjustments for:		
Depreciation and amortization expense	1,366,396	1,379,799
Interest and finance charges	801,676	932,217
Impairment losses of asset	409,439	-
Unrealized foreign exchange loss (gain), net	354,425	48,575
Movements in pension	6,922	4,288
Loss (gain) on disposal of property and equipment	59,781	-
Unrealized mark to market loss (gain), net	200,060	-
Interest income	(2,406)	(1,770)
Share in profit of associates	(27,568)	(18,544)
Working capital changes:		
Decrease/(increase) in inventories, trade and other receivables, Prepayments and other assets	(16,291,439)	(4,288,923)
Increase/(decrease) in trade and other payables and provisions and other liabilities	19,474,558	1,066,870
Net cash flows from operating activities	8,563,300	188,497
Cash flows from investing activities		
Additions to property and equipment	(320,013)	(412,336)
Dividend received	-	36,800
Interest received	2,406	1,770
Net cash flows used in investing activities	(317,607)	(373,766)
Cash flows from financing activities		
Net proceeds from (settlements of) short-term borrowings	(7,140,000)	1,590,000
Principal elements of lease payments	(987,482)	(767,069)
Interest and finance charges paid	(804,411)	(894,461)
Net cash flows used in financing activities	(8,931,893)	(71,530)
Net increase in cash	(686,200)	(256,799)
Cash at the beginning of the period	2,776,049	2,957,958
Effect of exchange rate changes on cash	-	2
Cash at end of the period	2,089,849	2,701,161

Certified by:	REYNALDO P. ABILO
	Chief Financial Officer

SHELL PILIPINAS CORPORATION
NOTES TO FINANCIAL STATEMENTS

As at 31 March 2026 and 31 December 2025 and for the
three-month period ended 31 March 2026 and 2025
(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 SEC approval was obtained on 16 December 2024.

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 31 March 2026 and 31 December 2025 consists of cash in banks which are earning interest at the prevailing bank interest 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 31 March 2026 and 31 December 2025 is maintained with the following type of financial institutions:

	31 March 2026	31 December 2025
Universal bank	1,986,214	2,675,522
Commercial bank	103,635	100,527
	<u>2,089,849</u>	<u>2,776,049</u>

Note 3 – Trade and other receivables, net

The account as at 31 March 2026 and 31 December 2025 consists of:

	31 March 2026	31 December 2025
Trade receivables		
Third parties	17,392,691	15,872,457
Related parties	1,882,930	368,884
Provision for impairment of trade receivables from third parties	(97,446)	(77,651)
	19,178,175	16,163,690
Other receivables		
Non-trade receivables from third parties	22,709	25,274
Non-trade receivables from related parties	43,230	45,737
Miscellaneous	583,234	530,169
	649,173	601,180
	19,827,348	16,764,870

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 31 March 2026 valued at P6.1 billion (31 December 2025 – P6.6 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 P19.9 billion as at 31 March 2026 (31 December 2025 – P16.8 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 2025	195,439	34,159	229,598
Provisions (Reversals)	27,846	(34,159)	(6,313)
Write Off	(145,634)	-	(145,634)
As at 31 December 2025	77,651	-	77,651
Provisions	35,370	-	35,370
Write Off	(15,575)	-	(15,575)
As at 31 March 2026	97,446	-	97,446

For the period ended 31 March 2026, trade receivables written off directly to statement of income amounted to P0.4 million (31 March 2025 - direct write off of P35.8 million) based on the Company's assessment of recoverability.

Note 4 - Inventories, net

The account as at 31 March 2026 and 31 December 2025 consists of:

	31 March 2026	31 December 2025
At cost:		
Petroleum products	28,456,905	11,859,655
Lubricants	884,520	1,063,042
	29,341,425	12,922,697
At NRV:		
Petroleum products	453,518	1,803,829
Material and supplies	548	121,132
	29,795,491	14,847,658

The costs of inventories carried at NRV as at March 31 are as follows:

	2026	2025
Petroleum products	474,167	1,929,497
Material and supplies	157,994	157,981
Lubricants	43,701	19,631
	675,862	2,107,109

Details of and changes in allowance for inventory write-down and obsolescence as at and for the three-month period ended 31 March 2026 and for the period ended 31 December 2025 are as follows:

	Petroleum products	Lubricants	Materials and supplies	Total
As at 01 January 2025	38,184	4,121	3,446	45,751
Provisions, net	87,483	15,510	33,403	136,396
As at 31 December 2025	125,667	19,631	36,849	182,147
Provisions/(reversals), net	(105,018)	24,070	120,597	39,649
As at 31 March 2026	20,649	43,701	157,446	221,796

The allowance for inventory resulting from the write-down of petroleum products to net realizable value amounted to P20.6 million as at 31 March 2026 (31 December 2025 – P125.7 million) and the allowance for obsolescence of finished products amounted to P201.1 million as at 31 March 2026 (31 December 2025 – P56.5 million).

Cost of inventories included as part of cost of sales amounted to P49.0 billion for the three-month period ended 31 March 2026 (31 March 2025 – P44.5 billion).

Note 5 - Prepayments and other current assets

The account as at 31 March 2026 and 31 December 2025 consists of:

	31 March 2026	31 December 2025
Duty drawback and other claims (a)	1,410,109	3,161,180
Prepaid corporate income taxes (b)	2,606,392	2,687,778
Creditable withholding tax (c)	1,050,631	1,386,577
Advance rentals (d)	705,361	732,758
Input VAT, net of Output VAT (e)	676,248	108,631
Prepaid duties and taxes (f)	32,108	24,378
Others	133,750	116,335
	6,614,599	8,217,637

(a) Duty drawback and other claims

Duty drawback and other claims pertain to claims from government agencies arising mainly from the excise duties paid relating to sales to exempt entities in which approved TCCs have been issued which will be utilized by the Company within the next 12 months.

The Company has received a TCC cash refund of P2.1 billion in March 2026.

(b) Prepaid corporate income tax

These current portions 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.

(c) Creditable withholding tax

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

The Company has filed its creditable withholding tax refund application in June 2025, which was eventually approved by the Government. A refund of P2.1 billion was received in February 2026.

(d) Advance rentals

Advance rental refer to amounts paid prior to the start of lease arrangements that are set to commence within the next twelve (12) months.

(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.

Note 6 – Right of use lease assets

The account as at 31 March 2026 and 31 December 2025 consists of:

	31 March 2026	31 December 2025
Cost	32,862,212	33,328,030
Accumulated depreciation	(15,335,112)	(15,806,672)
Net carrying amount	17,527,100	17,521,358

Note 7 - Long-term receivables and rentals

The account as at 31 March 2026 and 31 December 2025 consists of:

	31 March 2026	31 December 2025
Claims from governments (a)	11,234,615	10,984,931
Provision for impairment	(62,168)	(62,168)
	11,172,447	10,922,763
Prepaid corporate income taxes	4,821,125	6,963,657
Customer grants (b)	462,908	467,964
Advance rentals	183,850	183,385
	5,467,883	7,615,006
Other long-term receivables	310,365	309,642
Provision for impairment	(16,575)	(16,575)
	293,790	293,067
	16,934,120	18,830,836

(a) Claims from government

Claims from government agencies amounting to P11.2 billion and P11.0 billion as at 31 March 2026 and 31 December 2025, represent, represent the amount to be recovered from the government on various taxes paid. Included in these claims is P4.6 billion of excise duties and VAT paid under protest for certain Alkylate shipments. The remaining P6.7 billion and P6.4 billion as at 31 March 2026 and 31 December 2025, respectively, pertain to excise taxes related to sale with international carries and other exempt entities for which the Company is yet to apply for TCC or refund and for those cases awaiting a decision from the court.

(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 present value of the customer grant approximates their fair value.

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

	31 March 2026	31 December 2025
At as 01 January	78,743	21,513
Reversal / Write-off	-	57,230
As at 31 March 2026 and 31 December 2025	78,743	78,743

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)

Current Income Tax

The details of provision for income tax as at 31 March 2026 and 31 March 2025 are as follows:

	31 March 2026	31 March 2025
Current tax	854,122	390,773
Deferred tax	(259,717)	(68,379)
	594,405	322,394

Deferred income 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 net amounts at 31 March 2026 and 31 December 2025 are as follows:

	31 March 2026	31 December 2025
Deferred income tax assets (liabilities)		
PFRS 16 lease liability accrual	2,133,802	2,065,534
Impairment of property, plant and equipment	1,052,721	950,361
Asset retirement obligation	610,747	601,770
Inventory obsolescence	113,894	112,784
Other long-term provision	112,082	106,856
Staff bonus provision	17,814	92,120
Share based compensation	48,160	48,160
NRV adjustments manual	44,524	40,629
Asset disposal	43,128	39,374
Annual leave accrual	36,647	36,647
Provision for doubtful debts	32,596	27,647
Provision for remediation costs	26,285	26,285
Legal provision	5,239	5,239
Donations deduction	3,255	6,391
Deferred income tax assets	4,280,894	4,159,797
Retirement benefit asset	(807,365)	(807,365)
Pension fund movements through – OCI	(762,396)	(762,396)
Revaluation of shares – financial assets at fair value through OCI	(185,778)	(181,222)
Unrealized forex gains/losses	(9,556)	(98,162)
Duty drawback	(33,689)	(33,689)
IFRS 9 adjustment opening balance adjustment	11,452	11,452
Unrealized MTM gains/losses	56,855	6,840
Deferred income tax liabilities	(1,730,477)	(1,864,542)

	31 March 2026	31 December 2025
Net deferred income tax	2,550,417	2,295,255
Movement in DTA	121,097	(40,828)

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 31 March 2026 and 31 December 2025 are fully realizable.

The balances of unused NOLCO and MCIT with their corresponding years of expiration, are as follows:

Year Incurred	Expiry Year	NOLCO	MCIT
2020	2023	-	160,194
2020	2025	5,899,149	-
2021	2024	-	265,197
2021	2026	72,899	-
2022	2025	-	313,393
		5,972,048	738,784
Applied in previous year		5,972,048	738,784
		-	-

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:

	31 March 2026	31 March 2025
Income tax at statutory income tax rate	552,864	266,496
Income tax effect of:		
Non-deductible expenses	52,772	37,449
Limitation on deductible interest expense	120	88
Interest income subjected to final tax	(602)	(443)
Income subjected to 8% final tax	(24,157)	(4,693)
Non-taxable income	(6,892)	(4,800)
Provision for income tax before final taxes	574,105	294,097
Final taxes on interest and other charges	20,300	28,297
Provision for income tax at effective tax rate	594,405	322,394

Note 9 – Financial assets

	31 March 2026	31 December 2025
Derivative financial assets (a)	664,612	24,359
Financial assets at FVOCI (b)	1,265,318	1,234,948
	1,929,930	1,259,307

	31 March 2026	31 December 2025
Current portion	744,612	104,359
Non-current portion	1,185,318	1,154,948
	1,929,930	1,259,307

(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 31 March 2026, the notional principal amount of the outstanding commodity forward contracts assets amounted to P15.5 billion (31 December 2025 – P4.3 billion) for 177,306 metric tons of petroleum products (31 December 2025 – 101,356 metric tons). As at 31 March 2026, the fair value of the derivative assets from outstanding commodity forward contracts amounted to P531.8 million (31 December 2025 – P24.4 million).

For the three-month period ended 31 March 2026, the Company's fair value of settled derivatives amounted to a realized gain of P1,474.3 million (31 March 2025 - gain of 84.8 million) from mark-to-market settlement of derivatives which was recognized in other operating income, net in the statements of income.

For the three-month period ended 31 March 2026, net fair value changes of the outstanding commodity forward contracts amounting to a loss of P200.1 million (31 March 2025 - loss of P33.6 million) was recognized in other operating income, net in the statements of income.

Starting August 2025, the Company enters into foreign exchange forward contracts to hedge its foreign exchange exposure. As of 31 March 2026, the fair value of the outstanding foreign exchange forward contracts amounted to P132.8 million (31 December 2025 – P1.3 million). The corresponding unrealized foreign exchange gain was recognized under other income (charges), in statements of income.

(b) Financial assets at FVOCI

These represent proprietary club shares and equity securities which are at fair value. Details of the account as at 31 March 2026 and 31 December 2025 are as follows:

	31 March 2026	31 December 2025
Cost	26,800	26,800
Fair value adjustments recognized directly in OCI		
Balance at the beginning	1,208,148	1,235,278
Changes during the year	30,370	(27,130)
	1,238,518	1,208,148
Balance at the end	1,265,318	1,234,948
Current portion	80,000	80,000
Non-Current portion	1,185,318	1,154,948

Note 10 – Investments in associates

		31 March 2026	31 December 2025			
Carrying amount of investment in associate		71,707	44,139			
	Interest	Assets	Liabilities	Net Assets	Income	Share of Profit
31 March 2026						
Bonifacio Gas Corporation	40%	351,766	185,950	165,816	74,335	29,734
Kamayan Realty Corporation	40%	20,984	4,706	16,278	1,530	612
31 December 2025						
Bonifacio Gas Corporation	40%	259,132	166,626	92,506	260,185	104,074
Kamayan Realty Corporation	40%	21,871	4,029	17,842	6,432	2,573

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 31 March 2026 and 31 December 2025 consists of:

	31 March 2026	31 December 2025
Pension asset	6,280,704	6,279,042
Deferred input VAT (a)	3,835	6,038
Intangible assets (b)	1,187	1,187
	<u>6,285,726</u>	<u>6,286,267</u>

(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 31 March 2026 and 31 December 2025.

(b) Intangible Asset

Intangible asset consists of program software and others. As at 31 March 2026 and 31 December 2025 the movements in the accounts for the years consist of:

	31 March 2026	31 December 2025
Cost		
As at 01 January and 31 March	848,992	848,992
	<u>848,992</u>	<u>848,992</u>
Accumulated amortization		
As at 01 January	(847,805)	(847,802)
Amortization	-	(3)
Balance at the end	<u>(847,805)</u>	<u>(847,805)</u>
Net book value	<u>1,187</u>	<u>1,187</u>

Note 12 – Trade and other payables

The account as at 31 March 2026 and 31 December 2025 consists of:

	31 March 2026	31 December 2025
Trade Payables		
Third parties	10,101,978	7,853,579
Related parties	26,849,991	9,961,743
	<u>36,951,969</u>	<u>17,815,322</u>
Other payables		
Lease liabilities	2,942,870	2,644,245
Project-related costs (a)	1,026,570	884,190
Employee benefits	288,304	614,657
Provision for ARO and remediation	486,315	486,315
Advertising and promotions	266,553	238,017
Non-trade payables from related parties	332,477	234,060
Rent and utilities	269,582	122,171
Duties and taxes	98,160	107,335
Supply and distribution	49,612	56,906
Derivatives (b)	759,192	52,990
Others	485,882	606,686
	<u>43,957,486</u>	<u>23,862,894</u>

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 31 March 2026, the notional principal amount of the outstanding commodity forward contract liabilities amounted to P4.6 billion (31 December 2025 – P0.7 billion). As at the same date, the fair

value of the derivative liabilities from outstanding commodity forward contracts amounted to P759.2 million (31 December 2025 – P53.0 million). Effective August 2025, the Company has commenced hedging its foreign currency exposures through derivative financial instruments, including forward contracts, to mitigate the impact of exchange rate fluctuations. These hedging activities are undertaken in accordance with the Company’s foreign exchange risk management policy and are designed to reduce volatility in cash flows and earnings.

Note 13 - Short-term loans

As at 31 March 2026, unsecured short-term loan amounted to P12,200.0 million with tenure ranging from 1 to 60 days. As at 31 December 2025, unsecured short-term loan amounted to P19,340.0 million with tenure ranging from 7 to 64 days.

The loans are intended solely for working capital requirements and corporate expenses. The average interest rate on local borrowings for the three-month period ended 31 March 2026 was 4.49% (31 March 2025 – 5.51%). Total interest expense charged to operations for the three-month period ended 31 March 2026 arising from short-term loans amounted to P210.5 million (31 March 2025 – P374.6 million).

Note 14 – Long-term debt

Details of the loan agreements with financial institutions as at 31 March 2026 and 31 December 2025 follow:

31 March 2026	31 December 2025	Interest	Terms
6,000,000	6,000,000	5.20% as at 31 March 2026 effective until next re-pricing	Unsecured. Payable after sixty (60) months reckoned from the drawdown date on 23 September 2025. Principal is payable in lump sum at maturity date 23 September 2030. Interest is repriced every three (3) months.
5,000,000	5,000,000	5.13% as at 31 March 2026 effective until next re-pricing	Unsecured. Payable after sixty (60) months reckoned from the drawdown date on 17 June 2025. Principal is payable in lump sum at maturity date 17 June 2030. Interest is re-priced every three (3) months.
4,500,000	4,500,000	5.50% as at 31 March 2026 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	5.10% as at 31 March 2026 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.
20,000,000	20,000,000		

The average interest rate on local borrowings for the three-month period ended 31 March 2026 was 5.23% (31 March 2025 – 5.94%). Total interest expense charged to operations for the three-month period ended 31 March 2026 arising from these loans amounted to P262.9 million (31 March 2025 – P232.1 million). All loans in 2026 are unsecured. There are no borrowings related to acquisition, construction, or production of a qualifying asset in 2026 and 2025. The borrowings are intended solely for working capital requirements.

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 31 March 2026, provisions and other liabilities amounted to P3,041.9 million (31 December 2025 – P3,019.6 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 P2,147.0 million (31 December 2025 – P2,118.4 million) and cash security deposits amounting to P185.3 million (31 December 2025 – P191.8 million).

Note 16 - Share capital; Treasury shares; Share premium

Capital stock and treasury shares as at 31 March 2026 and 31 December 2025 consist of:

	31 March 2026		31 December 2025	
	Number of shares	Amount	Number of shares	Amount
Authorized capital stock, common shares at P1 par value per share	2,500,000,000	2,500,000	2,500,000,000	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 31 March 2026, the Company has 312 shareholders excluding treasury shares (31 December 2025 - 311), 276 of whom hold at least 100 shares of the Company's common shares (31 December 2025 - 275).

Note 17 - Retained earnings

Retained earnings as at 31 March 2026 and 31 December 2025 consist of:

	31 March 2026	31 December 2025
Unappropriated retained earnings, unadjusted	9,947,962	8,330,911
Adjustments & Unrealized income items	(4,788,000)	(4,666,903)
Unappropriated Retained Earnings available for dividends (deficit)	5,159,962	3,664,008

On 25 March 2026, the Board approved the declaration of cash dividend amounting to Php0.30 per share pertaining to the 2025 audited Net Income After Tax from its unrestricted retained earnings of Php3,664 million, acting on the endorsement of the Board Audit and Risk Oversight Committee, to shareholders of record on 13 April 2026 with payout date on 5 May 2026.

As at 31 March 2026, cost of treasury shares, accumulated earnings of its associates, unrealized mark to market gains and recognized deferred tax assets are not considered for dividend declaration as per SEC Rule 68, as amended and SEC Memorandum Circular No. 11.

Note 18 - Earnings per share

Computation of earnings per share (EPS) for the three-month period ended 31 March is as follows:

	YTD 1Q 2026	YTD 1Q 2025
Earnings available to stockholders:		
Profit for the period	1,617,051	743,591
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	1.00	0.46

As at 31 March 2026 and 2025, the Company does not have any potentially dilutive stocks.

Trailing Earnings per share

	2026 (Trailing 12 months)	2025 (Trailing 12 months)
Earnings available to stockholders:		
Profit for the period	2,983,105	588,376
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	1.85	0.36

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 1Q 2026	YTD 1Q 2025
Other operating income	1,927,399	479,218
Other operating expense	(259,841)	(68,086)
Other operating income, net	1,667,558	411,132
Other Income/charges	(177,439)	57,677
Finance expenses	(832,942)	(932,217)
Finance expenses, net	(1,010,381)	(874,540)

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 31 March 2026.

Management believes that provision should not be recognized as at 31 March 2026 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 2023 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.

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.

In October 2024, the BIR issued a decision denying the refund applied by Company for the excise tax and VAT paid under protest in December 2021 and January 2022, citing the lack of explicit exemption for alkylates in the Philippine Tax Code. In view of the said denial, a Petition for Review was filed with the Court of Tax Appeals in November 2024.

On 31 December 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.

On 11 November 2025, the Company received a copy of the Decision dated 05 November 2025 issued by the Court of Tax Appeals En Banc in the consolidated cases docketed as CTA EB No. 2842 (entitled "Collector of Customs of the Port of Batangas and Bureau of Customs vs. Pilipinas

Shell Petroleum Corporation”) and CTA EB No. 2844 (entitled “Commissioner of Internal Revenue, et al. vs. Pilipinas Shell Petroleum Corporation”).

In the said Decision dated 05 November 2025, the CTA En Banc denied the consolidated Petitions for Review filed by the Bureau of Customs and Commissioner of Internal Revenue to question the earlier Decision dated 27 April 2023 of the Court of Tax Appeals Special Second (2nd) Division, which ruled that Alkylate is not subject to excise tax and granted Company’s Amended Petition for Review dated 05 October 2012. The CTA 2nd Division had 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 Company’s previous alkylate importations. Thus, the CTA 2nd Division prohibited the government from collecting, in any manner, excise taxes and value-added tax on the Company’s Alkylate importations.

After the ruling rendered in Shell’s favor, both the Collector of Internal Revenue and the Bureau of Customs/Collector of Customs filed their Motions for Reconsideration, to which the Company filed the Consolidated Comment/Opposition [To the: Motion for Reconsideration dated 21 November 2025 of the Bureau of Customs and the Collector of Customs and the Motion for Reconsideration dated 17 November 2025 of the Commissioner of Internal Revenue dated 17 November 2025] dated 09 December 2025. This matter is pending resolution by the CTA En Banc.

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.

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

In a *Resolution* dated 14 April 2025 (“*CA Resolution*”), the Court of Appeals Former Special Fifth (5th) Division denied the *Motion for Reconsideration* filed by the Bureau of Customs (“BOC”) on the dismissal of their appeal in the case entitled “**Republic of the Philippines, represented by the Bureau of Customs, vs. Pilipinas Shell Petroleum Corporation and Filipino Way Industries,**” docketed as CA-G.R. CV No. 118394.

In the *CA Resolution*, the Court of Appeals ruled that no new and substantial matters were raised that would merit a reconsideration, modification, or reversal of the *Decision* dated 23 July 2024 which dismissed the BOC's appeal.

On 25 June 2025, we received a copy of the Office of the Solicitor General's Rule 45 *Petition for Review on Certiorari* dated 18 June 2025 ("*Petition for Review*") filed on behalf of petitioner Republic of the Philippines as represented by the Bureau of Customs, challenging the Court of Appeals' *Decision* dated 23 July 2024 and *Resolution* dated 14 April 2025 (collectively, the "*Assailed Rulings*"). The *Assailed Rulings* effectively dismissed petitioner's appeal for lack of jurisdiction, considering that it was held to be a tax collection case.

(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 31 March 2026 in the CTA and SC. Management believes that the ultimate outcome of such cases will not have a material impact on the Company's financial statements.

(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 31 March 2026.

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.

New Standards, Interpretations and Amendments:

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards effective in 2026. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- *Amendments to PAS 21, Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

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.

Standards Issued But Not Yet Effective

Effective beginning on or after January 1, 2027

- *PFRS 17, Insurance Contracts*
- *PFRS 18, Presentation and Disclosure in Financial Statements*

Based on the Company's initial assessment, the impact is expected to be limited to presentation and disclosure changes, including the reclassification of income and expenses into operating, investing, and financing categories and the reclassification of dividends received from joint ventures and associates to cash flows from investing activities.

PFRS 18 does not affect recognition and measurement. PFRS 18 will apply retrospectively. The Company will be conducting an impact assessment of PFRS 18 and is set to apply any changes to the accounting system to be able to comply with IFRS 18 once the standard takes effect.

- *PFRS 19, Subsidiaries without Public Accountability*
- *Amendments to PAS 21, Translation to a Hyperinflationary Presentation Currency*

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.

Effective August 2025, the Company has commenced hedging its foreign currency exposures through derivative financial instruments, including forward contracts, to mitigate the impact of exchange rate fluctuations. These hedging activities are undertaken in accordance with the Company's foreign exchange risk management policy and are designed to reduce volatility in cash flows and earnings.

Management continues to monitor exposures and considers foreign exchange risks with respect to other currencies to be insignificant.

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 31 March 2026 and December 2025, 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 31 March 2026, 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 P241.5 million (31 December 2025 – P295.1 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 31 March 2026 and December 2025, the Company has the following:

	Gross amounts before offset	Amounts offset	Net Amounts as presented	Credit enhancement	Net amount
31 March 2026					
Financial assets:					
Receivables	19,827,348	-	19,827,348	6,128,367	13,698,981
31 December 2025					
Financial assets:					
Receivables	16,764,870	-	16,764,870	6,566,271	10,198,599

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 77.7 billion as at 31 March 2026 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 31 March 2026 and 31 December 2025 are as follows:

	Note	31 March 2026	31 December 2025
Total loans and borrowings	13,14	32,200,000	39,340,000
Less: cash	2	2,089,849	2,776,049
Net debt		30,110,151	36,563,951
Total equity (excluding other reserves)		35,171,039	33,553,988
Total Capital		65,281,190	70,117,939
Gearing ratio		46%	52%

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 31 March 2026 and 31 December 2025:

	Note	31 March 2026	31 December 2025
Financial assets			
Loans and receivables			
Cash	2	2,089,849	2,776,049
Receivables	3	19,827,348	16,764,870
Derivatives	9	664,612	24,359
Financial assets as FVOCI	9	1,265,318	1,234,948
Customer grants		462,908	467,964
Other long-term receivables		310,365	309,642
Total financial assets		24,620,400	21,577,832
Other financial liabilities			
Other financial liabilities			
Accounts payable and accrued expenses	12	43,198,294	23,793,465
Dividends payable		17,536	17,536
Derivatives	12	759,192	52,990
Cash security deposits		185,259	191,764
Short-term borrowings	13	12,200,000	19,340,000
Loans payable	14	20,000,000	20,000,000
Lease Liabilities		19,594,185	19,653,325
Total financial liabilities		95,954,466	83,049,080

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 20 - 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 2026, 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 maintain and refresh mobility stations, and the improvement of existing supply and distribution facilities.
- e. The ongoing conflict in the Middle East has intensified the volatility in oil prices and posed risk in fuel oil supply both globally and in the domestic market. Since it started in March 2026, it has substantially impacted the Company's financial performance due to the surge in fuel prices. With the crisis remains unresolved, it will continue to bring further uncertainties that could impact the Company's earnings, cash flow and financial condition. The Company continues to closely monitor the developments and will communicate to its stakeholders as appropriate.
- f. There are no material elements of income or loss that did not arise from the registrant's continuing operations during the period.

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 31 March 2026 and 31 December 2025, are shown in Million Philippine Pesos.

Financial condition as of the three-month period ended 31 March 2026 compared with the period ended 31 December 2025:

	31 March 2026	31 December 2025	% Increase (Decrease)
Current assets	59,071.9	42,710.6	38.3%
Non-Current assets	73,212.7	75,312.1	(2.8)%
Total assets	132,284.6	118,022.7	12.1%
Current Liabilities	56,175.0	43,220.4	30.0%
Non-Current Liabilities	39,693.2	40,028.7	(0.8)%
Total Liabilities	95,868.2	83,249.1	15.2%
Equity	36,416.4	34,773.6	4.7%

Current assets

SPC's current assets increased from P42,710.6 million as of 31 December 2025 to P59,071.9 million as of 31 March 2026 primarily due to the following:

Inventories, net increased by P14,947.8 million, or 100.7% from P14,847.7 million as of 31 December 2025 to P29,795.5 million as of 31 March 2026 primarily driven by increase in average global fuel prices from ~\$81/bbl as of 31 December 2025 to ~\$106/bbl by end of 31 March 2026 and inventory build-up for supply security, both as impacts of the ongoing Middle East crisis.

Receivable, net increased by P3,062.5 million, or 18.3% from P16,764.9 million as of 31 December 2025 to 19,827.3 million as of 31 March 2026 primarily driven by the increase in fuel products prices globally.

Current financial assets increased by P640.3 million, or 613.5% from 104.4 million as of December 2025 to P744.6 million as of 31 March 2026 mainly driven by the fair value of the derivative assets from outstanding commodity forward contracts and foreign exchange hedging gains.

Prepayments and other current Assets decreased by P1,603.0 million or 19.5% from 8,217.6 million as of 31 December 2025 to P6,614.6 million as of 31 March 2026 primarily driven by the receipt of tax refunds from the Government and the utilization of CWT certificates against income tax liabilities. This is partially offset by increase in Input VAT credit for higher importations.

Cash decreased by P686.2 million, or 24.7% from P2,776.0 million as of 31 December 2025 to 2,089.8 million as of 31 March 2026 resulted from a deliberate action to minimize the amount of cash on hand and to reduce float.

Non-Current Assets

SPC's non-current assets decreased from P75,312.1 million as of 31 December 2025 to P73,212.7 million as of 31 March 2026 primarily due to the following:

Long-term receivables decreased by P1,896.7 million, or 10.1% from P18,830.8 million as of 31 December 2025 to P16,934.1 million as of 31 March 2026 primarily due to the reclassification of 2025 CWT to current assets.

Property and equipment, net decreased by P521.0 million, or 1.8% from P29,179.3 million as of 31 December 2025 to P28,658.3 million as of 31 March 2026 mainly due to impairment loss and other asset write-offs.

Deferred income tax assets, net increased by P255.2 million, or 11.1% from P2,295.3 million as of 31 December 2025 to P2,550.4 million as of 31 March 2026 primarily due to movements in asset impairment, lease liabilities and foreign exchange losses.

Non-current financial assets increased by P30.4 million, or 2.6% from P1,154.9 million as of 31 December 2025 to P1,185.3 million as of 31 March 2026 mainly driven by proprietary club shares and equity securities which are carried at fair value.

Current Liabilities

SPC's current liabilities increased from P43,220.4 million as of 31 December 2025 to P56,175.0 million as of 31 March 2026 primarily due to the following:

Trade and other payables increased by P20,094.6 million, or 84.2% from P23,862.9 million as of 31 December 2025 to P43,957.5 million as of 31 March 2026 primarily driven by the increase in overall global fuel product prices and additional product purchases due to the Middle East crisis which started in March 2026.

Short-term loans decreased by P7,140.0 million, or 36.9% from P19,340.0 million as of 31 December 2025 to P12,200.0 million as of 31 March 2026 primarily due to the receipt of tax refunds from the Government, which reduced borrowing requirements during the period.

Non-Current Liabilities

SPC's non-current liabilities decreased from P40,028.7 million as of 31 December 2025 to P39,693.2 million as of 31 March 2026 primarily due to the following:

Lease liabilities decreased by P357.8 million, or 2.1% from 17,009.1 million as of 31 December 2025 to P16,651.3 million as of 31 March 2026 primarily due to lease expirations.

Equity

SPC's total equity increased from P34,773.6 million as of 31 December 2025 to P36,416.4 million as of 31 March 2026 primarily driven by the increase in retained earnings from income for the period.

Financial Performance

	YTD 1Q	YTD 1Q	%Increase (decrease)
	2026	2025	
Net Sales	63,289.4	57,992.3	9.1%
Sales Volumes (M liters)	970.6	952.1	1.9%
Marketing Volumes (M liters)	962.3	942.3	2.1%
Cost of sales	56,863.1	52,185.2	9.0%
Gross profit	6,426.3	5,807.1	10.7%
Selling, General and administrative expenses	4,462.6	4,277.7	4.3%
Asset Impairment losses	409.4	-	N/A
Other operating income (losses), net	1,667.6	411.1	305.6%
Finance expense	832.9	932.2	10.6%
Other income (charges)	(177.4)	57.7	(407.6)%
EBITDA	4,408.4	3,376.2	30.6%
Provision for income tax	594.4	322.4	84.4%
Net Income	1,617.1	743.6	117.5%
Core earnings	107.8	871.4	(87.6%)

Results of operations for the period ended 31 March 2026 compared with the period ended 31 March 2025

Net sales increased by 5,297.1 million, or 9.1% from P57,992.3 million for the period ended 31 March 2025 to P63,289.4 million for the period ended 31 March 2026 primarily due to higher pump prices driven by the general increase in global oil prices driven by the impact of the Middle East crisis starting March 2026 and 1.9% increase in overall volume.

Cost of sales increased by P4,677.8 million, or 9.0% from P52,185.2 million for the year ended 31 March 2025 to P56,863.1 million for the year ended 31 March 2026 driven by increase in global fuel prices from ~\$86/bbl as of 31 March 2025 to ~\$106/bbl by end of 31 March 2026 and increase in sales volume.

Selling, General and Administrative expenses increased by P185.0 million, or 4.3% from P4,277.7 million for the period ended 31 March 2025 to P4,462.6 million for the period ended 31 March 2026 mostly driven by the increase in repairs & maintenance and advertising & promotions. This is partially offset by the decrease in staff-related costs.

Impairment loss at P409.4 million for the period ended 31 March 2026 from nil for the period ended 31 March 2025. The impairment recognized in 2026 was part of the Company's supply footprint optimization strategy.

Other operating income (losses), net, increased by P1,256.4 million or 305.6% from P411.1 million income for the period ended 31 March 2025 to P1,667.6 million income for the period ended 31 March 2026 primarily driven by the commodity hedging net mark to market gain in 2026 as compared to 2025 due to the oil price and market premium volatility globally.

Finance expense decreased by P99.3 million, or 10.6%, from P932.2 million for the period ended 31 March 2025 to P832.9 million for the period ended 31 March 2026 mainly driven by decrease in interest rate and borrowing level.

Other income (charges) decreased by P235.1 million, or 407.6%, from P57.7 million gain for the period ended 31 March 2025 to P177.4 million loss for the period ended 31 March 2026 mainly due to foreign exchange losses, net of gain from foreign currency hedging.

EBITDA increased by P1,032.2 million or 30.6% from P3,376.2 million for the period ended 31 March 2025 to P4,408.4 million for the period ended 31 March 2026 mainly due to the pre-tax inventory holding gain of P2,605.6 million in 1Q 2026 from the increase in fuel prices in March 2026 as impact of the Middle East crisis, against pre-tax inventory holding loss of P170.3 million in YTD 1Q 2025. This is partially offset by the P593.1 million pre-tax charges from assets impairment and write-offs and decrease in core earnings.

Core earnings (net earnings excluding inventory holding gains and other one-off items) decreased by P763.6 million from P871.4 million for the period ended 31 March 2025 to P107.8 million for the period ended 31 March 2026. This was mainly due to decline in fuels marketing margins in March 2026 driven by price lag losses intensified by the Middle East crisis.

Key financial ratios

	YTD 1Q 2026 (Unaudited)	FY 2025 (Audited)
Current Ratio (a)	1.05	0.99
Debt Ratio (b)	0.23	0.31
Debt to Equity (c)	0.86	1.09
Asset to equity ratio (d)	3.76	3.52
Interest coverage ratio (e)	5.67	2.25
Return on Assets (f)	1.22%	1.79%
Return on Equity (g)	4.60%	6.29%
Return on average capital employed (h)	10.31%	8.66%


- 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 2026 are only for YTD 1Q 2026 while those for 2025 are for the full year, as audited).

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of Shell Pilipinas Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Taguig on 12th day May 2026.

Issuer:

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

Signature and Title:  _____
RONA APRILLE D. DIAZ
Corporate Secretary