

November 3, 2025

SECURITIES AND EXCHANGE COMMISSION

SEC Headquarters
7907 Makati Avenue, Salcedo
Village Brgy. Bel-Air, Makati

Attention: **DIR. OLIVER LEONARDO**
*Markets and Securities Regulation
Department Director*

THE PHILIPPINE STOCK EXCHANGE, INC.

6/F Philippine Stock Exchange Tower
5th Avenue corner, 28th Street, Taguig, 1634

Attention: **Atty. Johanne Daniel M. Negre**
OIC, Disclosure Department

Re: **Top Line Business Development Corp. – DEFINITIVE
INFORMATION STATEMENT (SEC Form 20-IS)**
=====

Gentlemen:

Please see attached, the Definitive Information Statement (SEC Form 20-IS) of Top Line Business Development Corp. (“TOP”) for the year 2025 already incorporating the comments from the PIS, for your clearance:

1. Definitive Information Statement;
2. Certification (Annex A)
3. Management Report (Annex B)
4. Consolidated Audited Financial Statements for the year 2024
5. SEC 17Q Second Quarter Financial Statements with MD&A

Very Truly Yours,


ATTY. TARA TSARINA B. PEREZ-RETUYA
Chief Compliance Officer

CERTIFICATION

I, **Atty. TARA TSARINA B. PEREZ-RETUYA**, of legal age, Filipino, married, and with office address at 19th Floor, Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City, Cebu, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the duly elected, qualified, and incumbent Chief Compliance Officer of **TOP LINE BUSINESS DEVELOPMENT CORP.** (the "Corporation") with SEC Registration No. **CS201330638**, a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at 19th Floor, Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City, Cebu.
2. As such Compliance Officer, I have personally prepared the attached Preliminary Information Statement (SEC Form 20-IS).
3. The Corporation will comply with the guidelines for the alternative filing of the reports and/or documents through electronic mail with the Securities and Exchange Commission.
4. The information contained in the SEC Form 20-IS Information Statement is true and correct to the best of my knowledge.
5. That the Corporation will comply with the requirements set forth in SEC Notice dated March 12, 2025, to effect a complete and official submission of reports and/or documents through electronic mail.
6. That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of filing fee.
7. I am fully aware that non-submission of hard/physical copies of reports as well as certification that they refer to one and the same submitted online, shall invalidate the reports, application, compliance, requests and other documents submitted via email. Hence, the corresponding penalties under existing rules and regulations of the Commission shall apply without prejudice to the imposition of penalties under Section 54 of the Securities Regulation Code and other applicable existing rules and regulations for failure to comply with the orders of the Commission.
8. I am executing this Certification on October 20, 2025 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.



Atty. TARA TSARINA B. PEREZ-RETUYA
Chief Compliance Officer

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in Cebu City, this 20 day of SEP 20 2025, personally appeared the following:

Affiant	Competent Evidence of Identity	
	Type of ID	Passport Number and Expiry Date (if applicable)
TARA TSARINA B. PEREZ	Passport	

Doc. No. 147 ;
Page No. 94 ;
Book No. 1 ;
Series of 2025.



CHARTER ANTONIO L. TAYURANG
Notary Public for the City of Cebu
Notarial Commission No. 127-23
My Commission expires on December 31, 2026
407 4F Krizia Bldg., Gorordo Ave., Cebu City
PTR# 1381415 11-18-24 Cebu
IBP OR # 471677 10-15-24 Cebu City
ROLL # 41290
MCLE VII 0019485 May 27, 2022

REPUBLIC OF THE PHILIPPINES)
Cebu City) S.S.

SECRETARY'S CERTIFICATE

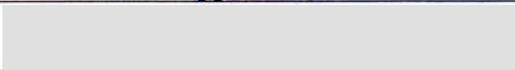
I, **BRIGITTE CARMEL C. LAPASARAN LIM**, of legal age, Filipino, and with office address at the 19F Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City, Cebu, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the duly elected, qualified, and incumbent Corporate Secretary of **TOP LINE BUSINESS DEVELOPMENT CORP.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at the 19F Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City, Cebu.
2. As such Corporate Secretary, I am in custody of the corporate books and records of the Corporation, including the minutes of meetings of its Board of Directors and Stockholders.
3. I hereby certify that no Director or Officer of the Corporation is connected with any government agency or instrumentality.

IN WITNESS WHEREOF, I have hereunto affixed my signature this October 20, 2025 in Cebu City.


BRIGITTE CARMEL C. LAPASARAN LIM
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in Cebu City, this 20 day of OCT 20 2025, personally appeared the following:

Affiant	Competent Evidence of Identity	
	Type of ID	Passport Number and Expiry Date (if applicable)
BRIGITTE CARMEL C. LAPASARAN LIM	Passport	

Doc. No. V98 ;
Page No. 97 ;
Book No. 1 ;
Series of 2025.




ATTY. TARA TSARINA B. PEREZ
Notary Public for Cebu City
Notarial Commission No. 012-25 until December 31, 2026
Roll of Attorneys No. 58934
IBP No. 478048 11/20/2024; Cebu City
PTR No. 2709315 11/22/2024; City of Cebu
MCLE Compliance No. VII-0014463; April 14, 2025
19F Latitude Corporate Center, Mindanao Avenue,
Cebu Business Park, Brgy. Luz, Cebu City, Philippines

REPUBLIC OF THE PHILIPPINES)
Cebu City) S.S.

SECRETARY'S CERTIFICATE

I, **BRIGITTE CARMEL C. LAPASARAN LIM**, of legal age, Filipino, and with office address at the 19F Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City, Cebu, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the duly elected, qualified, and incumbent Corporate Secretary of **TOP LINE BUSINESS DEVELOPMENT CORP.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at the 19F Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City, Cebu.
2. As such Corporate Secretary, I am in custody of the corporate books and records of the Corporation, including the minutes of meetings of its Board of Directors and Stockholders.
3. I hereby certify that at the Special Meeting of the Board of Directors held on **October 8, 2025**, where a duly constituted quorum was present, the Board unanimously adopted and approved the following Board Resolution, which is now in full force and effect:

"RESOLVED, that the 2025 Special Stockholders' Meeting ("SSM") of **TOP LINE BUSINESS DEVELOPMENT CORP.** (the "Corporation") shall be held on **December 2, 2025 (Tuesday)** at 8:30 in the morning via remote communication through teleconferencing and/or videoconferencing,

The following are the particulars of the 2025 SSM:

Record Date for the closing of the Stock Transfer Book: **November 10, 2025**

Date of the List of Stockholders to be submitted to the PSE and SEC: **November 12, 2025**

Deadline for Submission of all Proxies: **November 25, 2025**

Deadline for the Validation of Proxies: **December 1, 2025**

RESOLVED FURTHER, to authorize the stockholders of the Corporation to exercise their right to vote and/or participate in the 2025 SSM in absentia or through remote communication;

RESOLVED FURTHER, that the Board of Directors of the Corporation hereby approves the Notice and Agenda with Proxy Form, for the 2025 SSM, attached herewith as Annexes A and B;

IN WITNESS WHEREOF, I have hereunto affixed my signature this OCT 29 2025 at Cebu City.


BRIGITTE CARMEL C. LAPASARAN LIM
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in Cebu City, this ___ day of
OCT 20 2025, personally appeared the following:

Affiant	Competent Evidence of Identity	
	Type of ID	Passport Number and Expiry Date (if applicable)
BRIGITTE CARMEL C. LAPASARAN LIM	Passport	

Doc. No. 494 ;
Page No. 97 ;
Book No. 1 ;
Series of 2025.



Tara Tsarina B. Perez
ATTY. TARA TSARINA B. PEREZ
Notary Public for Cebu City
Notarial Commission No. 012-25 until December 31, 2026
Roll of Attorneys No. 58934
IBP No. 478048 11/20/2024; Cebu City
PTR No. 2709315 11/22/2024; City of Cebu
MCLE Compliance No. VII-0014463; April 14, 2025
19F Latitude Corporate Center, Mindanao Avenue,
Cebu Business Park, Brgy. Luz, Cebu City, Philippines



SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines

Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph



The following document has been received:

Receiving: DONNA ENCARNADO

Receipt Date and Time: October 08, 2025 09:55:34 AM

Company Information

SEC Registration No.: CS201330638

Company Name: TOP LINE BUSINESS DEVELOPMENT CORP.

Industry Classification: G51000

Company Type: Stock Corporation

Document Information

Document ID: OST11008202583779667

Document Type: Current Report

Document Code: SEC_Form_17-C

Period Covered: October 08, 2025

Submission Type: Original Filing

Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

SEC Registration Number

C	S	2	0	1	3	3	0	6	3	8
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COMPANY NAME

T	O	P		L	I	N	E		B	U	S	I	N	E	S	S		D	E	V	E	L	O	P	M	E	N	T	
C	O	R	P	.																									

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

19	F	L	O	O	R		L	A	T	I	T	U	D	E		C	O	R	P	O	R	A	T	E					
C	E	N	T	E	R	,	M	I	N	D	A	N	A	O		A	V	E	N	U	E	,	C	E	B	U			
B	U	S	I	N	E	S	S		P	A	R	K	,	B	R	G	Y		L	U	Z								
C	E	B	U		C	I	T	Y																					

Form Type	Department requiring the report	Secondary License Type, If Applicable
17 - C	MSRD	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
compliance@topline.ph	(032) 505-6058	09985664773
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
	Second Friday of July	12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Tara Tsarina B. Perez-Retuya	tara@topline.ph	(032) 505-6058	N/A

CONTACT PERSON'S ADDRESS

19 th Floor, Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City, Cebu
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NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



At Your Service!

Top Line Business Development Corp. TOP

PSE Disclosure Form 7-1 - Notice of Annual or Special Stockholders' Meeting
*References: SRC Rule 17 (SEC Form 17-C) and
Sections 7 and 4.4 of the Revised Disclosure Rules*

Subject of the Disclosure
Notice of 2025 Special Stockholders' Meeting of Top Line Business Development Corp. ("TOP")
Background/Description of the Disclosure
Notice and Agenda of the 2025 Special Stockholders' Meeting of TOP

Type of Meeting

Annual
 Special

Date of Approval by Board of Directors	October 8, 2025
Date of Stockholders' Meeting	December 2, 2025
Time	8:30 AM
Venue	Via remote communication through teleconferencing and/or videoconferencing
Record Date	November 10, 2025
Agenda	<p>The Agenda for the 2025 Special Stockholders' Meeting shall be as follows:</p> <ol style="list-style-type: none">1. Call to Order2. Proof of notice of the meeting and existence of quorum3. Determination of Quorum & Rules of Conduct of Procedures4. Ratification of the resolution of the Board Resolution dated October 8, 2025 relative to the following:<ol style="list-style-type: none">(i) Amendment of Articles of Incorporation – Reclassification of 800,000,000 Common Shares to 800,000,000 Preferred Shares;(ii) Delegation to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the features of said preferred shares as well as other terms and conditions for the issuance thereof; and(iii) Authorize the BOD (i) to engage the services of advisors to assist it in studying options for capital raising activities such as private placement, follow on offering,

	and/or debt issuances and (ii) to set the terms of such capital raising activity or activities.
	5. Other Matters
	6. Adjournment
Inclusive Dates of Closing of Stock Transfer Books	
Start Date	N/A
End Date	N/A
Other Relevant Information	
Please see attached signed Notice and Agenda, and Proxy.	

SIGNATURES

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

Top Line Business Development Corp.

Issuer

October 8, 2025

Date



ATTY. TARA TSARINA B. PEREZ-RETUYA

Chief Compliance Officer



At Your Service!

TOP LINE BUSINESS DEVELOPMENT CORP.

19F Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Cebu City, Philippines
Contact No. (032) 505 6058

**NOTICE OF SPECIAL MEETING OF THE STOCKHOLDERS
OF
TOP LINE BUSINESS DEVELOPMENT CORP.**

Please take notice that the 2025 Special Meeting of Stockholders of **TOP LINE BUSINESS DEVELOPMENT CORP.** (the “Corporation”) shall be held on **December 2, 2025, Tuesday** at 8:30 am via remote communication through teleconferencing and/or videoconferencing in accordance with the rules and regulations of the Securities and Exchange Commission, with the following program:

8:30 - 9:30 am	Registration
9:30 -10:30 am	Special Stockholders’ Meeting Proper

The **Agenda** for the 2025 Special Stockholders’ Meeting shall be as follows:

1. Call to Order
2. Proof of notice of the meeting and existence of quorum
3. Determination of Quorum & Rules of Conduct of Procedures
4. Ratification of the resolution of the Board Resolution dated October 8, 2025 relative to the following:
 - (i) Amendment of Articles of Incorporation – Reclassification of 800,000,000 Common Shares to 800,000,000 Preferred Shares;
 - (ii) Delegation to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the features of said preferred shares as well as other terms and conditions for the issuance thereof; and
 - (iii) Authorize the BOD (i) to engage the services of advisors to assist it in studying options for capital raising activities such as private placement, follow on offering, and/or debt issuances and (ii) to set the terms of such capital raising activity or activities.
5. Other Matters
6. Adjournment

The Board of Directors has fixed the Record Date at the end of trading hours of the Philippine Stock Exchange on **November 10, 2025** for the determination of stockholders entitled to notice of and vote at such meeting and any adjournment thereof.

Registration starts at 8:30 a.m. and will close at exactly 9:15 a.m. The Corporation will only allow attendance by remote communication and voting in absentia, subject to validation procedures.

Stockholders who will participate in the SSM by remote communication should pre-register at <https://tinyurl.com/TOPSSM2025> on or before November 25, 2025. Successful registrants will receive an email invitation with a complete guide on how to join the SSM and how to cast votes in absentia. For any registration concerns, please contact investorrelations@topline.ph. Please refer to the Definitive Information Statement on the guidelines for voting at the Corporation’s website at *topline.ph*. Only



At Your Service!

TOP LINE BUSINESS DEVELOPMENT CORP.

19F Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Cebu City, Philippines
Contact No. (032) 505 6058

stockholders who have successfully registered within the prescribed period, together with the stockholders who voted in absentia and by proxy, will be included in the determination of quorum.

Proxies, in the form provided by the Corporation, must be submitted to the Corporation's Corporate Secretary, at the Principal Office of the Corporation, or through investorrelations@topline.ph not later than November 25, 2025. The proxies shall be validated on December 1, 2025 at the Principal Office of the Company. The Corporate Secretary's decision shall be final and binding on the shareholders. **WE ARE NOT, HOWEVER, SOLICITING PROXIES.**

Stockholders may send their questions about the SSM and the Corporation to its Investor Relations Officer at investorrelations@topline.ph. Pursuant to SEC Notice dated March 12, 2025, the Stockholders may examine the Definitive Information Statement, and Management Report on the Corporation's website and through the PSE Edge Portal. There shall be an audio and video recording of the SSM. All votes cast shall be validated by the Stock and Transfer Agent, Stock Transfer Service, Inc.

October 8, 2025, Cebu City.

For the Board of Directors,

BRIGITTE CARMEL L. MUELLER
Corporate Secretary



At Your Service!

TOP LINE BUSINESS DEVELOPMENT CORP.

19F Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Cebu City, Philippines
Contact No. (032) 505 6058

PROXY

The undersigned stockholder of **TOP LINE BUSINESS DEVELOPMENT CORP.** (the “Corporation”) hereby appoints _____ or in his absence, the Chairman of the meeting, as my proxy at the 2025 Special Stockholders’ Meeting of the Company, to be held on **December 2, 2025, Friday** at 9:30 am via remote communication through teleconferencing and/or videoconferencing, and at any of the adjournments thereof for the purpose of acting on the following matters:

	Proposal	Approve	Disapprove	Abstain
I	Amendment of Articles of Incorporation – Reclassification of 800,000,000 Common Shares to 800,000,000 Preferred Shares;			
II	Delegation to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the features of said preferred shares as well as other terms and conditions for the issuance thereof;			
III	Authorize the BOD (i) to engage the services of advisors to assist it in studying options for capital raising activities such as private placement, follow on offering, and/or debt issuances and (ii) to set the terms of such capital raising activity or activities;			

Number of Shares Held

Signature of Stockholder/Authorized Signatory

Date

Printed name of Stockholder

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of all the matters stated above and for such matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by Management or the Board of Directors. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

COVER SHEET

SEC Registration Number

C	S	2	0	1	3	3	0	6	3	8
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COMPANY NAME

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PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

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B	U	S	I	N	E	S	S		P	A	R	K	,		B	R	G	Y	.		L	U	Z	,				
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Form Type

Department requiring the report

Secondary License Type, If Applicable

1	7	-	C
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M	S	R	D
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N	/	A
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COMPANY INFORMATION

Company's Email Address

compliance@topline.ph

Company's Telephone Number

(032) 505-6058

Mobile Number

09985664773

No. of Stockholders

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Annual Meeting (Month / Day)

Second Friday of July

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Tara Tsarina B. Perez- Retuya
--

Email Address

tara@topline.ph

Telephone Number/s

(032) 505-6058

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

19th Floor, Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City, Cebu
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NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **TOP LINE BUSINESS DEVELOPMENT CORP. (or "TOP" or the "Company")**
3. **Cebu, Philippines**
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number **CS201330638**
5. BIR Tax Identification Code **439-462-061**
6. **19Floor, Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City**
Address of principal office Postal Code: **6000**
7. Registrant's telephone number, including area code: **032-5056058**
8. Date, time and place of the meeting of security holders: **December 2, 2025, Tuesday** at 08:30 A.M. to be held through remote communication through teleconferencing and/or videoconferencing, to be conducted in accordance with the rules and regulations of the Securities and Exchange Commission (SEC); **19Floor, Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City**

The link for the SSM is as follows: <https://us06web.zoom.us/j/86918344278>
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **November 11, 2025**
10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor: N/A

Address and Telephone No.: N/A
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class

Number of Shares of Common Stock
Outstanding or Amount of Debt Outstanding

Common Shares

10,742,193,000¹

12. Are any or all of registrant's securities listed in a Stock Exchange?
Yes ___/___ No _____

As of October 31, 2025, TOP's common stock is listed in the Philippine Stock Exchange.

¹ **As of October 31, 2025**, the number of shares of common stock outstanding of the Corporation is 10,742,193,000.

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

- (a) State the date, time and place of the meeting of security holders:

December 2, 2025, Tuesday at 8:30 A.M. to be held through remote communication through teleconferencing and/or videoconferencing to be conducted in accordance with the rules and regulations of the Securities and Exchange Commission (SEC); 19Floor, Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City

The link for the SSM is as follows: <https://us06web.zoom.us/j/86918344278>

- (b) Complete mailing address of the principal office of the registrant: **19Floor, Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City**
- (c) The approximate date on which copies of the information statement are first to be sent or given to security holders: **November 11, 2025**

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US PROXY.

The report attached as **Annex “B”** to this Information Statement (SEC Form 20-IS) is the management report to stockholders, including the Management’s Discussion and Analysis, market price of shares and dividends and other data related to the Company’s financial information required under Securities Regulation Code Rule 20 to accompany the Information Statement and is hereunder referred to as the “Management Report”.

Item 2. Dissenters' Right of Appraisal

There are no other matters or proposed actions as specified in the attached Notice of Special Stockholders’ Meeting that may give rise to a possible exercise by shareholders of their appraisal rights or similar right as provided in Title X of the Corporation Code of the Philippines. During the Special Meeting of the Stockholders to be held on December 22, 2025, the amendment to the Articles of Incorporation of the Company reclassifying 800,000,000 unissued common shares to preferred shares, and delegating to the Board of Directors of the Company to establish and designate each particular

series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the features of said preferred shares as well as other terms and conditions for the issuance thereof, are not corporate matters or action that will entitle dissenting stockholders to exercise their right of appraisal as provided for under Title X of the Revised Corporation Code of the Philippines.

The Revised Corporation Code grants a shareholder a right of appraisal in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- An amendment of the Articles of Incorporation that has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class or of extending or shortening the term of corporate existence;
- The sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;
- A merger or consolidation; and
- Investment of corporate funds for any purpose other than the primary purpose of the corporation.

In any of these circumstances, the dissenting shareholder may require the Company to purchase its shares at a fair value, which in default of agreement is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the Company, and the third by the two thus chosen. **If at any time after this Information Statement has been sent out, an action (which may give rise to exercise of appraisal right) is proposed at the Special Stockholders' Meeting, any stockholder who wishes to exercise such right and who voted against the proposed action must make a written demand within thirty (30) days after the Special Stockholders' Meeting.**

Under Title X of the Corporation Code, shareholders dissenting from and voting against the following corporate actions may demand payment of the fair value of their shares as of the day prior to the date on which the vote was taken for such corporation action: (i) amendment to the Bank's articles and by-laws which has the effect of changing or restricting the rights of any shareholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class; (ii) sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the Company's assets; (iii) merger or consolidation; (iv) investment of corporate funds in another corporation or business or for any purpose other than its primary purpose; and (v) extension or shortening of term of corporate existence.

The appraisal right may be exercised by any shareholder who shall have voted against the proposed corporate action, by making a written demand on the Company within thirty (30) days after the date on which the vote was taken for payment of the fair market value of such shareholder's shares. The failure to make demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the Company shall pay the dissenting shareholder, upon surrender of the certificate(s) representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

In the event of a dispute, the SEC will determine any question about whether a dissenting shareholder is entitled to this right of appraisal. This remedy will only be available if the Company has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting stockholders. From the time the shareholder makes a demand for payment until the Company purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of the share.

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

None of the following persons have any substantial interest, direct or indirect, in any matter to be acted upon other than election to office:

- (1) Each person who has been a director or officer of the Company at any time since the beginning of the last fiscal year;
- (2) Each nominee for election as a director of the Company;
- (3) Each associate of any of the foregoing persons.

There are no nominees for election of directors during the upcoming Special Stockholders' Meeting. No director has informed the Company of his opposition to any matter to be acted upon at the Special Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

1. The Company has **10,742,193,000** outstanding common shares as of **October 31, 2025**.
2. Each Common Share entitles the holder to one (1) vote.
3. At each meeting of the stockholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to one (1) vote for each share of stock standing in his name in the books of the Company at the time of the closing of the transfer books for such meeting.
4. All stockholders of records as of **November 10, 2025** are entitled to notice and to vote at the Company's Special Stockholders' Meeting.

Item 5. Directors and Executive Officers

Election of Directors

In the election of Directors, each stockholder, in person or by proxy, have cumulative voting rights. Each stockholder is entitled to such number of votes as is equivalent to the product of the number of Common Shares owned by him multiplied by the number of Directors to be elected. The stockholder may cumulate his votes in favor of one (1) or more candidates as he may see fit. No discretionary authority over cumulative voting is being solicited. A Director may also be removed by the vote of stockholders representing two-thirds ($\frac{2}{3}$) of the outstanding voting shares, in accordance with the provisions of Section 27 of the Revised Corporation Code.

The right of stockholders to vote in the election of directors or trustees, or in stockholders' meetings, may now be done through remote communication or in absentia if authorized by the corporation's by-laws. However, as to corporations vested with public interest, voting through remote communication or in absentia are deemed allowed, even if not expressly stated in the by-laws. The stockholders who participate through such means are deemed present for purposes of quorum. When attendance, participation, and voting are allowed by remote communication or in absentia, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option.

For the 2025 Special Stockholders' Meeting, the Company will allow the attendance through remote communication through teleconferencing and/or videoconferencing, and voting in absentia, subject to validation procedures. **However, for the 2025 Special Stockholders' Meeting, there will be no election of directors.**

Please refer to D. Other Matters of this PIS on Voting Procedures and Guidelines for Participating via Remote Communication and Voting in Absentia.

Shareholders may vote in person or by proxy. Proxies shall in writing, signed by the stockholder and filed at least five (5) business days before the scheduled meeting with the Corporate Secretary. Proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by their personal presences at the meeting.

A forum for the validation of chaired by the Corporate Secretary or Assistant Corporate and attended by the transfer agent shall be convened before the meeting. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be raised during said forum and resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding upon the shareholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the stockholders' meeting.

Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary.

Proxies, in the form provided by the Company, must be emailed to the Company at investorrelations@topline.ph not later than November 25, 2025. The proxies shall be validated on December 1, 2025.

Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of **October 31, 2025**

As of **October 31, 2025**, the Company knows no one who beneficially owns in excess of 5% of the Company's stock except as set forth in the table below:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held		% Held
				Direct	Indirect	
Common	<p>Topline Equity Corporation 19F Latitude Corporate Center, Mindanao Avenue Cebu Business Park, Luz, Cebu City</p> <p>Parent Company of Issuer</p>	Lapasaran Lim family – (Beneficial owner of Parent Company/ Principal Stockholder Topline Equity Corporation)	Filipino	6,479,106,000		60.31%
Common	<p>Eugene Erik C. Lapasaran Lim #29 Sunset Drive Lahug, Cebu City</p> <p>President & Chairman of Issuer</p>	Eugene Erik C. Lapasaran Lim Record Owner	Filipino	1	789,999,999*	7.35%
Common	<p>PCD Nominee Corporation 37th Floor, Tower 1, the Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas 1226 Makati City, Philippines</p> <p>Stockholder of Issuer</p>	PDTC Participants and their clients	Filipino	3,226,046,993		30.03%
Common	<p>PCD Nominee Corporation 37th Floor, Tower 1, the Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas 1226 Makati City, Philippines</p> <p>Stockholder of Issuer</p>	PDTC Participants and their clients	Non-Filipino	1,037,040,000		9.65%

*Currently held under PCD Nominee

The Top 100 PDTC Participants who hold 5% or more of the Company's outstanding capital stock as of **October 31, 2025** are as follows:

Title of Class	Name Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	No. of Shares Held	% Held
Common	First Metro Securities Brokerage Corp. <i>Unit 1515, 15F Ayala Tower One Ayala Triangle, Ayala Ave., cor Paseo de Roxas Makati City 1226</i> <i>Stockholder of Issuer under PDTC</i>	<i>PDTC Participant</i>	1,021,201,657	9.506%
Common	Wealth Securities, Inc. <i>15th Floor, PSE Tower 5th Avenue Corner 28th St., Bonifacio Global City, Taguig City</i> <i>Stockholder of Issuer under PDTC</i>	<i>PDTC Participant</i>	3,057,352,998	28.461%

*Security Ownership of Management of the Voting Company's voting securities as of **October 31, 2025***

Title of Class	Name of Beneficial Owner	Position	Amount and Nature of Beneficial Ownership		Citizenship	%
			Direct	Indirect		
Common	Eugene Erik C. Lapasaran Lim	Chairman and President	1	789,999,999	Filipino	7.35%
Common	Brigitte Carmel C. Lapasaran Lim	Senior Vice President, Chief Operating Officer, Corporate Secretary	1	197,499,999	Filipino	1.84%
Common	Constance Marie C. Lim	First Vice President, Chief Finance Officer	1	197,499,999	Filipino	1.84%
Common	Suzanne Dorothy C. Lapasaran Lim	Director	1	197,499,999	Filipino	1.84%
Common	Maria Theresa Y. Lugue	Director	1	200,999	Filipino	0%
Common	Atty. Maria Iolanda B. Abella	Independent Director	1	120,999	Filipino	0%
Common	Luis A. Cañete	Independent Director	1	120,999	Filipino	0%

Shares owned by Foreigners

The total number of common shares owned by foreigners as of **October 31, 2025** is **1,037,040,000 shares**.

Voting Trust Holders of 5% or more – as of October 31, 2025

As of **October 31, 2025**, there are no persons holding more than 5% of common shares under a voting trust or similar agreement.

Changes in Control

As of **October 31, 2025**, there has been no change in the control of the Company, and there are no arrangements which may result in a change in control of the Company.

Directors and Executive Officers

Board of Directors

Currently, the Board consists of seven (7) members, two (2) of which are independent directors.

All of the directors were elected at the Company's annual shareholders' meeting on July 18, 2025 and will hold office until their successors have been duly elected and qualified.

The Directors shall hold office for one (1) year or until their successors are elected and qualified. The annual meeting of the stockholders shall be held every Second Friday of July based on the Amended By-Laws of the Corporation.

The Table below sets forth certain information regarding the members of the Board:

Directors of the Company					
Name	Age	Nationality	Position	Director	Term
Eugene Erik C. Lapasaran Lim	39	Filipino	Chairman, President and CEO	Executive Director	June 15, 2013 to Present
Brigitte Carmel C. Lapasaran Lim	44	Filipino	Vice Chairman, Senior Vice President, COO and Corporate Secretary	Executive Director	June 15, 2013 to Present
Atty. Constance Marie C. Lim, CPA	32	Filipino	First Vice President, CFO and Treasurer	Executive Director	June 15, 2013 to Present
Dr. Suzanne Dorothy C. Lapasaran Lim	36	Filipino	N/A	Non-Executive Director	June 15, 2013 to Present
Maria Theresa Y. Lugue	63	Filipino	N/A	Non-Executive Director	October 14, 2024 to present
Atty. Maria Iolanda B. Abella	58	Filipino	N/A	Independent Director	July 12, 2024 to present

Luis A. Cañete	86	Filipino	N/A	Independent Director	July 12, 2024 to present
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There are no directors for election/ re-election for the upcoming Special Stockholders' Meeting.

Board of Directors – Brief Description and Experience for the Last Five (5) Years

Eugene Erik C. Lapasaran Lim

Chairman, President and CEO

Mr. Lapasaran Lim has served as the Chairman, President, and CEO of Top Line since 2013. He is also the President and CEO of its subsidiaries: TLDC and LFC; as well as its affiliate companies: P88VI, TPDC, Topline Energy and Power Development Corporation (“TEPDC”), Topline Marina Wharf Development Corporation (“TMWDC”), Topline Hi Tech, and Topline Services and Development Corporation (“TSDC”).

He earned his Bachelor’s Degree in Business Administration from USC in 2007, and also completed the General Management Programme at NUS in 2023, further enriching his expertise in business management.

Mr. Lapasaran Lim is affiliated with the Cebu Chamber of Commerce and Industry (“CCCI”), American Chamber of Commerce of the Philippines (“AmCham”), Association for Philippines-China Understanding (“APCU”), and the Rotary Club of Cebu (“RCC”).

Brigitte Carmel C. Lapasaran Lim

Vice Chairman, Senior Vice President and COO

Ms. Lapasaran Lim is the Senior Vice President and COO of Top Line, overseeing its subsidiaries and affiliates with a focus on port operations and commercial fuel trade. She also sits at the Board as Executive Director of Top Line’s subsidiaries: TLDC and LFC as well as its affiliate companies: P88VI, TPDC, TEPDC, TMWDC, Topline Hi Tech, and TSDC.

Ms. Lapasaran Lim achieved her Bachelor’s Degree in Political Science at the University of the Philippines (UP) – Cebu in 2002. She is affiliated with the Junior Chamber International (JCI) Zugbuana, AmCham, and CCCI. Her influential presence in the business community was further highlighted by her appointment as Chairperson of CCCI’s Cebu Business Month 2022. She was also Tourism Chairperson and Co-Chairperson for CCCI’s Cebu Business Month 2021 and 2020, respectively.

Atty. Constance Marie C. Lim, CPA

First Vice President, CFO and Treasurer

Atty. Lim is the First Vice President, CFO, and Treasurer of Top Line, where she spearheads the Company’s Financial Services and Corporate Affairs Units. She also sits at the Board as Executive Director of Top Line’s subsidiaries: TLDC and LFC as well as its affiliate companies: P88VI, TPDC, TEPDC, TMWDC, Topline Hi Tech, and TSDC.

She completed her Management Accounting Degree in 2013 and her Accountancy Degree in 2014 at USC and University of Cebu (UC), respectively. She first launched her professional career as an Audit Associate for Reyes Tacandong & Co. after passing the Certified Public Accountant Licensure Examinations in 2014. She further pursued a Juris Doctor degree at

USC and, after passing the 2019 Bar Examinations, worked as a Legal Associate at the Angara Abello Concepcion Regal & Cruz Law Firm. Atty. Lim also completed the General Management Programme NUS in 2023. She is a member of the Financial Executives Institute of Cebu, Inc. (FINEX-Cebu).

Dr. Suzanne Dorothy C. Lapasaran Lim

Director

Dr. Lapasaran Lim currently serves as a Non-Executive Director of Top Line, and served as Corporate Secretary from 2013 to July 12, 2024. She also sits at the Board as Executive Director of Top Line's subsidiaries: TLDC and LFC as well as its affiliate companies: P88VI, TPDC, TEPDC, TMWDC, Topline Hi Tech, and TSDC.

In addition to her corporate responsibilities, Dr. Lapasaran Lim is actively engaged in her medical practice as a Resident Trainee in the Department of Ophthalmology at the Cebu Doctor's University Hospital since 2021. Prior to this, she was a Resident Trainee in the Department of Neurosurgery at the Vicente Sotto Memorial Center in 2018.

She graduated with a Bachelor of Science in Nursing degree at the Cebu Doctors' University in 2010 and completed higher education as Doctor of Medicine at the Cebu Institute of Medicine in 2016.

Maria Theresa Y. Lugue, CPA

Director

Ms. Lugue serves as a Non-Executive Director of Top Line. From 1999 – 2022, she was CFO and Regional Finance Head of AC Motors (an Ayala company) where she handled executive finance management of Honda Cars Cebu Inc., Isuzu Cebu Inc., and Iconic Dealership Inc.-Cebu.

Ms. Lugue was past President of the Financial Executives Institute of the Philippines – Cebu and is affiliated with the Ayala Business Club and PICPA.

She is a Certified Public Accountant and she received her Bachelor of Science in Accounting degree with Cum Laude honors from the Ateneo de Davao University.

Atty. Maria Iolanda B. Abella

Independent Director

Atty. Abella is an Independent Director of Top Line. She is also a director in AMCS Group Ph, Inc., Technology Recruiters, Inc. and a Director and Corporate Secretary for IFF Nutrition Philippines, Inc., JTEKT PKBC, Inc., Mercedess-Benz Group Services Phils., Inc. and a Trustee for The Lingap Children's Development Center.

She is also a Senior Partner at Angara Abello Concepcion Regala and Cruz Law Offices, where she also acts the Branch Head for the ACCRALAW Cebu Branch and is the Supervising Partner of the ACCRALAW Davao Branch.

She received her Bachelor of Science in Biology with Magna Cum Laude honors from the University of San Carlos in 1983 and her Bachelor of Laws with Cum Laude honors from the

same university in 1990. She also received her Master of Laws from the University of Sydney in 2000.

Luis A. Cañete, CPA

Independent Director

Mr. Cañete is an Independent Director of Top Line Business Development Corp. He is also a Partner of Luis Cañete and Co., CPAs, the Philippine member firm of Morison Global, a U.K. based multinational association of independent accounting practices and a former correspondent firm of KPMG/Fernandez, Santos, and Lopez. He was also a member of the Board of Accountancy from March 2010 to December 2013.

He obtained his Bachelor of Science in Commerce with Magna Cum Laude honors from the University of Southern Philippines in 1960.

Officers

The following are the names, ages, positions and citizenships of the incumbent officers of the Company:

Directors and Principal Officers of the Company			
Name	Age	Nationality	Position
Eugene Erik C. Lapasaran Lim	39	Filipino	Chairman, President and CEO
Brigitte Carmel C. Lapasaran Lim	44	Filipino	Vice Chairman, Senior Vice President, COO and Corporate Secretary
Atty. Constance Marie C. Lim, CPA	32	Filipino	First Vice President, CFO and Treasurer
Atty. Tara Tsarina B. Perez-Retuya	41	Filipino	Chief Compliance Officer

Brief Description - Officers

Eugene Erik C. Lapasaran Lim

Chairman, President and CEO

Mr. Lapasaran Lim has served as the Chairman, President, and CEO of Top Line since 2013. He is also the President and CEO of its subsidiaries: TLDC and LFC; as well as its affiliate companies: P88VI, TPDC, Topline Energy and Power Development Corporation (“TEPDC”), Topline Marina Wharf Development Corporation (“TMWDC”), Topline Hi Tech, and Topline Services and Development Corporation (“TSDC”).

He earned his Bachelor’s Degree in Business Administration from USC in 2007, and also completed the General Management Programme at NUS in 2023, further enriching his expertise in business management.

Mr. Lapasaran Lim is affiliated with the Cebu Chamber of Commerce and Industry (“CCCI”), American Chamber of Commerce of the Philippines (“AmCham”), Association for Philippines-China Understanding (“APCU”), and the Rotary Club of Cebu (“RCC”).

Brigitte Carmel C. Lapasaran Lim

Vice Chairman, Senior Vice President and COO

Ms. Lapasaran Lim is the Senior Vice President and COO of Top Line, overseeing its subsidiaries and affiliates with a focus on port operations and commercial fuel trade. She also sits at the Board as Executive Director of Top Line’s subsidiaries: TLDC and LFC as well as its affiliate companies: P88VI, TPDC, TEPDC, TMWDC, Topline Hi Tech, and TSDC.

Ms. Lapasaran Lim achieved her Bachelor’s Degree in Political Science at the University of the Philippines (UP) – Cebu in 2002. She is affiliated with the Junior Chamber International (JCI) Zugbuana, AmCham, and CCCI. Her influential presence in the business community was further highlighted by her appointment as Chairperson of CCCI’s Cebu Business Month 2022. She was also Tourism Chairperson and Co-Chairperson for CCCI’s Cebu Business Month 2021 and 2020, respectively.

Atty. Constance Marie C. Lim, CPA

First Vice President, CFO and Treasurer

Atty. Lim is the First Vice President, CFO, and Treasurer of Top Line, where she spearheads the Company’s Financial Services and Corporate Affairs Units. She also sits at the Board as Executive Director of Top Line’s subsidiaries: TLDC and LFC as well as its affiliate companies: P88VI, TPDC, TEPDC, TMWDC, Topline Hi Tech, and TSDC.

She completed her Management Accounting Degree in 2013 and her Accountancy Degree in 2014 at USC and University of Cebu (UC), respectively. She first launched her professional career as an Audit Associate for Reyes Tacandong & Co. after passing the Certified Public Accountant Licensure Examinations in 2014. She further pursued a Juris Doctor degree at USC and, after passing the 2019 Bar Examinations, worked as a Legal Associate at the Angara Abello Concepcion Regal & Cruz Law Firm. Atty. Lim also completed the General Management Programme NUS in 2023. She is a member of the Financial Executives Institute of Cebu, Inc. (FINEX-Cebu).

Atty. Tara Tsarina B. Perez-Retuya

Chief Compliance Officer

Atty. Perez-Retuya is the Chief Compliance Officer of Top Line. Prior to her role in TOP, she was the Compliance Officer and Assistant Corporate Secretary of Metro Retail Stores Group, Inc. from 2017 – 2022, and the Legal Counsel of Vicsal Development Corporation over the same period of time. She was also a Securities Counsel II with the Securities and Exchange Commission – Cebu Extension Office from 2012 to 2017.

She obtained her Bachelor’s Degree in Psychology from USC in 2005, and her Juris Doctor from the same university in 2010.

A Certification that none of the abovenamed directors and officers work in the government is attached hereto as **Annex A**.

Committees

To aid in complying with the principles of good governance, the Manual provides that the Board shall create and appoint Board members to each of the committees set forth below.

Each member of the respective committees named below holds office as of the date of this PIS and will serve until his successor is elected and qualified.

Audit Committee

1. Luis A. Cañete – *Chairman*
2. Maria Iolanda B. Abella
3. Suzanne Dorothy C. Lapasaran Lim

The Audit Committee shall enhance the Board's oversight capability over the Company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. It shall be responsible for the setting up of the Internal Audit Department and for the appointment of the Internal Auditor as well as the independent external auditor who shall both report directly to the Audit Committee. It shall monitor and evaluate the adequacy and effectiveness of the internal control system. Further, the Audit Committee shall have explicit authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any director or executive officer to attend meetings, and adequate resources to enable it to effectively discharge its functions.

The Audit Committee shall be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairperson, should be independent directors. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairperson of the Audit Committee should not be the Chairperson of the Board or of any other committees. Preferably, the members shall have accounting and finance backgrounds, and at least one (1) member shall have audit experience. Each member shall have adequate understanding at least, or competence at most, of the Company's financial management systems and environment.

The Audit Committee shall have the following duties and responsibilities:

- Provide oversight over management's activities in managing credit, market, liquidity, operational, legal, and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- Recommends the approval of the Internal Audit (IA) Charter, which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- Through the IA Department, monitors and evaluates the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to i) safeguard the Company's resources and ensure their effective utilization, ii) prevent occurrence of fraud and other irregularities, iii) protect the accuracy and reliability of the Company's financial data and information technology security, and iv) ensure compliance with applicable laws and regulations;
- Oversees the IA Department and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;

- Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, the Internal Auditor should directly report to the Audit Committee;
- Reviews and monitors management’s responsiveness to the Internal Auditor’s findings and recommendations;
- Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources, and budget necessary to implement it;
- Prior to the commencement of the audit, discusses with the external auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- Evaluates and determines the non-audit work, if any, of the external auditor, and periodically reviews the non-audit fees paid to the external auditor in relation to the total fees paid to him and to the Company’s overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company’s Annual Report and Annual Corporate Governance Report;
- Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- Reviews the disposition of the recommendations in the external auditor’s management letter;
- Performs oversight functions over the Company’s internal and external auditors, including the review of reports submitted by them. It ensures the independence of internal and external auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- Recommends to the Board the appointment, reappointment, removal and fees of the external auditor, duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

The Audit Committee meets with the Board without the presence of the CEO and periodically meets with the head of the internal audit.

Board Risk Oversight Committee

1. Maria Iolanda B. Abella – *Chairman*
2. Luis A. Cañete
3. Eugene Erik C. Lapasaran Lim

The Board Risk Oversight Committee is responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.

It should be composed of at least three members, at least two of whom shall be independent directors including the chairman of the committee.

Corporate Governance Committee

1. Maria Iolanda B. Abella – *Chairman*
2. Luis A. Cañete
3. Maria Theresa Y. Lugue

The Corporate Governance Committee is tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to the nomination and remuneration committee. It should be composed of at least three (3) directors, majority of whom should be independent directors, including the Chairperson.

Related Parties Transactions Committee

1. Maria Iolanda B. Abella - *Chairman*
2. Luis A. Cañete
3. Maria Theresa Y. Lugue
4. Constance Marie C. Lim

The Related Party Transactions Committee is tasked with reviewing all material related party transactions of the Company.

It should be composed of at least three (3) members, at least two (2) of whom shall be Independent Directors including the Chairman of the Committee.

Environmental, Social, Governance (ESG) Committee

1. Brigitte Carmel C. Lapsaran Lim – *Chairman*
2. Suzanne Dorothy C. Lapsaran Lim
3. Maria Iolanda B. Abella

The ESG Committee is responsible for ensuring that the Company's operations align with principles of sustainability, social responsibility, and corporate governance. The committee evaluates the environmental impact of the Company's business activities, assesses social initiatives such as community engagement and employee welfare programs, and oversees corporate governance practices to promote transparency and accountability.

Nomination Committee

1. Eugene Erik C. Lapsaran Lim – *Chairman*
2. Brigitte Carmel C. Lapsaran Lim
3. Constance Marie C. Lim

The Nomination Committee is tasked with identifying and recommending individuals for positions on the Company's board of directors. Drawing upon a diverse range of skills, experiences, and perspectives, the Committee carefully assesses candidates to ensure that the

board is comprised of individuals equipped with the expertise, integrity, and commitment to effectively oversee the Company's affairs.

Compensation and Remuneration Committee

1. Brigitte Carmel C. Lapasaran Lim – *Chairman*
2. Constance Marie C. Lim
3. Suzanne Dorothy C. Lapasaran Lim
4. Eugene Erik C. Lapasaran Lim

The Compensation and Remuneration Committee is responsible for designing and overseeing executive compensation packages to attract, motivate, and retain top talent. Additionally, the Committee ensures that such packages are fair, competitive, and reflective of the Company's financial health and objectives, as well as shareholder interests.

Information Required by the SEC under SRC Rule 38 on the nomination and election of Independent Directors

The Board of Directors has adopted the Company's Manual on Corporate Governance ("**Manual**") on March 30, 2022 which adopts the governance principles embodied in the Code of Corporate Governance for Publicly Listed Companies issued by the SEC on December 19, 2019. The Manual sets forth the principles of best practices and good corporate governance in the entire organization. The Manual provides that the Board of Directors has the primary responsibility for the governance of the corporation.

In adopting the Manual, the Company understands the responsibilities of the Board of Directors and its members, in governing the conduct of its business, the Board Committees, in focusing on specific board functions to aid in the optimal performance of its roles and responsibilities, and the officers, in ensuring adherence to corporate principles and best practices. To date, there has been no deviation from the Company's Manual even as the Company is still in the process of establishing a formal evaluation system for determining the extent of compliance of the Board and senior management of the Company with the Manual.

The following criteria and guidelines shall be observed in the pre-screening, short-listing and nomination of Independent Directors:

A) Independent Director

A person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director;

B) Qualifications of Directors

In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board may provide for additional qualifications which include, among others, the following:

- 1) College education or equivalent academic degree;
- 2) Practical understanding of the business of the Corporation;

- 3) Membership in good standing in relevant industry, business or professional organizations; and
- 4) Previous business experience.

C) Disqualification of Directors

I. Permanent Disqualification

The following shall be grounds for the permanent disqualification of a director:

- 1) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- 2) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission ("SEC" or the "Commission) or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas ("BSP"), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- 3) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- 4) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;

- 5) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
- 6) Any person judicially declared as insolvent;
- 7) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;
- 8) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

II. Temporary Disqualification

The Board may provide for the temporary disqualification of a director for any of the following reasons:

- 1) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.
- 2) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.
- 3) Dismissal or termination for cause as director of any corporation covered by this Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.
- 4) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
- 5) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

III. Composition of the Board

The Board shall be composed of at least five (5), but not more than fifteen (15), members who are elected by the stockholders.

The Corporation shall have at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process.

The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

IV. Multiple Board Seats

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

The Chief Executive Officer (“CEO”) and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.

Nomination of Candidates for Directors

The Nomination Committee is tasked with identifying and recommending individuals for positions on the Company’s board of directors. Drawing upon a diverse range of skills, experiences, and perspectives, the Committee carefully assesses candidates to ensure that the board is comprised of individuals equipped with the expertise, integrity, and commitment to effectively oversee the Company’s affairs.

List of Candidate for Directors

There are no candidates nominated for election/re-election as directors, including independent directors, at the Special Stockholders’ Meeting on December 22, 2025.

Significant Employees

While the Company relies on its experienced, skilled, and qualified management team, there is no single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of its performance. Nonetheless, the Company has implemented a management succession plan and ensures that its compensation and benefits packages are comprehensive, relevant, and competitive with industry standards. Promotions and pay raises are awarded to select employees in recognition of their outstanding work performance.

Family Relationships

Mr. Eugene Erik C. Lapasaran Lim, Ms. Brigitte Carmel C. Lapasaran Lim, Atty. Constance Marie C. Lim, CPA, and Dr. Suzanne Dorothy C. Lapasaran Lim are siblings. Other than the foregoing, there are no other family relationships between Directors and Principal Officers as of the date of this PIS.

Involvement in Certain Legal Proceedings

As of October 22, 2025, the Company is not aware of any legal proceedings where its directors or executive officers have been impleaded in their capacity as such directors or executive officers of the Company.

The Company is not aware of the occurrence of any of the following events within the past five (5) years up to the date of this Preliminary Information Statement, that are material to the evaluation of the ability or integrity of any director or executive officer:

- Any bankruptcy petition filed by or against any director, or any business of a director, nominee for election as director, or executive officer who was a director, general partner or executive officer of said business either at the time of the bankruptcy or within 2 years prior to that time;
- Any director, nominee for election as director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Any director, nominee for election as director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- Any director, nominee for election as director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Certain Relationships and Related Party Transactions

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged. Transactions between the Company and related parties are conducted at estimated market rates and on an arm's length basis and in accordance with the Company's Related Party Transactions Policy.

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

Terms and Conditions of Transactions with Related Parties

The Company and certain subsidiaries purchase products and services from one another in the normal course of business. Transactions with related parties are made at normal market prices and terms. Amounts owed by /owned to related parties are collectible/will be settled in cash and assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The Company's transactions with related parties as of the financial years ended December 31, 2023 and December 31, 2024 are as follows:

	Movements	Outstanding Balance		Terms and Conditions
		2024	2023	
Other receivable (Note 6):				
TSDC (i)	Beginning	₱10,000,000	₱-	Unsecured, non-interest bearing, payable on demand
	Net Movement	(10,000,000)	10,000,000	
		-	10,000,000	
TPDC (ii)	Beginning	3,000,000	-	Unsecured, non-interest bearing, payable on demand
	Net Movement	(3,000,000)	3,000,000	
		-	3,000,000	
Pier 88 (iii)	Beginning	13,391,727	-	Unsecured, non-interest bearing, payable on demand
	Net Movement	72,322,559	13,391,727	
		85,714,286	13,391,727	
TMC (iv)	Beginning	-	-	Unsecured, non-interest bearing, payable on demand
	Net Movement	450,000	-	
		450,000	-	
		₱86,164,286	₱26,391,727	

	Movements	Outstanding Balance		Terms and Conditions
		2024	2023	

Due from (vi):				
TEPDC	Beginning	₱12,655,595	₱100,555,451	Unsecured, non-interest bearing, payable on demand
	Net Movement	150,107,175	(87,899,856)	
		162,762,770	12,655,595	
TMWDC	Beginning	14,094,681	49,718,010	Unsecured, non-interest bearing, payable on demand
	Net Movement	28,954,366	(35,623,329)	
		43,049,047	14,094,681	
Vikigland Corp.	Beginning	10,964,890	11,600,000	Unsecured, non-interest bearing, payable on demand
	Net Movement	86,907,910	(635,110)	
		97,872,800	10,964,890	
THTSC	Beginning	33,842,277	28,370,464	Unsecured, non-interest bearing, payable on demand
	Net Movement	51,901,596	5,471,813	
		85,743,873	33,842,277	
TPDC	Beginning	18,890,000		Unsecured, non-interest bearing, payable on demand
	Net Movement	112,581,243	18,890,000	
		131,471,243	18,890,000	
Pier 88	Beginning	-	300,000,000	Unsecured, non-interest bearing, payable on demand
	Net Movement	-	(300,000,000)	
		-	-	
		520,899,733	90,447,443	
Deposit for future stock subscription (Note 16):				
Shareholders	Beginning	₱367,500,000	₱441,158,600	Unsecured, non-interest bearing, payable on demand
	Net Movement	(367,500,000)	(73,658,600)	
		₱-	₱367,500,000	

Item 6. Compensation of Directors and Executive Officers

Summary Compensation Table

The Company's most highly compensated executive officers as of the date of this Preliminary Information Statement are indicated in the table below.

	Name	Position
1	Eugene Erik C. Lapasaran Lim	Chairman, President and CEO
2	Brigitte Carmel C. Lapasaran Lim	Vice Chairman, Senior Vice President and COO
3	Atty. Constance Marie C. Lim, CPA	First Vice President and CFO

The compensation of directors and senior officers is included in the compensation table below (in Philippine Peso, in thousands).

CEO and Top 4 most highly compensated executive officers as a group	Year	Salary (in Php thousands)	Allowances (in Php thousands)	Total Compensation in Php thousands)
	2021	1,075	635	1,710
	2022	700	460	1,160
	2023	2,709	766	3,475
	2024	960	790	1,750
All officers and directors as a group	2025 (as of September 2025)	720	535	1,255
	2021	3,035	1,527	4,562
	2022	3,211	1,352	4,563
	2023	4,620	1,562	6,183
	2024	1,202	2,333	3,535
	2025 (as of September 2025)	2,385	800	3,185

Standard Arrangements

There are no other arrangements for compensation either by way of payments for committee participation or special assignments other than reasonable per diem, as indicated below. There are also no outstanding warrants or options held by the Company's CEO, other officers and/or directors.

	Board Meeting	Committee Meeting
Chairman of the Board	Php15,000.00	Php5,000.00
Executive / Non-Executive Directors	Php15,000.00	Php5,000.00
Independent Directors	Php20,000.00	Php10,000.00

Other than per diem. Monthly allowance, remuneration for Executive Directors may also be comprised of a fixed salary in terms of their appointment as approved by the Board and variable-pay-based according to the Corporation's and individual performance.

Fixed remuneration for Non-Executive and Independent Directors shall reflect the time, commitment and responsibilities of the role. Other than the per diem/monthly allowance, there are no other standard arrangements pursuant to which Non-Executive and Independent Directors are compensated or to be compensated.

Other Arrangements

None

Employment Contracts

There are no special employment contracts between the Company and Senior Management.

Warrants and Options Outstanding

There are no outstanding warrants and options held by any of the Company's directors and executive officers.

Item 7. Independent Public Accountants

Independent Public Accountants

For the appointment of the external auditor, the Board of Directors approved the appointment of MOORE Roxas Tabamo & Co. The external auditor presents the results of the Audited Financial Statements to the Board for approval.

The representatives of the independent public accountant are expected to be present at the current year's annual meeting of stockholders. They may also make a statement and respond to appropriate questions with respect to matters for which their services were engaged.

The handling partner for the Company's account is Christian Francis S. Felismeno. The Company will comply with paragraph 3(b)(ix) of the Securities Regulation Code Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed every five (5) years of engagement, or earlier and that a two (2) year cooling off period shall be observed on the re-engagement of the same signing partner.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with the external auditors on any manner of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company.

Audit and Audit Related Fees

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

Professional service fees rendered by the Company's external auditors				
	2021	2022	2023	2024
Audit Fee²	1,030,400.00	543,020.00	579,600.00	1,255,800.00

Topline Logistics and Development Corp., a subsidiary of the Company, has also engaged MOORE RT&Co for tax advisory services on August 12, 2024 with professional fees amounting to Three Hundred Thousand Philippine Pesos (Php300,000.00)³.

The Company did not change accountants and there has been no disagreement with previous and current accountants.

² Inclusive of VAT and OPE

³ Exclusive of 15.0% out-of-pocket expenses.

In relation to the audit of the Company's annual financial statements, the Company's Manual on Corporate Governance, which was approved by the Board of Directors on March 30, 2022 provides that the audit committee shall, among other activities (i) ensure that the internal and external auditors act independently of each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; and (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors.

The Audit Committee recommends to the Board the appointment, reappointment, removal and fees of the external auditor, duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

Item 8. Compensation Plans

Compensation Plan

The Compensation Structure for Key Officers of the Company shall be devised such that:

- 1) Officers are rewarded based on their individual performance and on their ability to execute their duties and responsibilities effectively and
- 2) The Company to ensure its top talents efficiently run the Company with a long-term perspective.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

None

Item 10. Modification or Exchange of Securities

None

Item 11. Financial and Other Information

Please refer to Part II (Operational and Financial Information) of the Company's Management Report attached hereto as **Annex "B"**.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

None

Item 13. Acquisition or Disposition of Property

None

Item 14. Restatement of Accounts

The audited financial statements of the company have been prepared in compliance with Philippine Reporting Standards (“PFRS”)

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The following are included in the agenda of the Special Meeting of Stockholders for the approval of the stockholders:

1. Call to Order
2. Proof of notice of the meeting and existence of quorum
3. Determination of Quorum & Rules of Conduct of Procedures
4. Ratification of the resolution of the Board Resolution dated October 8, 2025 relative to the following:
 - (i) Amendment of Articles of Incorporation – Reclassification of 800,000,000 Common Shares to 800,000,000 Preferred Shares;
 - (ii) Delegation to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the features of said preferred shares as well as other terms and conditions for the issuance thereof; and
 - (iii) Authorize the BOD (i) to engage the services of advisors to assist it in studying options for capital raising activities such as private placement, follow on offering, and/or debt issuances and (ii) to set the terms of such capital raising activity or activities.
5. Other Matters
6. Adjournment

A summary of the matters approved and recorded in the Minutes of the Annual Meeting of the Stockholders last July 18, 2025 is as follows:

1. Reading and approval of the Minutes of the Annual Meeting of the Stockholders held on July 12, 2024
2. Approval of the Audited Financial Statements for the year ended December 31, 2024
3. Approval of the Amendment of By Laws – Amendment of date of Annual Stockholders’ Meeting from July 12 of every year to Second Friday of July
4. Appointment of External Auditor
5. General ratification of all acts and resolutions of the Board of Directors and its committees, officers and management since the last annual stockholders’ meeting up to the date of this meeting
6. Election of Board of Directors

Below is a brief description of the material matters approved by the Board of Directors and Management disclosed to the SEC and PSE which are all for ratification by the stockholders during the 2026 Special Stockholders’ Meeting:

Date of Board Approval	Description
October 8, 2025	<p>(i) Amendment of Articles of Incorporation – Reclassification of 800,000,000 Common Shares to 800,000,000 Preferred Shares;</p> <p>(ii) Delegation to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the features of said preferred shares as well as other terms and conditions for the issuance thereof; and</p> <p>(iii) Authorize the BOD (i) to engage the services of advisors to assist it in studying options for capital raising activities such as private placement, follow on offering, and/or debt issuances and (ii) to set the terms of such capital raising activity or activities.</p>

Required Disclosures under Section 49 of the Revised Corporation Code of the Philippines

As of **October 31, 2025**, the stockholders of the Company are as follows:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held		% of Class
				Direct	Indirect	
Common	<p>Topline Equity Corporation <i>19F Latitude Corporate Center, Mindanao Avenue Cebu Business Park, Luz, Cebu City</i> <i>Parent Company</i></p>	<p>Lapasaran Lim family – (Beneficial owner of Parent Company Stockholder Topline Equity Corporation)</p>	Filipino	6,479,106,000		60.31%
Common	<p>PCD Nominee Corporation 37th Floor, <i>Tower 1, the Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas 1226 Makati City, Philippines</i> <i>Stockholder</i></p>	<p>PDTC Participants and their clients</p>	Filipino	3,226,046,993		30.03%
Common	<p>PCD Nominee Corporation 37th Floor, <i>Tower 1, the Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas 1226 Makati</i></p>	<p>PDTC Participants and their clients</p>	Non-Filipino	1,037,040,000		9.65%

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held		% of Class
				Direct	Indirect	
	<i>City, Philippines Stockholder</i>					
Common	Eugene Erik C. Lapasaran Lim	Chairman and President	Filipino	1	789,999,999	7.35%
Common	Brigitte Carmel C. Lapasaran Lim	Senior Vice President, Chief Operating Officer, Corporate Secretary	Filipino	1	197,499,999	1.84%
Common	Constance Marie C. Lim	First Vice President, Chief Finance Officer	Filipino	1	197,499,999	1.84%
Common	Suzanne Dorothy C. Lapasaran Lim	Director	Filipino	1	197,499,999	1.84%
Common	Maria Theresa Y. Lugue	Director	Filipino	1	200,999	0%
Common	Atty. Maria Iolanda B. Abella	Independent Director	Filipino	1	120,999	0%
Common	Luis A. Cañete	Independent Director	Filipino	1	120,999	0%

Topline Equity Corporation (“TEC”) is the principal stockholder of the Company. As of **October 31, 2025**, TEC holds a total of 6,479,106,000 shares of the Company. The Board of Directors of TEC has the power to decide how the TEC shares in the Company are to be voted. “Any One” of the following directors/officers of TEC is authorized to vote the shares of TEC in the Company”

- a. Eugene Erik C. Lapasaran Lim - President and CEO
- b. Brigitte Carmel C. Lapasaran Lim - Senior Vice President and COO
- c. Constance Marie C. Lim - First Vice President and CFO

PCD Nominee Corporation is the registered owner of the shares in the books of the Company’s stock and transfer agent. PCD Nominee is a corporation wholly-owned by the Philippine Depository and Trust Corporation, Inc. (“PDTC”) whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines.

Under the current PDTC system, only participants (e.g., brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee.

A directors' attendance report indicating the attendance of each director since the date of its Annual Stockholders' Meeting last July 18, 2025

	July 18, 2025	August 14, 2025	August 18, 2025	October 8, 2025	October 14, 2024
Eugene Erik C. Lapasaran Lim	✓	✓	✓	✓	✓
Brigitte Carmel C. Lapasaran Lim	✓	✓	✓	✓	✓
Constance Marie C. Lim	✓	✓	✓	✓	✓
Suzanne Dorothy C. Lapasaran Lim	✓	✓	✓	✓	✓
Maria Theresa Y. Lugue	✓	✓	✓	✓	✓
Maria Iolanda B. Abella	✓	✓	✓	✓	✓
Luis A. Canete	✓	✓	✓	✓	✓

Appraisal and performance report for the board and the criteria/procedure for assessment

Pursuant to the Company's Manual on Corporate Governance, the Board conducts an annual self-assessment of its performance, including the performance of the Chairperson, individual members and committee members.

Directors' disclosures on self-dealing and related party transactions

There are no Advisement Report requiring disclosure of a material related party transaction as reported by any Director, Officer, and Senior Manager of the Company.

Item 16. Matters Not Required to be Submitted

None

Item 17. Amendment of Charter, Bylaws or Other Documents

An Amendment to Article VII of the Company's Articles of Incorporation is one of the Agenda for approval of stockholders during the Special Stockholders Meeting on December 22, 2025. The amendment is as follows:

Article and Section Nos.	From	To	Reason
Article VII	Article VII: That the authorized capital stock of the corporation is ONE BILLION SIX HUNDRED MILLION PESOS (P1,600,000,000.00), Philippine Currency, and said capital stock is divided into SIXTEEN BILLION (16,000,000,000) shares with par value of TEN	<u>Article VII: That the authorized capital stock of said corporation is ONE BILLION SIX HUNDRED MILLION PESOS (P1,600,000,000.00), Philippine Currency, and said capital stock is divided into FIFTEEN BILLION TWO HUNDRED MILLION (15,200,000,000)</u>	The reclassification is intended to provide the Company flexibility in issuance of shares.

	<p>CENTAVOS (P.0.10) each.</p> <p>No stockholder of any class shall be entitled to any pre-emptive right to purchase, subscribe for, or receive any part of the shares of the corporation, whether issued from its unissued capital, increase in its authorized capital or its treasury stock. The corporation shall comply with the lock-up requirements provided under the Listing Rules for the Main and Small, Medium and Emerging Board of The Philippine Stock Exchange, Inc. (the “Exchange”), subject to any waiver or exemption that may be granted by the Exchange in respect of such lock-up requirement. (As approved by the Board of Directors and shareholders on 18 April 2024)</p>	<p><u>common shares and EIGHT HUNDRED MILLION (800,000,000) preferred shares, all with a par value of TEN CENTAVOS (P0.10), Philippine Currency, each.</u></p> <p><u>The Preferred Shares shall have the following features, which shall be printed on the relevant stock certificate issued by the Corporation:</u></p> <ol style="list-style-type: none"> <u>1. Issue value to be determined by the Board of Directors at the time of issuance;</u> <u>2. Dividend rate to be determined by the Board of Directors at the time of issuance;</u> <u>3. Cumulative in terms of payment of current and unpaid back dividends;</u> <u>4. Non-voting, except in matters mandatorily required by law;</u> <u>5. Non-participating in any other dividends beyond those specifically determined and payable on the shares;</u> <u>6. Non-convertible to Common Shares;</u> <u>7. Redeemable at the option of the Corporation under such terms that the Board of Directors may approve at the time of issuance;</u> <u>8. Preference over holders of Common Shares in the distribution of corporate assets and in the payment of</u> 	
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		<p><u>dividends at the rate specified at the time of issuance;</u></p> <p><u>9. No pre-emptive rights to any issue of shares, whether Common or Preferred;</u></p> <p><u>10. Re-issuable under such terms as the Board of Directors may approve at the time of re-issuance; and</u></p> <p><u>11. May be transferred to foreign citizens, corporations, and associations, subject to compliance with nationality restrictions, if any.</u></p> <p><u>The Preferred Shares may be issued on such date and in such manner as may be determined by the Board of Directors, which shall likewise be authorized to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate, issue price, and other features as well as other terms and conditions for each such series of shares.</u></p> <p>No stockholders of any class shall be entitled to any pre-emptive right to purchase, subscribe for, or receive any part of the shares of the corporation, whether issued from its unissued capital, increase in its authorized capital or its treasury stock. The</p>	
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		<p>corporation shall comply with the lock-up requirement provided under the Listing Rules for the Main and Small, Medium and Emerging Board of The Philippine Stock Exchange, Inc. (the “Exchange”), subject to any waiver or exemption that may be granted by the Exchange in respect of such lock-up requirement. (As approved by the Board of Directors and shareholders on 18 April 2024)</p>	
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The rationale for the reclassification is intended to provide the Company’s flexibility in the issuance of shares.

Item 18. Other Proposed Action

None

Item 19. Voting Procedures

There’s no voting requirement to amend the Articles of Incorporation under the By Laws. However, the Section 15 of the Revised Corporation Code (RCC) states that “Unless otherwise prescribed by this Code or by special law, and for legitimate purposes, any provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of director and the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of this Code.

Methods by which votes will be counted

The votes of the stockholders registered as present in the meeting or by proxy, or voting in absentia, shall be counted electronically, and the Chairperson will announce the result of the voting. Stockholders participating in the online meeting are given an electronic ballot which will allow them to vote on all items in the agenda presented for voting in the meeting. The ballots will be filled up electronically by stockholders and submitted electronically to the Corporate Secretary or her duly authorized representative/s. The valid votes will be counted by the Corporate Secretary. The Chairman will then announce the result after the counting.

Guidelines for Participating via Remote Communication and Voting in Absentia

The 2025 Special Meeting of Stockholders of TOP LINE BUSINESS DEVELOPMENT CORP. (the “Corporation”) shall be held on December 22, 2025, Tuesday at 8:30 am through

remote communication through teleconferencing and/or videoconferencing, in accordance with the rules and regulations of the Securities and Exchange Commission.

The Board of Directors has fixed the Record Date at the end of trading hours of the Philippine Stock Exchange on November 10, 2025 for the determination of stockholders entitled to notice of and vote at such meeting and any adjournment thereof.

Registration starts at 8:30 a.m. and will close at exactly 9:15 a.m. The Corporation will only allow attendance by remote communication and voting in absentia, subject to validation procedures.

Stockholders who will participate in the SSM by remote communication should pre-register at <https://tinyurl.com/TOPSSM2025> on or before November 25, 2025. Successful registrants will receive an email invitation with a complete guide on how to join the SSM and how to cast votes in absentia. For any registration concerns, please contact investorrelations@topline.ph. Please refer to the Definitive Information Statement on the guidelines for voting at the Corporation's website at www.topline.ph. Only stockholders who have successfully registered within the prescribed period, together with the stockholders who voted in absentia and by proxy, will be included in the determination of quorum.

Proxies, in the form provided by the Corporation, must be submitted to the Corporation's Corporate Secretary, at the Principal Office of the Corporation, or through investorrelations@topline.ph not later than November 25, 2025. The proxies shall be validated on December 1, 2025 at the Principal Office of the Company. The Corporate Secretary's decision shall be final and binding on the shareholders. **WE ARE NOT, HOWEVER, SOLICITING PROXIES.**

Stockholders may send their questions about the SSM and the Corporation to its Investor Relations Officer at investorrelations@topline.ph. Pursuant to SEC Notice dated March 12, 2025, the Stockholders may examine the Definitive Information Statement, and Management Report on the Corporation's website and through the PSE Edge Portal. There shall be an audio and video recording of the SSM. All votes cast shall be validated by the Stock and Transfer Agent, Stock Transfer Service, Inc.

Pre-Registration

A stockholder who wishes to attend in the 2025 SSM must pre-register at <https://tinyurl.com/TOPSSM2025> on or before November 25, 2025 and upload any one of the following supporting documents:

Individual Stockholder:

1. Copy of any valid government ID of the stockholder of proxy
2. Duly signed Proxy form, if applicable

Multiple Stockholders:

1. Special Power of Attorney of the stockholder who will vote
2. Copy of any valid government ID of all stockholders

Corporate Stockholders:

1. Board resolution or Secretary's Certificate appointing the authorized representative to vote

2. Duly signed Proxy form, if applicable
3. Copy of any valid government ID of the authorized representative

Stockholders with Shares under Broker Accounts:

1. Certification from broker as to the number of shares owned by stockholder
2. Copy of any valid government ID
3. Duly signed Proxy form, if applicable

Voting

Stockholders who have successfully registered shall be notified via email of the link to the voting portal and the link to the SSM proper.

Others

Stockholders may send their questions about the SSM and the Company to its Investor Relations Officer at investorrelations@topline.ph. She will reply accordingly. Pursuant to SEC Notice dated March 12, 2025, the Stockholders may examine the Definitive Information Statement, and Management Report on the Corporation's website and through the PSE Edge Portal. There shall be an audio and video recording of the SSM. There will be an audio and video recording of the SSM, which will adequately maintained by the Company and will be made available to participating stockholders upon written request.

Restriction that Limits the Payment of Dividends on Common Shares

None

Recent Sales of Unregistered or Exempt Securities Including Recent Issuance of Securities Constituting an Exempt Transaction

Not applicable

Corporate Governance

The Board of Directors has adopted the Company's Manual on Corporate Governance ("**Manual**") on March 30, 2022 which adopts the governance principles embodied in the Code of Corporate Governance for Publicly Listed Companies issued by the SEC on December 19, 2019. The Manual sets forth the principles of best practices and good corporate governance in the entire organization. The Manual provides that the Board of Directors has the primary responsibility for the governance of the corporation.

In adopting the Manual, the Company understands the responsibilities of the Board of Directors and its members, in governing the conduct of its business, the Board Committees, in focusing on specific board functions to aid in the optimal performance of its roles and responsibilities, and the officers, in ensuring adherence to corporate principles and best practices. To date, there has been no deviation from the Company's Manual even as the Company is still in the process of establishing a formal evaluation system for determining the extent of compliance of the Board and senior management of the Company with the Manual.

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF THE COMPANY'S SEC 20-IS AND MANAGEMENT REPORT, FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH CHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY HERETO SHALL BE ADDRESSED AS FOLLOWS:

ATTENTION:

ANDREA MA. ISABELLA M. VARGAS-GARCIA

Investor Relations and Corporate Communications Officer

TOP LINE BUSINESS DEVELOPMENT CORP.

19TH Floor, Latitude Corporate Center, Cebu Business Park, Mindanao Avenue, Brgy. Luz, Cebu City, Cebu Philippines 6000

andreavargas@topline.ph

investorrelations@topline.ph

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Cebu on **November 3, 2025**.

TOP LINE BUSINESS DEVELOPMENT CORP.

By:



ATTY. TARA TSARINA B. PEREZ-RETUYA

Chief Compliance Officer

ANNEX A

REPUBLIC OF THE PHILIPPINES)
Cebu City) S.S.

SECRETARY'S CERTIFICATE

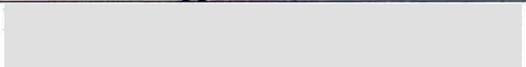
I, **BRIGITTE CARMEL C. LAPASARAN LIM**, of legal age, Filipino, and with office address at the 19F Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City, Cebu, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the duly elected, qualified, and incumbent Corporate Secretary of **TOP LINE BUSINESS DEVELOPMENT CORP.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at the 19F Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City, Cebu.
2. As such Corporate Secretary, I am in custody of the corporate books and records of the Corporation, including the minutes of meetings of its Board of Directors and Stockholders.
3. I hereby certify that no Director or Officer of the Corporation is connected with any government agency or instrumentality.

IN WITNESS WHEREOF, I have hereunto affixed my signature this October 20, 2025 in Cebu City.


BRIGITTE CARMEL C. LAPASARAN LIM
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in Cebu City, this 20 day of OCT 20 2025, personally appeared the following:

Affiant	Competent Evidence of Identity	
	Type of ID	Passport Number and Expiry Date (if applicable)
BRIGITTE CARMEL C. LAPASARAN LIM	Passport	

Doc. No. V98 ;
Page No. 97 ;
Book No. 1 ;
Series of 2025.




ATTY. TARA TSARINA B. PEREZ
Notary Public for Cebu City
Notarial Commission No. 012-25 until December 31, 2026
Roll of Attorneys No. 58934
IBP No. 478048 11/20/2024; Cebu City
PTR No. 2709315 11/22/2024; City of Cebu
MCLE Compliance No. VII-0014463; April 14, 2025
19F Latitude Corporate Center, Mindanao Avenue,
Cebu Business Park, Brgy. Luz, Cebu City, Philippines

MANAGEMENT REPORT

PART I BUSINESS AND GENERAL INFORMATION

Item 1 Business

(A) Business Development

Top Line Business Development Corp. (“**TOP** or the “**Company**”) was registered with the Securities and Exchange Commission on July 12, 2013. The Company mainly engages in commercial fuel trading, serving industrial accounts across various sectors including transportation (both marine and land), construction, mining, and agriculture across the high growth¹ of Cebu province. TOP has developed a strong suite of internal capabilities in liquid fuel distribution, ranging from bulk procurement and storage, commercial sales, transportation and logistics, as well as customer support. TOP believes that its ability to provide quality fuels at a competitive price, alongside its 24-hour turnaround time and dedication to customer service provides the Company a strong competitive advantage over other fuel providers. Top Line also remains fully compliant with all pertinent regulations, particularly with its excise taxes for its fuel supply. TOP’s management team has a collective 45 years of experience in operations.

(B) Business of Issuer

1. Description of registrant

a. Principal products and services

Top Line started its commercial fuel trading operations in 2017. This segment continues to be its core revenue driver for the Company, with this segment accounting for 99.6%, 99.6%, 96.6%, and 97.6% of total revenues in the financial year ended December 31, 2021, 2022, 2023, and 2024, respectively. This segment caters to customers with requirements of above 4,000 liters per order in transportation, construction, shipping, and mining, among others. Its commercial fuel trading operations are backed by a fleet of 22 tanker trucks.

In 2020, the Company expanded vertically into the higher-margin retail market through its wholly-owned subsidiary, Light Fuels Corporation (“**Light Fuels**” or “**LFC**”). LFC intends to cater to underserved geographies and markets. Light Fuels will also serve a broad base of customers through network of Light Fuels stations located throughout the Metro Cebu area.

Foreign Sales

Top Line does not derive any revenue from foreign sales.

¹ Center for Research and Communication Foundation, Inc. (2024, June). The Philippine Fuel Distribution Industry: Prospects, Risks, and Critical Success Factors.

b. Distribution Methods

Commercial Fuel Trade (CFT)

This segment caters to customers with requirements of more than 4,000 liters per order in transportation, construction, shipping, and mining, among others. Its commercial fuel trading operations are backed by a fleet of 31 tanker trucks as of September 30, 2025. By understanding the intricacies of each industry and collaborating closely with partners, the Company delivers customized fuel distribution solutions that align with its customers' operational objectives and timelines. Commercial fuel trading provides flexible delivery schedules, bulk purchasing options, and dedicated account management to streamline transactions and optimize efficiency.

Depot Operations

The Company is leasing storage fuel tanks situated within a depot terminal located in Mandaue City, Cebu. These storage fuel tanks enable Top Line to maintain ample fuel reserves to meet the fluctuating demands of customers while ensuring uninterrupted supply and timely delivery. In 2024, the Company started fuel depot operations and leased depot spaces with a total capacity of 5.1 million liters in Mandaue, Cebu.

As of September 30, 2025, the Company has expanded its operations by leasing additional depot spaces in the same area, bringing the total storage capacity to 15.9 million liters.

Business-to-Business (B2B)

The B2B business model is similar to the Company's commercial fuel trading business, albeit catering to customers with smaller order requirements of 4,000 liters or less per order. This segment is intended to utilize the existing Light Fuels retail network as its supply point, thereby facilitating faster turnaround times throughout the radius of each service station's covered area. Moreover, this segment will provide key benefits, such as flexible delivery schedules, bulk purchasing options, and dedicated account management to streamline transactions and optimize efficiency.

Retail Service Stations

The Company caters to the higher-margin retail fuel sector through Light Fuels. LFC serves a broad base of customers and it intends to expand its retail footprint throughout the Central Visayas region through the retail formats below:

Tier 1 Stations – full service fuel stations operating under the “Light Fuels” brand. These stations have a fuel forecourt and dedicated commercial spaces for food stations, retail shops, as well as convenience stores. Tier 1 Stations are located along major thoroughfares in the Central Visayas region.

Tier 2 Stations – the planned smaller-scale service stations also operating under the “Light Fuels” brand. These stations are limited to a fuel forecourt located along major

thoroughfares in the Central Visayas region. These stations have no commercial spaces but can be upgraded to a Tier 1 station in the future.

Light Fuels Express – the planned small-footprint fuel station operating under the “Light Fuels Express” brand. These stations are designed to accommodate two-wheeled and light vehicles, which is a fast-growing niche in the region. These stations are located in major thoroughfares and in secondary and interior roads in the Central Visayas region.

Light Fuels’ first retail service station, a Tier 1 Station, was inaugurated on February 18, 2023 in Mandaue City.

As of September 30, 2025, LFC has opened twenty-three (23) additional service stations located in: (1) Jagobiao, Mandaue City; (2) North Reclamation Area, Mandaue City; (3) Yati, Municipality of Liloan; (4) Looc, Lapu-Lapu City; (5) Talamban, Cebu City; (6) Guiwanon, Argao; (7) Langub, Asturias; (8) New Bago, Asturias; (9) Baliwagan, Balamban; (10) Nangka, Balamban; (11) Libertad, Daanbantayan; (12) Tapilon, Daanbantayan; (13) Liong, Dumanjug; (14) Tangil, Dumanjug; (15) Kawit, Medellin; (16) Tuyan, Naga; (17) Tajao, Pinamungajan; (18) Samboan; (19) Poblacion, San Remigio; (20) Tambongon, San Remigio; (21) Talisay, Santander; (22) Brgy. 8, Tuburan; (23) Daanlungsod, Tuburan.

Four (4) of the operational stations are Tier 1 Stations, three (3) are Tier 2 Stations, and seventeen (17) are Light Fuels Express.

As of September 30, 2025, twenty (20) stations are undergoing different phases of regulatory permitting and physical renovation in preparation for commercial operations, while four (4) more are in various stages of construction and development, with plans of establishing one (1) Tier 1 Station, seven (7) Tier 2 Stations, and thirteen (13) Light Fuels Express. Light Fuels has already secured the ECC/CNC for sixteen (16) service stations while the remaining applications for ECC/CNC are pending evaluation with the DENR.

Light Fuels sources its liquid fuel supply requirements from Top Line.

c. New Products and Services

In line with the Group’s commitment to innovation and strategic diversification, five (5) major initiatives were introduced as of September 30, 2025 under the Commercial Fuel Trade and Retail Trade:

Introduction of MOGAS in CFT

The Group expanded its fuel distribution portfolio with the launch of MOGAS (motor gasoline) products. This initiative aims to capture additional market share in the retail fuel segment by providing high-quality, competitively priced gasoline alongside existing ADO (diesel) offerings.

The introduction of MOGAS allows the Group to serve a broader customer base – particularly retail stations and commercial clients with mixed-fleet requirements – while optimizing logistics and storage capacity across key terminals. As of September 30, 2025, CFT has already served about 161 fuel stations, more or less, in Central Visayas.

Launch of Light Rewards App

To strengthen customer engagement and drive brand loyalty, the Group rolled out a mobile-based Rewards App under its retail arm. The platform offers points accumulation, exclusive promos, and personalized offers to customers, enhancing repeat customer retention and leveraging customer data for targeted marketing.

Acquisition of Retail Network

In July 2025, the Group, through its subsidiary LFC, successfully acquired a strategic retail network consisting of 38 independently operated fuel stations located in key urban and provincial growth areas.

The acquisition significantly accelerates the Group’s retail footprint across Cebu, Leyte, Siquijor, and Negros Oriental, enabling a deeper market penetration and higher sales volumes. In addition, by adding a depot facility in Negros Oriental and expanding its tanker truck fleet, the Group is able to strengthen its fuel storage, handling, and distribution capabilities, leading to greater operational efficiency and reduced logistics cost.

Entry into Automated Motorwash and Carwash Services

To complement its retail fuel network and address evolving customer needs, the Group ventured into automated Motorwash and Carwash services in selected company-owned and operated stations. This initiative introduces a value-added service model, increasing site traffic and customer dwell time while optimizing station profitability.

The service offering is aligned with the Group’s sustainability objectives, utilizing eco-friendly and water-efficient technology for its customers. As of September 30, 2025, the Group has six (6) operational automated Motorwashes. One (1) automated Carwash is currently under the final stages of installation and will soon be operational.

Investment in Quick Service Restaurants (QSRs)

In partnership with a leading convenience store chain and several local quick service brands, the Group began the co-location of dining and retail outlets within select retail fuel sites. This initiative aims to maximize land use efficiency and enhance the overall customer experience by transforming service stations into quick-stop, multi-purpose community hubs.

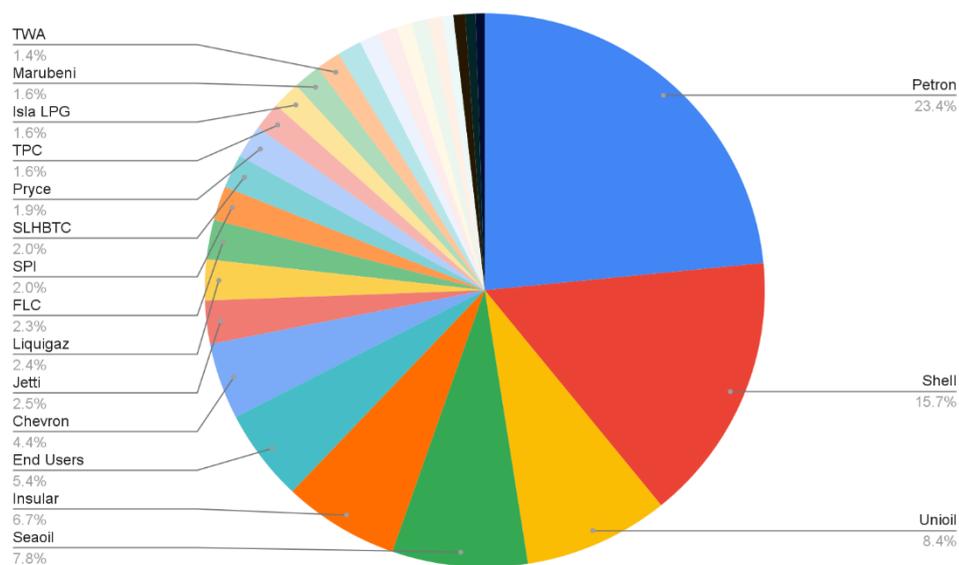
The integration of QSRs creates synergistic revenue opportunities, drives consistent foot traffic, and supports the Group’s long-term goal of diversifying its non-fuel income base.

d. Competition

In the competitive landscape of the fuel industry, Top Line considers the leading fuel brands with extensive nationwide reach to be its main competition. Based on the study by CRC², as of June 2023, the “Big Three” major oil companies such as Petron Corporation, Pilipinas Shell Petroleum Corporation, and Chevron (Caltex) Philippines, Inc. accounted for 43.1% of the total demand, while other players in the oil industry, such as Seoil, Insular, and Unioil, collectively held 51.6% of the market. Other than the “Big Three” in the liquid fuels industry, there are numerous other suppliers selling fuel products by retail and direct deliveries to customers. Each competitor comes in different forms and looks. Newer players keep on entering the retail segment, some of them with their own import activities.

Over the years, multiple independent players have expanded their market share, from less than 40% of total share in 2019 to controlling over half of the market in 2023.

**Market Share of Petroleum Industry Players in Total Petroleum Products
(as of June 2023)**



Source: Department of Industry

The Company endeavors to play along with the competition by cornering also the supply for the independent players, especially those without import capabilities.

A comparative analysis of key industry players and Top Line’s direct competitors are as follows:

² *Ibid.*

Company/Industry Activities	Refinery	Storage & Terminal Operators	Importers	Bulk Traders	Haulers	Retailers
Petron	★	★	★	★	★	★
Pilipinas Shell		★	★	★	★	★
Chevron (Caltex)		★	★	★	★	★
Seaoil		★	★	★	★	★
Insular		★	★	★	★	
Unioil		★	★	★	★	★
Phoenix		★	★	★	★	★
Total		★	★	★	★	★
RePhil			★	★	★	★
Top Line		★		★	★	★
Diatoms				★		★
Kitrol		★	★	★	★	★
FERC fuel			★		★	★

Source: Company profiles official websites, local news, key informant and desk research

Except for the Company, Diatoms, and FERC, the rest of the major competitors are highly integrated with capabilities that extend all the way from importing to bulk trading, storage, hauling, and retailing. Most of these major players have either been in the industry for a while or are backed up with strong partnerships allowing them gradually to stretch their value chain activities and expand their market presence.

The Company believes that it can effectively compete with other companies in its area of competition because it has identified and studied the trends and drivers for petroleum products including forecast scenarios, recommendations on the business model and value creation, business prospects, and, most importantly, has taken into account the critical success factors for the Philippine petroleum industry, relative to the Company’s business. To compete in the industry, the Company is positioned as follows:

- Its pricing strategy is carefully calibrated to offer competitive rates without compromising product quality. By striking a balance between affordability and value, it aims to attract and retain customers while remaining financially sustainable in a competitive market environment.
- The Company’s business model is designed to cater to the needs and preferences of its target market segments, particularly focusing on less saturated markets like the Visayas region.
- Its key focus areas encompass various facets of our operations, ranging from customer experience enhancement to sustainability initiatives.

By prioritizing areas such as customer-centricity, operational efficiency, and environmental stewardship, TOP aims to carve out a distinct identity in the market and create value for our stakeholders beyond mere product offerings.

e. Suppliers

The Company has several fuel suppliers but has been sourcing a significant portion of its fuel supply from Petron. The Company periodically enters into short term supply agreements with Petron (which agreements usually expires on June 30). The latest agreement was signed and notarized on January 22, 2025, and covers the period from September 1, 2024 to August 31, 2025, subject to automatic renewal on a yearly basis unless sooner terminated by either Party by giving the other a written notice at least forty-five (45) days prior to the intended date of termination. Finalization of the renewal contract is pending between the parties.

It is important to note that, historically, even if agreements expire and are awaiting renewal, the Company's fuel supply remains uninterrupted.

Aside from Petron, the Company also sources its products from other principal suppliers, including Insular Oil, Sea Oil, Unioil, and Petrelaio. The Company plans to directly import raw materials from abroad by 2026.

f. Dependence Upon Single/Few Supplier/Customer

The Company maintains groups of customers to support its volume through the years. Considering the volatility in pricing, customers tend to shop for the most favorable price offers. At this level, service and payment arrangements become the differentiating factor to maintain the customers and attract new ones.

The key industries that TOP caters to is broken down below:

	Total Volume %
Shipping	37.1%
White stations	31.5%
Industrial	14.5%
Transportation	8.1%
Construction	5.3%
Manufacturing	3.4%

The Company has customers in multiple industries, and is not dependent on a single customer. The Company ensures that the business is well-distributed among a diverse group of customers from different sectors to avoid concentration in one or a few particular accounts.

g. Transaction with Related Parties

The Company's transactions with related parties pertain to acquisitions of property and cash advances which are unsecured, noninterest-bearing, and due and payable upon demand. The Company's transactions with related parties as of the financial years ended December 31, 2023 and December 31, 2024 are as follows:

	Movements	Outstanding Balance		Terms and Conditions
		2024	2023	
Other receivable (Note 6):				
TSDC (i)	Beginning	₱10,000,000	₱-	Unsecured, non-interest bearing, payable on demand
	Net Movement	(10,000,000)	10,000,000	
		-	10,000,000	
TPDC (ii)	Beginning	3,000,000	-	Unsecured, non-interest bearing, payable on demand
	Net Movement	(3,000,000)	3,000,000	
		-	3,000,000	
Pier 88 (iii)	Beginning	13,391,727	-	Unsecured, non-interest bearing, payable on demand
	Net Movement	72,322,559	13,391,727	
		85,714,286	13,391,727	
TMC (iv)	Beginning	-	-	Unsecured, non-interest bearing, payable on demand
	Net Movement	450,000	-	
		450,000	-	
		₱86,164,286	₱26,391,727	

	Movements	Outstanding Balance		Terms and Conditions
		2024	2023	
Due from (vi):				
TEPDC	Beginning	₱12,655,595	₱100,555,451	Unsecured, non-interest bearing, payable on demand
	Net Movement	150,107,175	(87,899,856)	
		162,762,770	12,655,595	
TMWDC	Beginning	14,094,681	49,718,010	Unsecured, non-interest bearing, payable on demand
	Net Movement	28,954,366	(35,623,329)	
		43,049,047	14,094,681	

Vikingland Corp.	Beginning	10,964,890	11,600,000	Unsecured, non-interest bearing, payable on demand
	Net Movement	86,907,910	(635,110)	
		97,872,800	10,964,890	
THTSC	Beginning	33,842,277	28,370,464	Unsecured, non-interest bearing, payable on demand
	Net Movement	51,901,596	5,471,813	
		85,743,873	33,842,277	
TPDC	Beginning	18,890,000		Unsecured, non-interest bearing, payable on demand
	Net Movement	112,581,243	18,890,000	
		131,471,243	18,890,000	
Pier 88	Beginning	-	300,000,000	Unsecured, non-interest bearing, payable on demand
	Net Movement	-	(300,000,000)	
		-	-	
		520,899,733	90,447,443	
Deposit for future stock subscription (Note 16):				
Shareholders	Beginning	₱367,500,000	₱441,158,600	Unsecured, non-interest bearing, payable on demand
	Net Movement	(367,500,000)	(73,658,600)	
		₱-	₱367,500,000	

h. Trademarks/Tradenames

As of September 30, 2025, the following trademarks are registered/being applied for registration in the Philippines in name of the Company's Chairman, President and CEO, Eugene Erik C. Lapasaran Lim:

No.	Trademark	Logo	Registration / Application No.	Date of Registration	Date of Filing	Date of Expiry
1	Top Line Business Development Corporation		42024509335	08-05-2024	04-05-2024	08-05-2034

No.	Trademark	Logo	Registration / Application No.	Date of Registration	Date of Filing	Date of Expiry
2	Light Fuels Corporation		4/2021/00506902	03-05-2022	03-22-2021 Declaration of Actual Use (3 rd Year) filed on 03-22-2024	03-05-2032
3	Topline Logistics and Development Corporation		42024509337	10-17-2024	04-05-2024	10-17-2034
4	Light Fuels Corporation		PH4202500518531	N/A (Current Status: Published)	08-08-2024	Pending
5	Top Line Business Development Corporation		PH4202500518525	N/A (Current Status: Published)	October 7, 2025	Pending

None of the Company's above-listed intellectual properties are subject to a mortgage, lien or encumbrance.

i. Government Approvals

The Company has obtained, applied for, or is in the process of applying or renewing all material permits and licenses from national and local government units and other government units required to conduct its business. The Company expects to obtain these permits and licenses in the ordinary course.

j. Effect of Existing Governmental Regulations

Detailed below are all the major permits and licenses necessary for the Company and its Subsidiaries to operate their businesses, the failure to possess any of which would have a material adverse effect on its business and operations. The Company believes that it has all the applicable and material permits and licenses necessary to operate its business as currently conducted and such permits and licenses are valid, subsisting, or pending renewal.

Top Line Business Development Corp.

Permits/License Issued	Issuing Agency	Date Issued	Date of Expiry	Permit / License No.
Certificate of Incorporation	Securities and Exchange Commission	July 12, 2013	N/A	CS201330638
Certificate of Registration	Bureau of Internal Revenue	October 11, 2016	N/A	2RC0001637807
Business Permit	Cebu City	June 9, 2025	June 9, 2026	146497
Business Permit	Mandaue City	April 28, 2025	December 31, 2025	2025-072230000-5670
Business Permit	Mandaue City	January 18, 2025	December 31, 2025	2025-072230000-05679
Business Permit*	Ozamiz City, Misamis Oriental	For renewal	For renewal	N/A
Temporary Business Permit*	Lilo-an, Cebu	For renewal	For renewal	N/A
Barangay Clearance	Brgy. Opao, Mandaue City	January 22, 2025	December 31, 2025	Not specified in document
Fire Safety Inspection Certificate	Bureau of Fire Protection – Regional Office VII	February 13, 2025	February 13, 2026	R-7-70301-476272
Fire Safety Inspection Certificate	Bureau of Fire Protection – Cebu City	May 29, 2025	May 28, 2026	R07-946393
Sanitary Permit *	Liloan	For renewal	For renewal	N/A
Sanitary Permit to Operate*	Mandaue City	For renewal	For renewal	4328
Sanitary Permit to Operate*	Mandaue City	For renewal	For renewal	5886
Environmental Clearance*	Mandaue City - ENRO	For renewal	For renewal	EC No. 006080-2024
Environmental Clearance	Mandaue City - ENRO	May 6, 2025	May 5, 2026	EC No. 005685-2025

Permits/License Issued	Issuing Agency	Date Issued	Date of Expiry	Permit / License No.
Certificate of Compliance	Cebu City, CENRO	May 27, 2025	December 31, 2025	2025-ESAP-00012657
Permit to Operate Storage Facility	Bureau of Internal Revenue	December 13, 2024	December 31, 2025	ELTRD-(P)-001-12-24-5967
Acknowledgment as Downstream Oil Industry Participant	Department of Energy – Oil Industry Management Bureau	September 27, 2024	No expiry	NTEB-LPP-Bulk Distributor and Hauling Services-2023-09-25-061

**The permits held by TLBDC have expired and are currently being renewed.*

Light Fuels Corporation (Formerly, Light Petroleum Corporation)

Permits/License Issued	Issuing Agency	Date Issued	Date of Expiry	Permit / License No.
Certificate of Incorporation	Securities and Exchange Commission	July 13, 2020	N/A	CS202061540
Certificate of Registration	Bureau of Internal Revenue	August 3, 2020	N/A	2RC0001815128
Business Permit (Cebu City)	Cebu City	March 25, 2024	December 31, 2025	173359
Sanitary Permit (Cebu City)*	Cebu City	For renewal	For renewal	N/A
Certificate of Compliance (Cebu City)*	Cebu City - CENRO	For renewal	For renewal	2024-ESAP-00014683
Business Permit (A.C. Cortes, Mandaue City) - for the sale of LPG retail	Mandaue City	April 28, 2025	December 31, 2025	2025-072230000-05693
Business Permit (Jagobiao, Mandaue City)	Mandaue City	January 18, 2025	December 31, 2025	2025-072230000-05687
Business Permit (NRA, Mandaue City)	Mandaue City	April 28, 2025	December 31, 2025	2025-072230000-05697
Business Permit (Lo-oc Lapu Lapu City)	Lapu Lapu City	May 05, 2025	Temporary Permit	015011182
Business Permit (Talamban Cebu City)	Cebu City	Aug. 14, 2025	Temporary Permit	203403

Permits/License Issued	Issuing Agency	Date Issued	Date of Expiry	Permit / License No.
Business Permit (Yati Liloan, Cebu)	Liloan Cebu	January 21,2025	Temporary Permit	2025-0000530
Business Permit (Nangka, Balamban, Cebu)	Balamban, Cebu	July 10, 2025	December 31, 2025	L-0702208-00266
Business Permit (Baliwagan, Balamban, Cebu)	Balamban, Cebu	July 14, 2025	December 31, 2025	551
Business Permit (Baliwagan, Balamban, Cebu)	Balamban, Cebu	July 14, 2025	December 31, 2025	552
Business Permit (Langub Asturias, Cebu)	Asturias, Cebu	July 10, 2025	December 31, 2025	L-0702208-00267
Business Permit (Brgy 8 Tuburan, Cebu)	Tuburan, Cebu	January 22, 2025	December 31, 2025	2025-0702252000-1098
Business Permit (Daanlungsod Tuburan, Cebu)	Tuburan, Cebu	January 16, 2025	December 31, 2025	2025-0702252000-0686
Business Permit (Tambongon San Remegio, Cebu)	San Remegio, Cebu	July 09,2025	December 31, 2025	L-0703743-00154
Business Permit (Poblacion San Remegio, Cebu)	San Remegio, Cebu	July 09,2025	December 31, 2025	L-0703743-00155
Business Permit (Poblacion Medellin, Cebu)	Medellin, Cebu	July 10, 2025	December 31, 2025	B-1898
Business Permit (Kawit Medellin, Cebu)	Medellin, Cebu	July 10, 2025	December 31, 2025	B-1897
Business Permit (Tominjao Daanbantayan, Cebu)	Daan Bantayan, Cebu	July 21, 2025	December 31, 2025	2025-0702221000-1368-1366
Business Permit (Libertad Daan bantayan, Cebu)	Daan Bantayan, Cebu	July 21, 2025	December 31, 2025	2025-0702221000-1368
Business Permit (Tapilon, Daan bantayan, Cebu)	Daan Bantayan, Cebu	July 21, 2025	December 31, 2025	2025-0702221000-1367
Business Permit (Guiwanon Argao, Cebu)	Argao, Cebu	July 09, 2025	December 31, 2025	2025-0702205000-1344

Permits/License Issued	Issuing Agency	Date Issued	Date of Expiry	Permit / License No.
Business Permit (Liong Dumanjug, Cebu)	Dumanjug, Cebu	February 05, 2025	December 31, 2025	671
Business Permit (Tangil Dumanjug, Cebu)	Dumanjug, Cebu	February 05, 2025	December 31, 2025	670
Business Permit (Tuyan, Naga)	Naga, Cebu	July 9, 2025	December 31, 2025	NO7-03005-2025
Business Permit (Tajao, Pinamungajan)	Pinamungahan, Cebu	July 22, 2025	December 31, 2025	C0702237-00477
Business Permit (Samboan)	Samboan, Cebu	July 22, 2025	December 31, 2025	2025-0702240000-0383
Business Permit (Talisay, Santander)	Santander, Cebu	July 19, 2025	December 31, 2025	256-2025
License to Operate (A.C. Cortes, Mandaue City) - for the sale of LPG fuel	Department of Energy	September 26, 2023	September 25, 2028	VFO-RO-LightPetroleumCorporation-001-09-2023-0132
Certificate of Compliance (A.C. Cortes, Mandaue City)	Department of Energy	May 17, 2023	May 16, 2028	VFO-COC-LFRO-1889-125-2023-05-Ind082
Certificate of Compliance (NRA, Mandaue City)	Department of Energy	December 18, 2025	December 19, 2029	VFO-COC-LFRO-1361-637-2024-12-Ind327
Certificate of Compliance (Liloan, Cebu)	Department of Energy	January 06, 2025	January 07, 2030	VFO-COC-LFRO-3897-11-2025-01-Ind001
Certificate of Compliance (Jagobiao, Mandaue City)	Department of Energy	November 21, 2024	November 21, 2029	VFO-COC-LFRO-724-570-2024-11-Ind297
Certificate of Compliance (Looc Lapu-Lapu)	Department of Energy	May 08, 2025	May 09, 2030	VFO-COC-LFRO-4009-293-2025-05-Ind158
Certificate of Compliance (Talamban, Cebu City)	Department of Energy	October 01, 2025	September 30, 2030	VFO-COC-LFRO-1577-591-2025-09-Ind322

Permits/License Issued	Issuing Agency	Date Issued	Date of Expiry	Permit / License No.
Certificate of Compliance (New Bago, Asturias Cebu)	Department of Energy	October 01, 2025	September 30, 2030	VFO-COC-LFRO-4159-595-2025-09-Ind325
Certificate of Compliance (Langub, Asturias Cebu)	Department of Energy	October 01, 2025	September 30, 2030	VFO-COC-LFRO-4153-596-2025-09-Ind326
Environmental Compliance Certificate (A.C. Cortes, Mandaue City)	Department of Environment and Natural Resources	April 19, 2023	April 19, 2028	ECC-OL-R07-2023-0071
Environmental Compliance Certificate (Talamban, Cebu City)	Department of Environment and Natural Resources	November 28, 2023	November 28, 2028	ECC-OL-R07-2023-0200
Environmental Compliance Certificate (Jagobiao, Mandaue City)	Department of Environment and Natural Resources	October 6, 2023	October 6, 2028	ECC-OL-R07-2023-0167
Environmental Compliance Certificate (NRA, Mandaue City)	Department of Environment and Natural Resources	January 18, 2024	January 19, 2029	ECC-OL-R07-2024-0014
Environmental Compliance Certificate (Looc, Lapu-Lapu City)	Department of Environment and Natural Resources	June 12, 2024	June 12, 2029	ECC-OL-R07-2024-0111
Environmental Compliance Certificate (MEPZ, Lapu-Lapu City)	Department of Environment and Natural Resources	April 21, 2024	April 21, 2029	ECC-OL-R07-2024-0086
Environmental Compliance Certificate (San Fernando, Cebu)	Department of Environment and Natural Resources	February 1, 2024	February 1, 2029	ECC-OL-R07-2024-0032
Environmental Compliance	Department of Environment	April 21, 2024	April 21, 2029	ECC-OL-R07-2024-0087

Permits/License Issued	Issuing Agency	Date Issued	Date of Expiry	Permit / License No.
Certificate (Lilo-an)	and Natural Resources			
Fire Safety Inspection Certificate	Bureau of Fire Protection – Cebu City	May 29, 2025	May 28, 2026	FSIC No. R07-9466510
Fire Safety Inspection Certificate*	Bureau of Fire Protection – Mandaue City	For renewal	For renewal	FSIC No. R07-955288
Permit to Operate (Mandaue City)*	Department of Environment and Natural Resources	For renewal	For renewal	PTO-OL-R07-2024-07427
Sanitary Permit *	Mandaue City	For renewal	For renewal	4417
Certificate of Non-Coverage (Minglanilla, Cebu)	Department of Environment and Natural Resources	August 12, 2024	No expiry	CNC-OL-R07-2024-08-00394
Certificate of Non-Coverage (Consolacion, Cebu)	Department of Environment and Natural Resources	December 4, 2024	No expiry	CNC-OL-R07-2024-12-00623
Certificate of Non-Coverage (Brgy. Tungkil, Minglanilla, Cebu)	Department of Environment and Natural Resources	Aug. 24, 2025	No expiry	CNC-OL-R07-2025-08-00720
Certificate of Non-Coverage (Poblacion Medellin, Cebu)	Department of Environment and Natural Resources	September 13, 2025	No expiry	CNC-OL-R07-2025-09-00776
Certificate of Non-Coverage (Borbon, Cebu)	Department of Environment and Natural Resources	September 27, 2025	No expiry	CNC-OL-R07-2025-10-00802
Certificate of Non-Coverage (Catmon, Cebu)	Department of Environment and Natural Resources	September 29, 2025	No expiry	CNC-OL-R07-2025-10-00803

Permits/License Issued	Issuing Agency	Date Issued	Date of Expiry	Permit / License No.
Certificate of Non-Coverage (Sta Cruz Tungkil Minglanilla, Cebu)	Department of Environment and Natural Resources	October 05, 2025	No expiry	CNC-OL-R07-2025-10-00840
Certificate of Non-Coverage (Sogod, Cebu)	Department of Environment and Natural Resources	October 11, 2025	No expiry	CNC-OL-R07-2025-10-00843

**Currently processing for renewal*

LFC has also submitted applications for the following permits pending with the relevant government agencies:

Permits/Licenses Applied For	Agency	Date Processed
Discharge Permit (A.C. Cortes, Mandaue City)	Department of Environment and Natural Resources	July 18, 2024

Topline Logistics and Development Corp.

Permits/License Issued	Issuing Agency	Date Issued	Date of Expiry	Permit / License No.
Certificate of Incorporation	Securities and Exchange Commission	October 26, 2021	N/A	2021100030408-31
Certificate of Registration	Bureau of Internal Revenue	February 10, 2022	N/A	081RC20220000000439
Business Permit (Cebu City)	Cebu City	June 24, 2024	December 31, 2025	181407
Barangay Clearance	Barangay Luz	February 6, 2025	Not specified in document	Not specified in document
Fire Safety Inspection Certificate	Bureau of Fire Protection	May 29, 2025	May 28, 2026	R07-946399
Certificate of Compliance*	Cebu City - CENRO	For renewal	For renewal	N/A
Sanitary Permit*	Cebu City	For renewal	For renewal	N/A
Certificate of Registration	Bureau of Customs	May 15, 2025	May 15, 2026	CCN-IM0010552699

**Currently processing for renewal*

Permits for the Tanker Trucks

The Company and LFC utilized a total of 31 units fuel tankers in its operations. The following tank trucks, each with a 20-kiloliter capacity, have a Department of Science and Technology Calibration Certificate as required by Section 24 of DOE Department Circular No. 2017-11-0011 and Conveyance Permit as required by the Fire Code and its Implementing Rules and Regulations:

		DOST Calibration		Bureau of Fire Protection Conveyance Permit		
	Plate Number	Date Calibrated	Sample No.	Clearance No.	Date Issued	Valid Until
1	NKB 9442	15 May 2025	MET-1769	R71152505 0139	May 23,2025	May 23,2026
2	NKB 9443	16 May 2025	MET-1781	R71152406 0138	May 23, 2025	May 23,2026
3	NKB 9454	13 March 2025	MET-1733	R71152505 0140	May 23,2025	May 23,2026
4	NDE 3056	14 January 2025	MET-0117	R71152401 0016	January 27, 2025	January 27, 2026
5	NFD 3060	07 February 2025	MET-0450	R71152502 055	February 13, 2025	February 13, 2026
6	NER 4115	05 March 2025	MET-0495	R71152503 3065	March 13, 2025	March 13, 2026
7	NEO 2388	9 July 2025	MET-2277	R71152506 0189	July 28, 2025	July 28, 2026
8	NEO 2389	14 July 2025	MET-2330	R71152506 0190	July 28, 2025	July 28, 2026
9	NII 6479	16 July 2025	MET-2370	R71152508 0180	August 08, 2025	August 08, 2026
10	NIN 5207	18 July 2025	MET-2380	R71152407 0164	August 11, 2025	August 11, 2026
11	NEW 1453	04 September 2025	MET-2817	R71152509 0203B	September 11, 2025	September 11, 2026
12	NEW 1454	04 September 2025	MET-2583	R71152501 90205	September 11, 2025	September 11, 2026
13	NID 4448	11 September 2025	MET-2893	R71152509 0210	September 19, 2025	September 19, 2026
14	NID 4449	12 September 2025	MET-2905	R71152509 0209	September 19, 2025	September 19, 2026
15	NFG 6259	28 November 2024	MET-3628	R71152310 0186	December 12, 2025	December 12, 2026
16	NFG 6261	12 December 2024	MET-3723	R71152310 0187	December 20, 2024	December 20, 2025
17	NFG 6262	12 December 2024	MET-3721	R71152310 0185	December 20, 2024	December 20, 2025
18	ZAD 7815	6 November 2024	MET-3441	R71152411 0198	November 14, 2024	November 14, 2025
19	ZAD 7821	15 November 2024	MET-3546	R71152411 0202	November 22, 2024	November 22, 2025

		DOST Calibration		Bureau of Fire Protection Conveyance Permit		
	Plate Number	Date Calibrated	Sample No.	Clearance No.	Date Issued	Valid Until
20	ZAD 7813	29 November 2024	MET-3631	R71152412 0205	December 5, 2024	December 5, 2025
21	ZAD 7818	9 January 2025	MET-0082	R71152401 0015	January 27, 2025	January 27 2026
22	MAI 2439*	21 July 2025	MET-2428	For renewal	For renewal	For renewal
23	120108A/M CV9626*	For renewal	For renewal	R71292501 0025	January 17, 2025	January 17, 2026
24	120108B/M CV9634	05 February 2025	MET-0423	R71292501 0041	February 6, 2025	February 6, 2026
25	91129/NBL 6628	25 March 2025	MET-1361	R71292501 0027	January 25, 2025	January 25, 2026
26	91130/ NBL6627	21 May 2025	MET-1561	R71295010 026	January 17, 2025	January 17, 2026
27	120103A	12 March 2025	MET-1036	R71292410 0210	October 11, 2024	October 11, 2025
28	120203B	27 February 2025	MET-0859	R71292410 0211	October 11, 2024	October 11, 2025
29	MAI 2438	11 August 2025	MET-2699	R304-10- 2022	October 21, 2022	October 21, 2023
30	MAI 2440	25 March 2025	MET-1380	R71292450 30061	March 25, 2025	March 25, 2026
31	MAI 2441	25 March 2025	MET-1380	R71292311 0307	November 20,2023	November 20,2024

**Currently processing for renewal*

Out of the 31 tank trucks, 8 are mortgaged to Orix Metro Leasing & Finance Corp., while 3 are mortgaged to SBM Leasing, Inc.

k. Cost and Effect of Compliance and Environmental Laws

The Company is subject to various laws relating to environmental matters. In particular, the Company is required to obtain an Environmental Compliance Certificate (ECC) and/or Certificate of No Coverage (CNC) during the construction and development of commercial establishments.

LFC has already secured the ECC/CNC for sixteen (16) service stations.

l. Employees

As of September 30 2025, the Company's manpower complement is as follows:

Department / Division	As of March 31, 2025
Senior Officers	5
HR	5

Department / Division	As of March 31, 2025
Procurement	5
IT	2
Engineering	11
Corporate Admin	7
Treasury	5
Accounting	8
Compliance	5
Strategic Planning and Business Development	2
Investor Relations and Corporate Communications	2
Internal Audit	2
Commercial Fuel Trade (CFT)	11
TOTAL	70

m. Risks Related to Business

Volatility of petroleum product prices may have material adverse effects on the Company's business, operational results, and financial condition

The Company's financial results are primarily affected by the relationship, or margin, between the prices for its refined petroleum products and the prices for crude oil that is the main raw material for these refined petroleum products. As of September 30, 2024, fuel and lubricant costs account for 99.73% of the Company's total cost of goods sold. A number of domestic and international factors influence the price of petroleum products, including, but not limited to, the changes in global supply and demand for crude oil, economic conditions, conflicts or acts of terrorism, weather conditions, and domestic and foreign governmental regulation as well as other factors over which the Company has no control.

Excessive volatility due to geopolitical tensions

In February 2022, Russia launched a large-scale military action against Ukraine, causing oil supply issues and an ongoing humanitarian crisis in Europe. In response, the European Union, United States, United Kingdom, and other jurisdictions imposed, and may further impose, financial and economic sanctions and export controls against Russia. This significantly disrupted global commodity and financial markets, leading to high volatility in prices, with Dubai crude averaging \$113 per barrel in June 2022, a \$44 per barrel increase in just six months. The increase in energy, oil, gas, and raw material prices resulted in high inflation and interest rates, threatening global economic activity and oil demand. These economic concerns led to a drop in crude prices in the second half of 2022, with Dubai crude falling by more than \$30 per barrel to \$77 per barrel in December.

Furthermore, volatility in product cracks may arise from changes in the supply and demand balance due to seasonal effects, disruptions in global refinery runs from natural calamities or unplanned shutdowns, slower demand recovery or growth, geopolitical and other macro-economic factors, and changes in the price trends of fuel substitutes such as coal or natural gas versus diesel. In 2022, similar to crude, product cracks were volatile due to the Russia-Ukraine

war, particularly affecting diesel, as Russia is a major exporter. Product cracks rose to historical highs in the first half of 2022, with gasoline and diesel cracks peaking at \$42 per barrel and \$64 per barrel, respectively. However, reduced economic activity in the second half of the year capped these gains, with gasoline cracks dropping to as low as \$4 per barrel in October 2022 and diesel cracks easing to \$37 per barrel in December 2022. An escalation of the conflict between Russia and Ukraine or other global developments that threaten the supply and demand situation for oil will continue to impact global markets and oil prices, affecting the Company's financial performance.

Company holding period for liquid fuel

A sharp rise in crude oil prices would increase the Company's need for short-term financing for working capital and may result in higher financing costs. Any difficulties in securing short-term financing or unfavorable pricing terms may have a material adverse effect on the Company's financial condition and operational results.

To minimize the risk of potential losses due to volatility in international crude and product prices, the Company actively monitors international and domestic market fuel prices. This, combined with maintaining **inventory levels of 15 to 20 days** provides the flexibility to adjust and align product pricing closely with prevailing market rates. Following industry practice, prices for the upcoming week are determined based on the world market price of fuel from the immediately preceding week. This approach enables the Company to anticipate price movements and plan contingencies to manage the disposition of existing inventory to various distributors and wholesalers as necessary. Additionally, the Company generally has the ability to pass on its costs to retail customers, effectively ensuring sufficient margins even amid fluctuating crude oil prices.

Furthermore, the Company employs price hedging strategies. These strategies are designed to lock in prices and stabilize costs over a specified period, providing a buffer against sudden market fluctuations.

The Company's business, operational results, and financial condition may be affected by intense competition in the downstream oil industry.

The Company faces intense competition at regional and local levels in the sale of refined petroleum products and related items in the Philippines. This competition is primarily driven by price, as oil is a commodified product. Price differentials among industry players arise from differences in product specifications and various overhead costs, including transportation, distribution, and marketing expenses. Major competitors such as Petron, Shell, and Chevron have significantly greater financial and operational resources, and access to capital, potentially enabling them to dictate domestic marketing and selling conditions to the detriment of the Company. Additionally, the increasing number of new sponsor-driven independent oil entrants may intensify competition in the downstream oil industry in the long term.

Given that competition is mainly price-driven, the Company's business, operational, and financial conditions may be materially affected if it is unable to compete effectively. Success will depend on the Company's ability to manage overhead costs, streamline transportation and

distribution expenses, maximize asset and operational utilization, and effectively hedge against oil price fluctuations.

To mitigate competition risk, the Company continuously strengthens and expands its distribution network to enhance its presence in both growing and high-potential markets. The Company invests in building brand equity to ensure consistent recognition and recall by its target market and aims to improve customer service to a level on par with or superior to its competitors.

Additionally, the Company seeks to broaden its product and service offerings to cater to a wider market, including retail customers with higher purchasing power.

Unexpected surges in COVID-19, complications, or outbreaks of other highly infectious diseases may materially and adversely impact the Company's business, operational results, and financial condition. Moreover, the ongoing effects of the COVID-19 pandemic may continue to disrupt the Philippine and global economy, financial markets, and the Company's financial performance.

Infectious disease outbreaks, such as the COVID-19 pandemic in 2020, have created significant public health concerns, economic disruption, uncertainty, and volatility, all of which have impacted and may continue to impact the Company's businesses. While the Company has experience in managing operations throughout a pandemic, the duration and extent of the impact are beyond the Company's control.

Due to various uncertainties and factors beyond the Company's control, predicting the impact of global disease outbreaks on the Company, its businesses, results of operations, cash flows, and financial condition may be challenging. These factors and uncertainties include, but are not limited to:

- The severity and duration of any pandemic, including the possibility of subsequent waves or increases in cases in areas where the Company operates.
- The extent and timeliness of the national and local government responses.
- Restrictions on business operations, including complete or partial closures of offices, plants, and other facilities.
- Economic measures, fiscal policy changes, or other government actions.
- The health of the Company's personnel and the Company's ability to maintain staffing to sustain operations.
- Evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures.
- Financial, operational, or other impacts on the Company's supply chain, including suppliers and third-party contractors.
- Volatility in credit and financial markets.
- Potential litigation or claims from customers, suppliers, regulators, or other third parties.
- The pace of economic recovery.

The aforementioned factors and uncertainties may result in adverse impacts on the Company's businesses, operations, cash flows, and financial condition, due to:

- Increased volatility in international crude and product prices and foreign exchange rates.
- Decline in consumer demand due to reduced business activity and more permanent behavioral changes, such as increased online shopping and work-from-home arrangements.
- Destabilization of markets and reduced business activity, negatively impacting customers' ability to pay for the Company's products and services.
- Government moratoriums or regulatory actions limiting pricing changes.
- Delays or inability to access equipment or personnel for maintenance, leading to operational disruptions.
- Delays in receiving necessary permits for development projects due to government shutdowns.
- Economic deterioration leading to impairments of goodwill or long-lived assets.
- Delays or inability in obtaining regulatory actions and outcomes material to the Company's business.

To mitigate the adverse impact of uncertain market developments, the Company is implementing numerous initiatives, including:

- Active market monitoring and taking proactive steps to ensure continuous operational capacity.
- Prudent cost management by prioritizing critical and necessary capital expenditures and operating expenses.
- Sustained implementation of sales support programs.
- Tight implementation of collections and receivables.
- Supply Reliability / Resilient Supply Chain Management
 - The Company pursued vertical integration across its supply chain by securing tank trucks, lorries, and a skilled workforce, providing a competitive advantage not available to others in the region.
 - The Company put in place an advanced logistics management system which enabled it to maintain supply continuity despite poor road and infrastructure conditions.

The degree to which the COVID-19 pandemic or future outbreaks of contagious diseases will impact the Company depends on future developments, including the timeliness and effectiveness of actions taken to contain and mitigate effects, which are highly uncertain and cannot be predicted. Adverse effects on the Company's business and financial results may also heighten other risks described herein.

Failure to respond promptly and effectively to product substitutions or government-mandated product formulations may negatively impact the Company's business and future prospects

Any potential increase in oil prices and environmental concerns could incentivize the Company's customers to switch to alternative fuels such as natural gas, ethanol, and palm oil

methyl ester fuel blends. If these alternative fuels become more affordable and accessible than petroleum products, customers may transition away from petroleum to these alternatives, which are not offered by the Company, resulting in lower sales volumes. Additionally, recent regulations by the Philippine government mandate the inclusion of a specified percentage of alternative fuels in gasoline and diesel fuels sold or distributed by every oil company in the Philippines, with the possibility of future increases in these requirements. As the Company procures all of its product requirements, failure to respond quickly and effectively to identify and acquire relevant alternative fuels in line with market demands or governmental regulations could adversely affect its business and prospects.

Additionally, EV adoption in the Philippines is gaining momentum as it is supported by more vehicle models, sustainable initiatives, and investments both from the public and private sectors. A survey by Standard Insights in 2023 revealed that EVs are favored as a top transport choice, particularly by the younger generation. It is noteworthy that 50.8% expressed confidence in EVs as the future of the automotive industry. However, widespread adoption of EVs will be slow unless major obstacles are hurdled such as infrastructure support like charging stations, the high costs of EVs and its variants (e.g., hybrid, full EV), access to services, and affordability of maintenance. Currently, 98% of EV users charge at home and they would only publicly charge if there is a need to go long distances. Thus, public EV infrastructure should catch up for the country to go full EV. The pronounced impact of this transformation will not be felt fully in the demand for refined fuel like diesel and gasoline. Transport and household sectors serve as the primary markets for refined fuel. These sectors are growing and thus will continue to drive the demand for refined fuel. Meanwhile, gasoline stations may lose out to a small but growing EV market. Dealerships, to a far extent, may have to install renewable energy platforms such as solar to target hybrid energy vehicles. Nonetheless, in the medium term, the market may still be too small. Emerging urban centers with their vibrant traditional markets such as transportation, households, and industry will continue to propel the demand for refined fuel.

The Company aims to mitigate these by continuing to explore potential investments in alternative fuels to complement its current product portfolio and adapt to changes in consumer preferences. Notably, TOP is also installing EV charging stations in select Light Fuels stations to ensure that the Company maintains its competitive edge as consumers shift to electric vehicles.

The Company requires significant capital expenditures and financing for its business, which are subject to a number of risks and uncertainties. If the Company is unable to obtain additional capital on acceptable terms when needed, its growth prospects and future profitability may be adversely affected.

The Company's business is capital intensive, particularly for importing, storing, and distributing petroleum products, which require substantial capital. Significant capital resources are necessary to fund trading operations, maintain, renew, and replace operating assets and infrastructure, and improve operational efficiency. Additionally, further growth and expansion into new markets and business areas will necessitate increased capital expenditure, thereby increasing the Company's funding requirements.

If the Company is unable to obtain financing on a timely basis and at a reasonable cost, it may not be able to pursue further growth, implement planned policies, or seize new opportunities as they arise. This would restrict the Company's ability to grow and may, over time, reduce the quality and reliability of the services provided, adversely affecting the Company's business, results of operations, and financial condition.

Historically, the Company has financed its working capital requirements and capital expenditures through a combination of internal cash flow and external financing, including bank borrowings and equity financing. The Company currently has several loan agreements outstanding and is not compliant with some of the covenants which require prior consent when undertaking such activities as changing the stock ownership, incurring additional loan obligations and/or granting or constituting additional security. The Company has initiated the process of regularizing these non-compliances and expects to receive the formal approvals/waivers.

The Company's ability to secure external financing in the future, and the cost of such financing, are subject to various uncertainties, including financial market conditions, potential changes in monetary policies regarding bank interest rates and lending policies, and the performance of the Company's operations.

However, the Company employs a robust system of corporate governance to manage risks related to debt and equity financing. Constant prudence is exercised in re-assessing financing activities to maintain a healthy balance sheet. This includes ongoing adjustments to the debt profile to achieve an optimal funding mix in terms of tenor, rates, and structure, allowing for maximum future growth potential. Additionally, the Company maintains favorable relationships with local creditors and investors, granting reasonable access to the financing needed for continued operations and future growth. As the Company and the Group continue to grow, the Company plans on implementing a loan documentation review process that will standardize the provisions for easier monitoring.

Any significant disruption in operations or casualty loss at the Company's storage and distribution facilities could affect its business and results of operations and result in potential liabilities

The Company's distribution facilities such as fuel tanker trucks and tanker ship, depot operations, and retail gasoline stations could be adversely affected by several factors, including but not limited to equipment failure, accidents, power interruptions, human error, natural disasters, and other unforeseen incidents. Such disruptions could result in product shortages, facility shutdowns, equipment repair or replacement, increased insurance costs, personal injuries, loss of life, and unplanned inventory build-up, all of which could have a material adverse effect on the Company's business, results of operations, and financial condition.

While the Company has purchased insurance policies covering most foreseeable risks, these policies do not cover all potential losses, as insurance may not be available for all risks or on commercially reasonable terms. Operational disruptions may still occur, and insurance may not adequately cover the entire scope or extent of the losses or financial impact on the Company.

To mitigate this risk, the Company follows best practices to prevent or minimize the impact of accidents and other incidents. These measures include efforts to isolate the physical effects of any incidents (e.g., developing dispersed locations of storage depots and alternative storage arrangements), minimizing the financial impact (e.g., ensuring adequate insurance coverage), and preventing their occurrence (e.g., maintaining standard safety and maintenance procedures and an adequate security force).

Regulatory decisions and changes in applicable taxes, duties and tariffs could increase the Company's operating costs and adversely affect its business, results of operations and financial condition

The Company's operations are subject to various taxes, duties, and tariffs. The tax and duty structure of the oil industry in the Philippines has undergone significant changes in recent years. For instance, duties on the import of crude oil and petroleum products were increased from 3% to 5% on January 1, 2005, and subsequently reduced to 0% effective July 4, 2010 (except for certain types of aviation gas). Additionally, a 12% value-added tax ("VAT") was imposed on the sale or importation of petroleum products in 2006.

On January 1, 2018, Republic Act No. 10963, also known as the Tax Reform for Acceleration and Inclusion Law (the "**TRAIN Law**"), took effect. This law, the first package under the Philippine government's comprehensive tax reform program ("**CTRP**"), imposed a phased increase in excise taxes on petroleum products from 2018 to 2020. The increases were scheduled as follows: Php2.65- Php2- Php1 per liter per year for premium unleaded gasoline, Php2.50-Php2.00-Php1.50 per liter per year for diesel and fuel oil, Php1.00- Php1.00- Php1.00 per kilogram per year for LPG, and Php0.33- Php0.00-Php0.00 per liter per year for jet fuel. The incremental excise tax is further subject to a 12% VAT. Higher excise taxes can potentially constrain demand growth, especially for LPG, given the availability of substitutes such as charcoal, kerosene, and electricity, and for gasoline, with public transportation as an alternative.

The TRAIN Law also mandates a fuel marking program for diesel, gasoline, and kerosene to curb illicit trading of fuel products. The cost for the fuel marker was initially subsidized by the government and passed on to oil companies starting September 2020. The second package of the tax reform program, known as the Corporate Recovery and Tax Incentives for Enterprises Act (the "**CREATE Act**"), was signed into law as Republic Act No. 11534 on March 26, 2021, and took effect on April 11, 2021. The CREATE Act lowers the corporate income tax and rationalizes fiscal incentives granted by investment promotion agencies. Under the CREATE Act, the corporate income tax rate for domestic corporations and resident foreign corporations was reduced to 25% effective July 1, 2020. The rate for non-resident foreign corporations was also reduced effective January 1, 2021. Additionally, the rate of the minimum corporate income tax ("**MCIT**") was lowered to 1% from July 1, 2020, to June 30, 2023.

As part of the rationalization of tax incentives, the CREATE Act stipulates that petroleum product imports are subject to applicable duties and taxes under the Customs Modernization and Tariff Act and the National Internal Revenue Code, with a provision for importers to claim refunds. Importation of crude oil intended for local refining is exempt from duties and taxes,

provided that duties and taxes on refined petroleum products are paid upon lifting in accordance with Bureau of Customs and Bureau of Internal Revenue regulations.

On November 14, 2022, the House of Representatives approved House Bill No. 4339 (HB 4339), the fourth package of the CTRP, which is pending Senate approval. HB 4339 proposes tax reforms, including a final tax of 20% on interest income from currency bank deposits and similar arrangements, a harmonized tax rate of 15% on interest, royalties, dividends, and capital gains, a single gross receipt tax rate of 5% on financial intermediaries, and a lower stock transactions tax on shares of domestic corporations listed in foreign stock exchanges.

Under the GST tax mechanism, businesses charge and collect GST on all taxable goods and services supplied to consumers and claim the GST paid on business inputs. Under the SST tax regime, selected operating expenses are subject to SST without a claiming mechanism, potentially increasing operational costs. The Company has applied for exemptions under the Sales Tax Exemption Order to reduce such costs.

There can be no assurance that future tax changes in the Philippines will not have a material and adverse effect on the Company's business, financial condition, and results of operations.

To mitigate this risk, the Company continuously monitors tax legislation developments and movements, engages in proactive tax planning, and utilizes the expertise of tax advisors and legal experts. Additionally, the Company diversifies its operations and revenue streams, maintains financial contingencies, and participates in industry associations to stay informed about upcoming tax policies. Through these strategies, the Company aims to minimize the potential adverse impacts of future tax changes in the Philippines.

The Company depends on experienced, skilled, and qualified personnel and management team, and its business and growth prospects could be disrupted if it is unable to retain their services

The Company relies on experienced, skilled, and qualified personnel for the management and operation of its business. The loss or shortage of such personnel may lead to operational challenges and incur additional costs in hiring and training new employees, given the high investment in technical training and the long learning curve required. Increasing competition for talent also poses a challenge as companies vie to attract and employ individuals with the desired competencies.

The inability to identify and train replacement employees, including the transfer of significant internal historical knowledge and expertise, the limited availability of qualified talent in the labor market, and the rising cost of contract labor may adversely affect the Company's ability to manage and operate its business. The loss of a significant number of qualified personnel, if not well-managed, may disrupt and negatively impact the Company's operations, outputs, and financial performance.

Furthermore, the Company significantly relies on the expertise and contributions of its management team. Recognizing that key personnel may leave the Company at any time (e.g., by retirement or resignation), the Company has implemented a management succession plan.

However, the inability to retain and engage members of its management team or the failure of the succession plan to materialize could have a material adverse effect on the overall operation of the business.

To mitigate this risk, the Company ensures that its compensation and benefits packages for management, officers, staff, and rank-and-file employees are comprehensive, relevant, and competitive with industry standards. Promotions and pay raises are awarded to select employees in recognition of their outstanding work performance. Additionally, regular performance appraisals are conducted to ensure alignment of employees' outputs with the Company's corporate objectives and targets. The Company also provides continuous training to its employees through its "Topline Academy", its in-house training facility which aims to enhance skills of its talent pool.

The growth of the Company is dependent on the successful execution and implementation of its expansion plans.

Ensuring proper execution and successful implementation of the Company's expansion plans are critical to maintaining growth going forward. These plans are based on certain assumptions about oil demand, oil prices, competition, financing costs, and acquiring the necessary timely regulatory approvals, among other factors. The Company cannot and does not represent with absolute certainty that these assumptions will materialize as predicted. If these assumptions prove incorrect, the Company's future financial performance may be negatively affected.

To mitigate this risk, the Company continually reviews its network expansion program by identifying and anticipating target locations, dealers, and operating and logistical requirements. Furthermore, the Company will assure timely mobilization and effective allocation of financial and operating resources to support its expansion plans.

The Company is also continuously monitoring developments in the market. This includes an assessment of supply-demand conditions, as well as overall price trends. As demand for liquid fuel in Cebu is expected to continue to increase³, TOP believes that its expansion projects should provide headroom for future growth and position the Company to capitalize on favorable macroeconomic trends. Moreover, Top Line continues to focus on its niche of underserved markets – as noted by the Center for Research and Communication Foundation, Inc. ("CRC")⁴, the fuel distribution industry continues to provide a strong first mover advantage. Finally, the Company has been in commercial fuel trading operations since 2017. The Company is also led by a strong management team that has a collective 45 years of experience in commercial fuel trading.

If the number or severity of claims for which the Company is insured increases, or if it is required to accrue or pay additional amounts because the cost of damages and claims proves to be more severe than its insurance coverage, the Company's financial condition and results of operations may be materially affected

³ *Ibid.*

⁴ *Ibid.*

The Company's distribution of petroleum products, storage operations, and retail stations in the Philippines are subject to inherent risks, such as equipment defects, malfunctions, failures, or misuse, which could cause environmental pollution, leaks or spills, personal injury or loss of life, and damage to or destruction of the environment. These incidents could result in liabilities that exceed the Company's insurance coverage and have a material adverse effect on its financial condition and results of operations. The Company could also be adversely affected by business interruptions caused by war, terrorist activities, mechanical failure, human error, political action, labor strikes, fire, and other circumstances or events.

The Company has insurance policies to mitigate the potential impact of these risks. However, these policies do not cover all potential losses, and insurance may not be available for all risks or on commercially reasonable terms. The Company estimates the liabilities associated with the risks retained by considering historical claims, experience, and other actuarial assumptions, which are subject to a degree of uncertainty and variability. External factors affecting this uncertainty and variability include future inflation rates, discount rates, litigation trends, legal interpretation, and actual claim settlement patterns. If the number or severity of claims for which the Company is insured increases, or if it is required to accrue or pay additional amounts because the claims prove to be more severe than originally assessed and beyond the coverage of existing insurance policies, the Company's financial condition, results of operations, and cash flows may be materially affected.

The Company continually reviews and updates its insurance policies to ensure reasonable protection from foreseeable events and risks. Insurance coverage is acquired through competitive bidding to ensure that the Company's premium costs are reasonable and at par with industry standards.

Existing or future claims against the Company and its Subsidiaries, or directors or key management may have an unfavorable impact on the Company and its business

From time to time, the Company, its Subsidiaries, or directors and key management officers may be subject to litigation, investigations, claims, and other legal proceedings. Legal proceedings could cause the Company to incur unforeseen expenses, occupy a significant amount of management's time and attention, and negatively affect the Company's business operations and financial position.

Furthermore, legal proceedings could continue for a prolonged period and be time-consuming, making it difficult for the Company to predict possible losses, damages, or expenses arising from such proceedings. An unfavorable outcome in these or other legal proceedings could have a material adverse effect on the Company's reputation, business, financial position, results of operations, and cash flows.

To minimize this risk, the Company maintains a legal compliance program to ensure adherence to all relevant laws and regulations, conducts regular legal audits and assessments to identify and address potential legal risks proactively, and has an experienced in-house legal team as well as retains external legal advisors to provide expert counsel and representation in potential legal matters. Moreover, the Company implements robust risk management procedures to identify, evaluate, and mitigate potential legal risks promptly.

Changes in applicable accounting standards may impact the Company's businesses, operational results, and financial condition

The Philippine Financial and Sustainability Reporting Standards Council periodically issues new standards and amendments to existing standards and interpretations. There can be no assurance that the Company's financial condition, results of operations, or cash flows will not appear materially worse under the new standards. Furthermore, any failure to successfully adopt the new standards may adversely affect the Company's results of operations or financial condition.

The Company ensures to evaluate and assesses the impact of these new standards upon pronouncement by governing bodies. Disclosures of these standards are included in the annual and quarterly notes to the financial statements. Annual training sessions and guided simulations are conducted for concerned personnel prior to the adoption of such standards to ensure proper compliance. Necessary updates and changes in accounting policies and procedures are also undertaken as part of the preparation and implementation process. The Company has also appointed MOORE RT&CO as its independent auditor.

The products that the Company handles are hazardous and could result in spills and/or environmental damage

As part of the Company's fuel distribution, storage operations, and retail station services, which involve leasing out storage space in terminal depots and transportation of petroleum products, there is a risk of leaks and spills when handling certain materials such as petroleum, potentially causing environmental damage. While the Company believes it does not handle or store hazardous chemicals in quantities exceeding specified limits, there can be no assurance that it has not in the past, or will not in the future, violate applicable environmental regulations or cause an oil leak and spill resulting in environmental damage. Such incidents may subject the Company to fines and penalties or result in the closure or temporary suspension of operations, which could have a material adverse effect on the Company's business and results of operations.

The Company closely monitors compliance with applicable laws, rules, and regulations for its fuel distribution, storage operations, and retail station services. Standard operating procedures and safety policies are established for handling hazardous materials, and the Company continuously conducts training sessions for its employees to ensure these procedures and safety policies are thoroughly implemented across the organization.

The Company may not be able to obtain suitable locations for its fuel terminals and the quality of the locations of the Company's current fuel terminals may decline in the future

The success of the Company's fuel distribution, storage operations, and retail station services depends significantly on the locations of its existing and future fuel terminals. As demographic and economic patterns change, current locations may not remain attractive or profitable. A decline in the attractiveness or infrastructure quality of these locations could result in reduced revenue.

Additionally, desirable locations for new openings or relocations of existing fuel terminals or import terminals may not be available at an acceptable cost or due to geographical constraints, and the Company may face competition for the same or nearby locations. Furthermore, the Company may relocate or establish fuel terminals or import terminals in new areas in anticipation of future developments that ultimately do not materialize.

The Company has existing lease agreements over the storage fuel tanks in a depot terminal in Mandaue City, Cebu. These agreements have a term of one (1) year and the Company holds the exclusive option to renew them under terms and conditions mutually agreed upon by the parties. Moreover, it has existing long-term leases over the lots where its retail fuel stations are located, with durations ranging from 10-20 years depending on the location. The Company may not be able to renew its existing leases under the current terms or may not be able to renew them at all. The occurrence of these events could adversely affect the Company's business, results of operations, and financial condition.

The Company's retail stations are leased from TPDC, which has secured long-term leases from its respective lessors. The Group has centralized its leasing functions with TPDC to streamline its operations and maximize its bargaining power. All of the Company's lease agreements with TPDC are done at arm's length rates.

To date, the Company's fuel terminal locations and quality are sufficient to meet the needs of its business, and their capacity is able to service the current and future requirements of the Company. The Company conducts regular reviews, and demand in Cebu remains strong⁵. The Company aims to maintain adequate supply to support its operations and growth objectives.

The Company does not enter into supply contracts with its customers nor its suppliers

The Company does not have any long-term supply contracts with any customer nor supplier, in line with industry practice. Moreover, TOP's customer base does not have any contractual obligations to consistently choose the Company as its fuel provider.

The Company does not enter into supply contracts to ensure flexibility in pricing – as liquid fuel is a commodity subject to volatile price movements, long-term supply contracts may translate to increased price risk for Top Line.

Moreover, TOP believes that it has the ability to retain its customers and suppliers given its competitive advantages, which include:

- Competitive pricing
- Reliability of fuel supply
- Fast turnaround time
- An experienced management team
- Access to capital backed by prudent financial management

⁵ *Ibid.*

- Strong commitment to corporate social responsibility

The Company's expansion plans will place additional pressure and demands on the Company's management and key-in house operating divisions

Rapid growth in the Company's distribution of petroleum, storage operations, and retail station services will place additional pressure and demands on its management team, marketing team, in-house project management division, and its financial reporting and information systems. The Company's continued expansion will also require maintaining the consistency of its products and the quality of its services to prevent any deviations, whether actual or perceived, that could harm its business.

There is no assurance that the Company will be able to effectively and efficiently manage the growth of its operations, recruit and retain qualified personnel, and integrate new properties into its operations. Any failure to do so may materially and adversely affect the Company's ability to capitalize on new business opportunities, which could have a material adverse effect on its business, financial condition, results of operations, and prospects.

To manage and support its growth, the Company continues to improve its existing operations, administrative and technological systems, and its financial and management controls. Additionally, the Company focuses on recruiting, training, and retaining qualified management personnel as well as other administrative, sales, and marketing staff.

Item 2 Legal Proceedings

The Company is currently not involved in any material litigation, arbitration, or similar proceedings, and is not aware of any such proceedings pending or threatened against it or any its properties, which are or might be material.

Item 3 Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the year covered by this report.

PART II OPERATIONAL AND FINANCIAL INFORMATION

Item 4 Market for Issuer's Common Equity and Related Stockholder Matters

(A) Principal Market or Markets Where the Registrant's Common Equity is Traded

The Company's common shares are listed in the Philippine Stock Exchange (PSE).

As of the date **October 30, 2025** the Company's shares closed at **Php1.29 per share**.

The following table shows the high and low prices (in Php) of the Company's shares in the Philippine Stock Exchange:

	Year	Low	High
April – June (Q1)	2025	0.28	0.42
July – September (Q2)	2025	0.41	1.96
October 2025	2025	1.21	1.53

(B) Holders

The number of shareholders of record as of **October 31, 2025** is ten (10). As of **October 31, 2025**, the common shares issued and outstanding are 10,742,193,000.

List of Stockholders of Record as of October 31, 2025

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held		% of Class
				Direct	Indirect	
Common	Topline Equity Corporation <i>19F Latitude Corporate Center, Mindanao Avenue Cebu Business Park, Luz, Cebu City</i> <i>Parent Company</i>	Lapasaran Lim family - Shareholder	Filipino	6,479,106,000		60.31%
Common	PCD Nominee Corporation 37 th Floor, <i>Tower 1, the Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas 1226 Makati City, Philippines</i>	PDTC Participants and their clients	Filipino	3,226,046,993		30.03%
Common	PCD Nominee Corporation 37 th Floor, <i>Tower 1,</i>	PDTC Participants	Non-Filipino	1,037,040,000		9.65%

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held		% of Class
				Direct	Indirect	
	<i>the Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas 1226 Makati City, Philippines</i>	and their clients				
Common	Eugene Erik C. Lapasaran Lim <i>#29 Sunset Drive Lahug, Cebu City</i> <i>President & Chairman</i>	Eugene Erik C. Lapasaran Lim Record Owner	Filipino	1	789,999,999	7.35%
Common	Brigitte Carmel C. Lapasaran Lim <i>#29 Sunset Drive Lahug, Cebu City</i> <i>Senior Vice President, Chief Operating Officer, Corporate Secretary</i>	Brigitte Carmel C. Lapasaran Lim Record Owner	Filipino	1	197,499,999	1.84%
Common	Constance Marie C. Lim <i>#29 Sunset Drive Lahug, Cebu City</i> <i>First Vice President, Chief Finance Officer</i>	Constance Marie C. Lim Record Owner	Filipino	1	197,499,999	1.84%
Common	Suzanne Dorothy C. Lapasaran Lim	Suzanne Dorothy C. Lapasaran Lim Record Owner	Filipino	1	197,499,999	1.84%

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held		% of Class
				Direct	Indirect	
	#29 Sunset Drive Lahug, Cebu City <i>Director</i>					
Common	Maria Theresa Y. Lugue <i>Doña Rita Village, Banilad, Cebu City</i> <i>Director</i>	Maria Theresa Y. Lugue Record Owner	Filipino	1	200,999	0%
Common	Luis A. Cañete <i>#20 R. Duterte St., Banawa, Cebu City</i> <i>Independent Director</i>	Luis A. Cañete Record Owner	Filipino	1	120,999	0%
Common	Atty. Maria Iolanda B. Abella <i>554 Tres de Abril St., Labangon, Cebu City</i> <i>Independent Director</i>	Atty. Maria Iolanda B. Abella Record Owner	Filipino	1	120,999	0%
Total				10,742,193,000		

(C) Dividends

Dividend Policy

Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors and/or stockholders of Top Line may determine and in accordance with law.

Pursuant to a board approval on March 26, 2024, the Board adopted a dividend policy to maintain an annual dividend payment ratio for its outstanding subscribed Common Shares up to thirty percent (30%) of the prior year's net income of the Company based on its audited financial statement as of such year. However, the Board of Directors, in its discretion, may decide to declare dividends to be payable in property or shares. The declaration of dividends shall also be subject to the requirements of applicable tax laws, rules and regulations, the availability of cash and unrestricted retained earnings and other circumstances which may restrict the payment of dividends, including but not limited to negative covenants in loan documents with banks and other financial institutions or where the Company approves and implements corporate expansion or when it can be clearly shown that retention of earnings is necessary under special circumstances. The Company's Board of Directors, may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans and other considerations.

Dividends shall be declared and paid out of TOP's unrestricted retained earnings and shall be payable in cash, property or stock to all shareholders on the basis of outstanding stock held by them. Unless otherwise required by law, TOP's Board of Directors, shall determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

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

Currently, the Company is a party to several loan agreements that restricts its ability to pay dividends unless the prior consent of the creditors is secured. Apart from the loan covenants and the requirement of law, there are no specific requirements relating to the Company's dividend policy that limits or would likely limit the Company's ability to pay dividends.

Dividend History

On August 18, 2025, the Board of Directors approved the declaration of special cash dividends of Php0.0021 per common share, payable on September 30, 2025 to all stockholders of record as of September 4, 2025.

On May 5, 2025, the Board of Directors approved the declaration of cash dividends of Php0.0032 per common share, payable on June 18, 2025 to all stockholders of record as of May 22, 2025.

On March 15, 2024, the Board of Directors approved the declaration of stock dividends amounting to One Million Seven Hundred Eighteen Thousand Seven Hundred Fifty (1,718,750) common shares or a total of Php171,875,000.00 to all shareholders of the Company as of record date May 10, 2024.

Aside from the foregoing, the Company has not declared any dividends for the years ended December 31, 2021, 2022, and 2023.

(D) Restriction that Limits the Payment of Dividends on Common Shares

None

(E) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuances of Securities Constituting an Exempt Transaction

None

Quantitative and Qualitative Disclosure of Market Risk

The Group is exposed to a variety of financial, operational, and strategic risks that may impact performance, liquidity, and shareholder value. Effective risk management is embedded in the Group's governance framework to proactively identify, assess, and mitigate potential threats while enabling value creation.

The Group's approach to risk is governed by policies approved by the Board of Directors, with oversight provided by executive management, the Audit Committee, and relevant functional teams.

Financial Risk Management

The Group's financial instruments are cash, trade and other receivables, due from related parties, refundable deposits, trade and other payables (excluding VAT payable and statutory payables), due to related parties, mortgage payable, loans payable and lease liability.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The primary financial risks identified and managed by the Group include:

1. Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

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

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

2. Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Cash in Banks. The Group limits its exposure to credit risk by dealing only with reputable banks that have good credit standing and relatively low risk of defaults. These instruments are graded in the top category by an acceptable credit rating and are considered to have low risk.

Trade Receivables. To limit its exposure to credit risk, the Group transacts only with credit worthy customers who have undergone its credit evaluation and approval process. The Group assesses the credit quality of the customer taking into account its financial position, past experience and other factors.

Advances to Suppliers, Due from Related Parties, and Refundable Deposits. For amounts due from related parties, credit risk is low considering the liquidity of the stockholders and their continuing guarantee to support the Group. For advances to suppliers and security deposits, credit risk is low since the Group only transacts with reputable parties with respect to this financial asset.

An impairment analysis is performed at each reporting date using the lifetime ECL allowance. The provision rates are based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3. Interest Rate Risk

Interest rate risk arises from the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt.

The Group's policy is to manage its interest cost by limiting its borrowings. The Group analyzes its loan facilities and choose the bank with lowest finance charges and interest rates. To manage future interest fluctuations on its obligations, the Group maintains significant amount of cash that is available when the interest and principal become due.

The Group is not exposed to interest rate risk as the Group's interest rates on bank loans are fixed.

4. Other Market Price Risk

The Group's market price risk arises from its purchase of fuel. The Group is exposed to price volatility risk, primarily due to fluctuations in fuel prices. These price swings can affect cost of sales, gross margins, and customer pricing strategies.

To mitigate this risk, the Group regularly monitors the changes in the market price of the fuel, and employs cost-plus pricing mechanisms, where feasible, to pass on volatility to customers, inventory buffer management to average out price swings, and vendor diversification and negotiation to lock in favorable terms.

Item 5 Management's Discussion and Analysis or Plan of Operation

The following is a discussion and analysis of the Group's historical financial condition and results of operations and certain trends, risks and uncertainties that may affect the Group's business and should be read in conjunction with the independent auditor's reports and the Group's reviewed and audited consolidated financial statements and notes thereto. The critical accounting policies section discloses certain accounting policies and management judgments that are material to the results of operations and financial condition for the periods presented in this report. Disclosure relating to liquidity and financial condition and the trends, risks and uncertainties that have had or that are expected to affect revenues and income complete the management's discussion and analysis.

FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The Group's operations have been affected by a lot of influencing factors, mainly competition, the price fluctuations, capital, and regulations. These factors will continue to affect the Group. The Group continues to implement its strategies and innovative approaches to mitigate risks presented by these factors.

Competition

Other than the "*Big Three*" in the liquid fuels industry⁶, there are numerous other suppliers selling fuel products by retail and direct deliveries to customers. Each competitor comes in different forms and looks. Newer players keep on entering the retail segment, some of them with their own import activities. The Group endeavors to play along with the competition by cornering also the supply for the independent players, especially those without import capabilities.

Price Fluctuations

Price fluctuations in the world market instantly affects the Group's local demand and supply. Nowadays, it's common knowledge that almost all motorists anticipate the price movements every week and therefore timed their refill every Monday in anticipation of price adjustments the following day. This behavior tends to negate loyalty build up from customers as they also try to shop for stations with the best price. In this situation, location and service become the differentiating advantage to be able to maintain a certain customer segment.

Capital

⁶ *Ibid.*

Working capital is also very critical in terms of maintaining reliable supply level. Most suppliers maintain certain volume supply level with their customers that are covered by bank guarantees. The Group ensures consistent supply of fuel from its suppliers with prepayment transactions in most of the times. This requires strong financial supports from its creditor banks.

Regulations

Other than the laws governing the downstream oil industry, the local government units also play a vital role in the opening and operation of fuel service stations, transport and delivery of fuel supply, traffic regulations, and even zoning of business locations. In the local level, issuances of location permits and clearances differ from locality to another. The Company has to adjust to these realities to be able to expand and reach its customers and end users.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those that are both (i) relevant to the presentation of the Group's financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex.

In order to provide an understanding of how the Group's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, the Company has identified the significant accounting judgments, estimates and assumptions discussed in Note 4 to the Group's audited financial statements.

The main items subject to estimates and assumptions by management include, among others, impairment for allowance of expected credit losses ("ECL"), impairment losses on receivables, due from related parties and refundable deposits, estimation of useful lives of property and equipment, and realizability of deferred tax assets.

While the Company believes that all aspects of its financial statements, including the accounting policies discussed in Note 3 to its audited financial statements should be studied and understood in assessing the Group's current and expected financial condition and results of operations, the Company believes that the significant accounting judgments, estimates and assumptions discussed in Note 4 to the Group's audited financial statements warrant particular attention.

RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations as of December 31, 2024 vs December 31, 2023

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**(All amounts in thousands Philippine Pesos)**

	Audited		
	for the years ended December 31		
	2024	2023	Increase/ (Decrease)
Sales And Service Income			
Fuel Distribution	3,292,194	2,778,682	513,512
Retail	81,289	81,775	(486)
Restaurant Operations	-	15,572	(15,572)
Non-Fuel	632	48	584
Sales And Service Income	3,374,115	2,876,077	498,038
Cost Of Sales And Other Direct Costs	(3,085,039)	(2,633,470)	451,569
Gross Income	289,076	242,607	46,469
Other Income	106,774	18,081	88,693
General And Administrative Expenses	(137,574)	(70,543)	67,031
Interest Expense	(125,120)	(85,913)	39,207
Interest Income	163	139	24
Income Before Income Tax	133,318	104,370	28,948
Provision For Income Tax			
Current	(39,446)	(25,978)	13,468
Deferred	5,567	(175)	5,742
	(33,880)	(26,154)	7,726
Net Income	99,439	78,217	21,222
Other Comprehensive Income	850	-	850
Total Comprehensive Income	100,289	78,217	22,072
Net Income Attributable To:			
Equity Holders Of The Parent Company	99,456	78,210	21,246
Non-Controlling Interests	(17)	7	(24)
	99,439	78,217	21,222
Total Comprehensive Income Attributable to: Equity Holders Of The Parent Company	100,306	78,210	22,096
Non-Controlling Interests	(17)	7	(24)
	100,289	78,217	22,072

Sales and Other Income

The Group closed the year 2024 with a 17.3% increase in consolidated sales and service income, amounting to Php3.38 billion, compared to Php2.88 billion in 2023. This performance reflects strong organic growth, and is brought about by increase in volume sales turnover across its commercial and retail operations. The Group sold approximately 72.45 million liters of liquid fuels in 2024 compared to 56.18 million liters in the same period in 2024, which shows a 29% year-on-year increase.

In 2024, the Group assigned its restaurant business to an affiliate company, hence it registered zero sales on that segment. In the same period in 2024, the Company recognized rental income for Pier 88 which was recorded under Other Income.

Cost of Sales and Gross Income Margin

The Group's gross income margin slightly improved to 8.57% in 2024 compared to 8.43% in 2023, reflecting consistent cost management and pricing discipline despite higher revenue volume. Its efficient inventory management, reliability of supply, and ability to maintain inventory due to the operation of its supply depot in 2024 contributed to the improvement of the Group's gross income margin.

General, Administrative and Interest Expenses

The General and Administrative expenses in 2024 increased by Php67.03 million due to manpower expansion in support of long-term scalability, and the Group's expansion of its territorial coverage with growing sales volume.

Interest expense rose by Php39.21 million compared to 2023, primarily due to increased borrowings and credit facilities of the Group to support its growing volume turnover and prevailing interest rates.

Net Income

Net income rose by Php22.07 million or 28.2%, ending at Php100.29 million. Likewise, the net profit margin also improved to 3.0% in 2024 compared to 2.7% in 2023 due to effective operational management.

Financial Condition as of December 31, 2024 vs December 31, 2023

STATEMENTS OF CONSOLIDATED FINANCIAL POSITION			
(All amounts in thousands Philippine Pesos)			
	Audited		
	As of December 31, 2024	As of December 31, 2023	Increase/ (Decrease)
Cash	172,607	123,841	48,766
Trade and other receivables	435,347	325,536	109,811
Inventories	104,560	106,590	(2,030)
Due from related parties	520,900	90,447	430,453
Prepayments and other current assets	875,791	730,166	145,625
Total Current Assets	2,109,204	1,376,579	732,625
Property and equipment, net	968,804	910,471	58,333
Right-of-use (ROU) asset, net	7,579	-	7,579
Intangible assets, net	889	534	355
Deferred tax asset	5,417	-	5,417
Other noncurrent assets	8,458	3,465	4,993
Total Noncurrent Assets	991,146	941,469	49,677
TOTAL ASSETS	3,100,350	2,291,049	809,301
Trade and other payables	47,776	25,999	21,777
Loans payable, current	1,733,441	1,236,730	496,711
Mortgage payable, current	2,640	2,750	(110)
Lease liability, current	697	-	697
Income tax payable	18,603	19,355	(752)
Total Current Liabilities	1,803,157	1,284,833	518,324
Loans payable, net of current	287,020	172,981	114,039
Mortgage payable, net of current	20,690	22,932	(2,242)

STATEMENTS OF CONSOLIDATED FINANCIAL POSITION
(All amounts in thousands Philippine Pesos)

	Audited		
	As of December 31, 2024	As of December 31, 2023	Increase/ (Decrease)
Lease liability, net of current	7,142	0	7,142
Total Noncurrent Liabilities	314,852	195,913	118,939
Total Liabilities	2,118,009	1,480,747	637,262
Share Capital	859,375	250,000	609,375
Deposit for future stock subscription	-	367,500	(367,500)
Retained earnings	121,528	193,947	(72,419)
Other comprehensive income	850	-	850
Total Equity Attributable to Equity Holders of the Parent Company	981,753	811,447	170,306
Non-controlling interests	588	(1,145)	1,733
Total Equity	982,341	810,302	172,039
TOTAL LIABILITIES AND EQUITY	3,100,350	2,291,049	809,301

Assets

As of December 31, 2024, the Group's Total Assets increased by Php809.3 million or 35.3%, reaching Php3.1 billion compared to Php2.29 billion the previous year. This expansion was primarily funded through equity infusions and borrowings, aimed at supporting working capital requirements, investments and infrastructure growth, and retail network expansion.

Liabilities

The overall liabilities of the Group rose by Php637.26 million, or 43%, driven mostly by increase in loan balances. The Group's liabilities are composed mostly of short term debt which are working capital in nature to support the Group's accelerating growth and funding for operational expansion.

Stockholders' Equity and Capital Accounts

Total Equity improved to Php982.34 million, up by Php172.04 million or 21.2% from 2023. Share Capital rose by Php609.38 million, partially offset by the reversal of the Php367.5 million stock subscription deposit, while Retained Earnings declined by Php72.42 million, due to stock dividend declaration in March 2024.

Statement of Cash Flows as of December 31, 2024 vs December 31, 2023

STATEMENTS OF CASH FLOWS
(All amounts in thousands Philippine Pesos)

	Audited		
	For the years ended December 31		
	2024	2023	Increase/(Decrease)
Net cash used in operating activities	(4,350)	(400,124)	395,774
Net cash used in investing activities	(496,541)	(961,133)	464,592
Net cash provided by financing activities	549,657	780,983	(231,326)
NET INCREASE (DECREASE) IN CASH	48,766	(535,274)	584,040

CASH AT JANUARY 1	123,841	659,115	(535,274)
CASH AT DECEMBER 31	172,607	123,841	48,766

Net cash flows provided by operating activities

Net cash used in operating activities improved significantly by Php395.78 million. The 2023 outflow of (Php400.12 million) in 2023 reflected heavy working capital build-up, especially in receivables and inventory. In contrast, 2024 saw tightened operational spending and more efficient cash collections, nearly neutralizing the net outflow.

Net cash flows used in investing activities

Net cash used in investing activities dropped to Php496.54 million, a Php464.59 million decrease from 2023. The prior year included derecognized deposit for future stock subscription related to the deconsolidation of a subsidiary and major capital expenditures and infrastructure investments tied to business expansion of Pier 88 port. 2024 remained capital-intensive but more focused on the Group's fuel operations, both commercial and retail fuel trade.

Net cash flows used in financing activities

Net cash from financing activities amounted to Php549.66 million, down by Php231.32 million from the Php780.98 million inflow in 2023. The decrease reflects reduced reliance on external borrowing and fewer equity infusions as operational cash flow stabilized. Financing still played a critical role in bridging the investment gap and maintaining positive liquidity.

Results of Operations as of December 31, 2023 vs December 31, 2022

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME			
(All amounts in thousands Philippine Pesos)			
	Audited		
	for the year ended December 31		
	2023	2022	Increase (Decrease)
Sales And Service Income			
Fuel Distribution	2,778,682	2,130,915	647,767
Retail	81,775	25,167	56,608
Restaurant Operations	15,572	11,684	3,888
Non-Fuel	48		48
Sales And Service Income	2,876,077	2,167,765	708,312
Cost Of Sales And Other Direct Costs	(2,633,470)	(1,984,710)	(648,760)
Gross Income	242,607	183,055	59,552
Other Income	18,081	1,398	16,683
General And Administrative Expenses	(70,543)	(46,448)	(24,095)
Interest Expense	(85,913)	(55,487)	(30,427)
Interest Income	139	66	72
Income Before Income Tax	104,370	82,585	21,785
Provision For Income Tax			-
Current	(25,979)	(20,821)	(5,158)
Deferred	(175)	165	(340)
	(26,154)	(20,656)	5,498
Net Income	78,216	61,929	16,287
Other Comprehensive Income	-	-	-
Total Comprehensive Income	78,216	61,929	16,287
Net Income Attributable To:			

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME			
(All amounts in thousands Philippine Pesos)			
	Audited		
	for the year ended December 31		
	2023	2022	Increase (Decrease)
Equity Holders Of The Parent Company	78,209	61,840	16,369
Non-Controlling Interests	7	89	(82)
	78,216	61,929	16,287
Total Comprehensive Income Attributable To:			
Equity Holders Of The Parent Company	78,209	61,840	16,369
Non-Controlling Interests	7	89	(82)
	78,216	61,929	16,287

Sales and Service Income

Sales and service income increased by 32.7% to Php2,876.1 million for the years ended December 31, 2023, compared to Php2,167.8 million for the years ended December 31, 2022. This growth was mainly driven by their fuel distribution's increase in volume turnover.

Restaurant operations increased by 33.3% to Php15.6 million for the years ended December 31, 2023, compared to Php11.7 million for the years ended December 31, 2022.

Cost of Sales and Gross Income

Cost of sales and other direct costs increased by 32.7% to Php2,633.5 million for the years ended December 31, 2023, compared to Php1,984.7 million for the years ended December 31, 2022, demonstrating that the growth of cost of sales is commensurate with the increase in sales and service income.

General, Administrative and Interest Expenses

General and administrative expenses increased by 51.9% to Php70.5 million for the years ended December 31, 2023, compared to Php46.4 million for the years ended December 31, 2022, primarily due to the hiring of additional manpower and the expansion of additional working spaces.

Interest Expense increased by 54.8% to Php85.9 million for the years ended December 31, 2023, compared to Php55.5 million for the years ended December 31, 2022, mainly due to increased loan availment from credit facilities to fund additional working capital requirements.

Other Income

Other income increased by 11.93 times to Php18.01 million for the years ended December 31, 2023, compared to Php1.4 million for the years ended December 31, 2022, primarily due to the lease income received from Pier88, which was classified under other income and de-recognition of lease amounting to Php3.7 million.

Net Income

Net income increased by 26.3% to Php78.2 million for the years ended December 31, 2023, compared to Php61.9 million for the years ended December 31, 2022, mainly driven by higher sales volume, and lease income contributions of Pier88 classified under other income.

Financial Condition as of December 31, 2023 vs December 31, 2022

STATEMENTS OF CONSOLIDATED FINANCIAL POSITION			
(All amounts in thousands Philippine Pesos)			
	Audited		
	as of December 31		
	2023	2022	Increase/ (Decrease)
Cash	123,841	659,115	(535,274)
Trade and other receivables	325,536	150,482	175,054
Inventories	106,590	4,323	102,266
Due from related parties	90,447	490,244	(399,796)
Prepayments and other current assets	730,166	430,278	299,888
Total Current Assets	1,376,579	1,734,443	(357,864)
Property and equipment, net	910,471	424,323	486,148
Right-of-use (ROU) asset, net	-	24,078	(24,078)
Intangible assets, net	534	1,601	(1,068)
Deferred tax asset	-	175	(175)
Other noncurrent assets	3,465	3,705	(240)
Total Noncurrent Assets	914,469	453,882	460,587
TOTAL ASSETS	2,291,049	2,188,325	102,724
Trade and other payables	25,999	13,433	12,566
Loans payable, current	1,236,365	1,071,228	165,137
Mortgage payable, current	2,750	11,461	(8,712)
Lease liability, current	-	2,094	(2,094)
Income tax payable	19,355	8,370	10,985
Total Current Liabilities	1,284,469	1,106,586	178,883
Loans payable, net of current	173,345	190,870	(17,525)
Mortgage payable, net of current	22,932	31,125	(8,193)
Lease liability, net of current	-	22,465	(22,465)
Deposit for future stock subscription	-	441,159	(441,159)
Total Noncurrent Liabilities	196,277	685,619	(489,705)
Total Liabilities	1,480,747	1,792,205	(311,458)
Share Capital	250,000	250,000	-
Deposit for future stock subscription	367,500	-	367,500
Retained earnings	193,947	137,391	56,548
Total Equity Attributable to Equity Holders of the Parent Company	811,447	387,391	424,056
Non-controlling interests	(1,145)	8,729	(9,874)
Total Equity	810,302	396,120	414,182
TOTAL LIABILITIES AND EQUITY	2,291,049	2,188,325	102,724

Assets

Total Assets for the years ended December 31, 2023 amounted to Php2,292.9 million, an increase of 4.78% or Php102.7 million, as compared to Php2,188.3 million for the years ended December 31, 2022.

Cash decreased by 81.2% to Php123.9 million for the years ended December 31, 2023, compared to Php659.1 million for the years ended December 31, 2022, which can be attributed to partially paying off amounts due from related parties.

Trade and other receivables increased by 116.3% to Php325.5 million for the years ended December 31, 2023, in contrast to Php150.5 million for the years ended December 31, 2022, primarily due to an increase in the Company's trade receivables by Php147.3 million and the recognition of receivables from its Affiliate companies amounting to Php27.8 million.

Due from related parties decreased by 81.6% to Php90.4 million for the years ended December 31, 2023, compared to Php490.2 million for the years ended December 31, 2022, mainly due to partial payment from cash resources.

Prepayments and other current assets increased by 70.1% to Php732.0 million for the years ended December 31, 2023, compared to Php430.3 million for the years ended December 31, 2022, which are due to increases in advance payments made by the Company to suppliers of fuels which are yet to be delivered.

Property and equipment, net increased by 114.6% to Php910.5 million for the years ended December 31, 2023, compared to Php424.3 million for the years ended December 31, 2022, mainly because of the increasing percentage of completion of Pier88 and the recognition of its corresponding value for the period amounting to Php429 million; increases in land, buildings and leasehold improvements amounting to Php33.5 million, and net additions for machineries and transport equipment amounting to Php21.4 million.

Liabilities

Total Liabilities for the years ended December 31, 2023, amounted to Php1,482.6 million, a decrease of 17.3% or Php309.6 million, compared to Php1,792.2 million for the years ended December 31, 2022.

Loans payable, current increased by 15.4% to Php1,236.7 million for the years ended December 31, 2023, compared to Php1,071.2 million for the years ended December 31, 2022, mainly due to increase in drawdowns from credit facilities of the Company to fund working capital requirements.

Lease liability, net of current decreased by Php22.5 million for the year ended December 31, 2023, primarily due to the de-recognition of lease liabilities against ROU assets.

Deposit for Future Stock Subscription (DFFS) decreased by Php441.2 million for the years ended December 31, 2023, due to the reclassification of DFFS from a liability account to an equity account following the submission of the application to the SEC for an increase in the Company's authorized capitalization.

Equity and Capital Accounts

Total Equity increased by 104.6% to Php810.3 million for the years ended December 31, 2023, compared to Php396.1 million for the years ended December 31, 2022.

Deposit for Future Stock Subscription increased by Php367.5 million for the years ended December 31, 2023, and will be credited to the respective subscribers of newly issued stocks upon SEC approval of the pending amendment to increase the Company's authorized capitalization.

Retained earnings increased by Php56.5 million to Php193.9 million for the years ended December 31, 2023, compared to Php137.4 million for the years ended December 31, 2022, mainly driven by the de-recognition of income from the restaurant operations.

Statement of Cash Flows as of December 31, 2023 vs December 31, 2022

STATEMENTS OF CASH FLOWS		
(All amounts in thousands Philippine Pesos)		
	Audited	
	for the year ended December 31	
	2023	2022
Net cash provided by (used in) operating activities	(400,124)	16,426
Net cash provided by (used in) investing activities	(916,133)	26,134
Net cash provided by financing activities	780,983	572,849
NET INCREASE IN CASH	(535,274)	615,409
CASH AT JANUARY 1	659,115	43,706
CASH AT DECEMBER 31	123,841	659,115

Net cash flows provided by operating activities

Net cash used in operating activities amounted to Php400.12 million, compared to cash generated of Php16.43 million in 2022. The decline is largely attributable to increased working capital requirements, particularly in receivables and inventory.

Net cash flows used in investing activities

Net cash used in investing activities surged to Php916.13 million, up significantly from Php26.13 million in 2022. The 2023 outflow reflects major capital expenditures for infrastructure, equipment, and distribution capacity expansion, and the impact of the derecognition of deposit for future stock subscription related to the deconsolidation of a subsidiary.

Net cash flows used in financing activities

Financing activities provided Php780.98 million, a 36.3% increase from Php572.85 million in 2022. The proceeds were sourced from equity infusions or deposits for future stock subscription. The increase in financing offset the large investment and operating outflows, maintaining minimum working capital thresholds.

Results of Operations as of June 30, 2025 vs June 30, 2024

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**(All amounts in thousands Philippine Pesos)**

	for the six-month period ended June 30		
	2025	2024	Increase/ (Decrease)
Sales And Service Income			
Fuel Distribution	1,910,332	1,530,207	380,125
Retail	63,931	34,526	29,405
Non-Fuel	374	49	325
Sales And Service Income	1,974,637	1,564,782	409,855
Cost Of Sales And Other Direct Costs	(1,792,000)	(1,430,910)	(361,090)
Gross Income	182,637	133,871	48,766
Other Income	73,171	63,609	9,562
General And Administrative Expenses	(77,601)	(63,521)	(14,080)
Interest Expense	(76,725)	(53,247)	(23,478)
Interest Income	145	29	116
Income Before Income Tax	101,627	80,741	20,886
Provision For Income Tax			
Current	(25,418)	(21,983)	(3,435)
Deferred	48	1,796	(1,748)
	(25,371)	(20,187)	(5,184)
Net Income	76,257	60,554	15,703
Other Comprehensive Income	-	-	-
Total Comprehensive Income	76,257	60,554	15,703
Net Income Attributable To:			
Equity Holders Of The Parent Company	76,213	60,603	15,610
Non-Controlling Interests	43	(49)	92
	76,257	60,554	15,703
Total Comprehensive Income Attributable to: Equity Holders Of The Parent Company	76,213	60,603	15,610
Non-Controlling Interests	43	(49)	
	76,257	60,554	

Sales and Other Income

Sales and service income rose to ₱1.97 billion in the first half of 2025, up 26.1% from ₱1.56 billion in the same period in 2024. Commercial fuel trade continued to account for the bulk of revenues, while retail fuel sales doubled as new stations opened and operated. Gross profit increased from ₱133.87 million to ₱182.64 million, raising the gross margin to 9.2% from 8.6%.

Sales volume surged 38.3% to 44.43 million liters in the first six months of 2025, compared to 32.12 million liters in the same period last year. This represents 61% of the Group's total 2024 sales volume of 72.4 million liters, underscoring sustained demand momentum.

Cost of Sales and Gross Income Margin

The Group's gross income margin improved further to 9.3% in the first half of 2025 compared to 8.6% in the same period in 2024. Its efficient inventory management, reliability of supply,

and ability to maintain inventory due to the operation of its supply depot contributed to the improvement of the Group's gross income margin.

General, Administrative and Interest Expenses

General and administrative expenses rose to ₱77.60 million, in line with network expansion and support infrastructure. The increase, however, represents a slighter ratio compared to the overall growth in sales as the general and administrative expenses represents 4.1% of the revenues in the first half of 2024, and slightly lowered to 3.9% for the same period in 2025.

Interest expense inched up slightly by ₱23.48 million compared to the same period in 2024. The increase is proportionate to the increase in sales volume of the Group as it needed more credit facilities and working capital to service its growing volume turnover.

Net Income

The Group booked a ₱76.3 million net income for the first half of 2025 representing a 25.9% jump over the same period in 2024. Likewise, the net profit margin remained stable at 3.9% in the first half of both 2024 and 2025 due to effective operational management.

Financial Condition as of June 30, 2025 vs December 31, 2024

STATEMENTS OF CONSOLIDATED FINANCIAL POSITION			
(All amounts in thousands Philippine Pesos)			
	as of		
	June 30, 2025	December 31, 2024	Increase/ (Decrease)
Cash	240,202	172,607	67,595
Trade and other receivables	546,191	461,243	84,948
Inventories	235,603	105,817	129,786
Due from related parties	715,719	520,890	194,829
Prepayments and other current assets	1,238,348	875,791	362,557
Total Current Assets	3,021,063	2,136,357	884,706
Property and equipment, net	965,329	968,804	(3,475)
Right-of-use (ROU) asset, net	7,044	7,579	(535)
Intangible assets, net	1,358	889	469
Deferred tax asset	5,150	5,102	48
Other noncurrent assets	8,540	8,458	82
Total Noncurrent Assets	987,422	990,832	(3,410)
TOTAL ASSETS	4,008,486	3,127,189	881,297
Trade and other payables	46,318	73,672	(27,354)
Loans payable, current	1,910,534	1,733,441	177,093
Mortgage payable, current	1,350	2,640	(1,290)
Lease liability, current	753	697	56
Income tax payable	9,084	18,603	(9,519)
Total Current Liabilities	1,968,039	1,829,053	138,986
Loans payable, net of current	363,270	287,020	76,250
Mortgage payable, net of current	20,630	20,690	(60)
Lease liability, net of current	6,742	7,142	(400)
Total Noncurrent Liabilities	390,642	314,852	75,790
Total Liabilities	2,358,682	2,143,905	214,777

STATEMENTS OF CONSOLIDATED FINANCIAL POSITION
(All amounts in thousands Philippine Pesos)

	as of		
	June 30, 2025	December 31, 2024	Increase/ (Decrease)
Share Capital	1,481,780	859,375	622,405
Deposit for future stock subscription	-	-	-
Retained earnings	166,166	122,469	43,697
Other comprehensive income	850	850	-
Total Equity Attributable to Equity Holders of the Parent Company	1,648,796	982,694	666,102
Non-controlling interests	1,008	590	418
Total Equity	1,649,804	983,284	666,520
TOTAL LIABILITIES AND EQUITY	4,008,486	3,127,189	881,297

Assets

As of June 30, 2025, the Group's total assets amounted to ₱4.08 billion, a 28% increase from ₱3.13 billion as of December 31, 2024. The growth was driven by IPO proceeds, increased receivables, and inventory buildup to support expanded operations.

Liabilities

The overall liabilities of the Group increased by ₱214.8 million mostly coming from its loan balances, which is a 10% increase compared to the previous period ending December 31, 2024. The Group's liabilities are composed mostly of short term debt which are working capital in nature to support the Group's accelerating growth.

Stockholders' Equity and Capital Accounts

As of June 30, 2025, the Group's total equity rose to ₱1.65 billion, primarily due to IPO proceeds and accumulated earnings.

Statement of Cash Flows as of June 30, 2025 vs June 30, 2024

STATEMENTS OF CASH FLOWS
(All amounts in thousands Philippine Pesos)

	as of	
	June 30, 2025	June 30, 2024
Net cash used in operating activities	(494,805)	(119,944)
Net cash used in investing activities	(256,626)	(120,548)
Net cash provided by financing activities	819,027	219,580
NET INCREASE IN CASH	67,596	(20,912)
CASH AT JANUARY 1	172,607	123,841
CASH AT MARCH 31	240,202	102,928

Net cash flows provided by operating activities

Cash flow from operations recorded a net outflow of ₱494.8 million, mainly due to changes in working capital.

Net cash flows used in investing activities

The net cash used in its investing activities amounted to ₱256.6 million as the Group embarked on constructing its planned retail service stations and increased its tanker fleet to support the network expansion.

Net cash flows used in financing activities

Financing activities contributed ₱819.0 million in net cash inflows, composed of IPO proceeds and bank borrowings, partially offset by debt repayments and dividend distributions. The Group ended the period with ₱240.2 million in cash, up from ₱172.6 million.

KEY PERFORMANCE INDICATORS

Ratio	Formula	June 30, 2025	As at		
			2024	2023	December 31, 2022
Liquidity Ratios:					
Current ratio	Total Current Assets divided by Total Current Liabilities	1.54	1.17	1.07	1.57
	Total Current Assets	₱3,021,063,916			
	Divide by: Total Current Liabilities	₱1,968,039,349			
	Current ratio	1.54			
Quick ratio	Quick Assets divided by Total Current Liabilities	0.40	0.35	0.35	0.73
	Quick Assets	₱786,393,874			
	Divide by: Total Current Liabilities	₱1,968,039,349			
	Quick ratio	0.40			
Solvency Ratios:					
Debt ratio / Debt-to-asset ratio	Total Liabilities divided by Total Assets	0.59	0.69	0.65	0.82
	Total Liabilities	₱2,358,681,680			
	Divide by: Total Assets	₱4,008,485,800			
	Debt-to-asset ratio	0.59			
Debt-to-equity ratio	Total Liabilities divided by Total Equity	1.43	2.18	1.83	4.52
	Total Liabilities	₱2,358,681,680			
	Divide by: Total Equity	₱1,649,804,120			
	Debt-to-equity ratio	1.43			
Asset-to-equity ratio	Total assets divided by Total Equity	2.43	3.18	2.83	5.52
	Total Assets	₱4,008,485,800			
	Divide by: Total Equity	₱1,649,804,120			
	Asset-to-equity ratio	2.43			

Ratio	Formula	June 30, 2025	As at		
			2024	2023	December 31, 2022
Profitability Ratios:					
Return on assets	Net Income divided by Average Total Assets	0.02	0.04	0.03	0.04
	Net Income	₱76,256,577			
	Divide by: Average Total Assets	₱3,177,626,199			
	Return on assets	0.02			
Return on equity	Net Income divided by Average Total Equity	0.06	0.11	0.11	0.19
	Net Income	₱76,256,577			
	Divide by: Average Total Equity	₱1,278,795,398			
	Return on equity	0.06			

KEY VARIABLE AND OTHER QUALITATIVE AND QUANTITATIVE FACTORS

Disclosures for the periods ended December 31, 2024 and June 30, 2025:

Trends, Events, or Uncertainties That Have Had or That Are Reasonably Expected to Affect Revenues and Income

- (i) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material effect on Company's liquidity. As of December 31, 2024 and June 30, 2025, the Group's liquidity remains sufficient, with current ratios of 1.17x and 1.54x, respectively.
- (ii) There are no known events as of the reporting dates that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- (iii) There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entries or other persons created during the reporting periods.
- (iv) As of both periods, the Group has ongoing capital expenditures related to the expansion of its fuel distribution and service station network. Capital Expenditure is funded through a mix of internal cash flows and bank financing. No major unfinanced capital commitments are outstanding as of June 30, 2025.
- (v) The introduction of MOGAS in early 2025 is expected to significantly enhance fuel sales volume in the medium term. Retail revenue nearly doubled in the first half of 2025 (Php63.9 million vs Php34.5 million), reflecting strong demand uptake and higher customer engagement from the Light Rewards App integration. The recent acquisition of a retail network across Cebu, Leyte, Siquijor, and Negros Oriental further accelerates market penetration and strengthens the Group's downstream footprint. While these developments are expected to drive incremental revenues and

improve margins, continued sensitivity to fuel price fluctuations may influence topline stability in future quarter.

- (vi) There are no significant elements of income or loss from continuing operations.
- (vii) Sales and Service Income increased by 26% for the six-month period ended June 30, 2025, compared to the same period in 2024, driven by sustained growth in both commercial and retail segments. Cost of Sales rose by 25%, reflecting volume growth and fuel cost escalation. Trade receivables improved by Php84.9 million due to stronger collection efforts, while Noncurrent Loans Payable increased by Php76.3 million, representing drawdowns to support expansion. Retained earnings grew by Php43.7 million, consistent with first-half profitability and ongoing reinvestment activities.
- (viii) The Group continues to experience moderate seasonality in fuel sales, with peak demand typically occurring during the last quarter of each year, due to holiday and post-holiday mobility patterns. No unusual effects were noted in the first half of 2025 beyond the expected sales uplift. Inventory and receivable levels remain within normal operating ranges, and management expects steady demand through the remainder of the year.

PROSPECTS FOR THE FUTURE

As the Group enters the remainder of 2025, management remains cautiously optimistic about continued growth, supported by strategic product and network expansion, operational efficiency, and digital innovation. Key prospects are outlined below:

1. Strengthening Revenue Streams

The growth in sales volume driven by increase in fuel demand and the launch of MOGAS in early 2025 have significantly strengthened the Group's fuel distribution performance. First-half 2025 results showed a 26% increase in total sales and service income, underscoring strong market demand and steady execution of expansion plans. The retail segment continues to gain traction with new service stations, the Light Rewards App, and higher foot traffic and customer transactions. Retail sales nearly doubled compared to the same period in 2024, reflecting early adoption and growing brand engagement.

2. Expansion of Retail Footprint

The retail network acquisition has accelerated the Group's presence in key growth areas, driving higher sales volumes and improving downstream market penetration. The addition of a depot facility in Negros Oriental and an expanded tanker truck fleet is expected to further enhanced distribution efficiency and reduce logistics costs.

Management expects this acquisition to deliver incremental revenues and improve operating margins over the medium to long term, supported by efficient inventory management, higher volumes, and reliable supply.

3. Focus on Cost Management and Margins

The Group remains focused on preserving gross margins through optimized procurement strategies, dynamic pricing and better inventory planning. Cost discipline will be enforced at the administrative level to stabilize operating margins, especially as new digital and logistics initiatives mature.

4. Enhanced Liquidity Management

As of June 30, 2025, the Group maintained Php240.2 million in cash, reflecting improved collections and prudent working capital management. A key priority for the second half of 2025 will be the gradual reduction of receivables from related parties, to free up liquidity for organic growth and debt service obligations.

5. Operational and Digital Investments

The Group will continue to invest in fuel distribution infrastructure, service station expansions and upgrades, technology integrations, and customer loyalty infrastructure. These initiatives are expected to improve service quality, efficiency, and data-driven marketing, supporting long-term competitiveness in the fuel retail industry.

6. Capital Structure and Debt Management

The Group raised additional financing in the first half of 2025 to support network expansion and fleet growth, resulting in total liabilities of Php2.36 billion as of June 30, 2025. While leverage remains within acceptable levels, the focus will shift toward deleveraging and balance sheet optimization in the latter half of the year.

7. External Market Conditions

The Group remains exposed to global oil price volatility and domestic interest rates. A proactive stance will be taken in monitoring macroeconomic developments, including inflationary trends and potential regulatory shifts.

8. Long-Term Vision

Over the next 12-24 months, the Group aims to expand its retail footprint and strengthen its presence across the Visayas region, following the recent retail network acquisition. The launch of MOGAS, the Light Rewards App, and the rollout of automated Motorwash/Carwash and Quick Service Restaurants (QSR) offerings are expected to enhance customer experience and diversify non-fuel income streams.

These initiatives, supported by continued digital transformation and operational efficiency measures, position the Group to achieve sustainable growth, improved margins, and stronger shareholder value over the long-term.

Item 6 Financial Statements and Supplementary Schedules

The Company's financial statements are filed as part of this report.

Item 7 Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

(A) External Audit Fees and Services

Audit and Audit-Related Fees

(B) External Audit Fees and Services

Please refer to **page 25** of the SEC Form 20-IS.

PART III CONTROL AND COMPENSATION INFORMATION

Item 8 Directors and Executive Officers of the Issuer

(A) Board of Directors and Executive Officers of the Registrant

Please refer to **page 10** of the SEC Form 20-IS.

(B) Significant Employees

Please refer to **page 20** of the SEC Form 20-IS.

(C) Family Relationships

Please refer to **page 20** of the SEC Form 20-IS.

(D) Involvement in Certain Legal Proceedings of Directors and Executive Officers

Please refer to **page 21** of the SEC Form 20-IS.

Item 9 Executive Compensation

Please refer to **page 24** of the SEC Form 20-IS.

Item 10 Security Ownership of Certain Beneficial Owners and Management

Please refer to **page 7** of the SEC Form 20-IS.

Item 11 Certain Relationships and Related Transactions

Please refer to **page 22** of the SEC Form 20-IS.

PART IV CORPORATE GOVERNANCE

Item 12 Corporate Governance

The Board of Directors has adopted the Company’s Manual on Corporate Governance (“**Manual**”) on March 30, 2022 which adopts the governance principles embodied in the Code of Corporate Governance for Publicly Listed Companies issued by the SEC on December 19, 2019. The Manual sets forth the principles of best practices and good corporate governance in the entire organization. The Manual provides that the Board of Directors has the primary responsibility for the governance of the corporation.

In adopting the Manual, the Company understands the responsibilities of the Board of Directors and its members, in governing the conduct of its business, the Board Committees, in focusing on specific board functions to aid in the optimal performance of its roles and responsibilities, and the officers, in ensuring adherence to corporate principles and best practices. To date, there has been no deviation from the Company’s Manual even as the Company is still in the process of establishing a formal evaluation system for determining the extent of compliance of the Board and senior management of the Company with the Manual.

Please refer to the Company’s Annual Corporate Governance Report.

PART V EXHIBITS AND SCHEDULES

Item 13 Exhibits and Reports on SEC Form 17-C

The table below lists the Company’s Corporate Disclosures under SEC Form 17-C since date of listing on April 8, 2025:

Disbursement of Proceeds and Progress Report	October 14, 2025
Amendments to Articles of Incorporation	October 8, 2025
Notice of Annual or Special Stockholders’ Meeting	October 8, 2025
Acquisition or Disposition of Shares of Another Corporation	October 8, 2025
Acquisition or Disposition of Shares of Another Corporation	October 8, 2025
Reclassification of Shares	October 8, 2025
Material Information/Transactions	October 8, 2025
Public Ownership Report	October 7, 2025
List of Top 100 Stockholders (Common Shares)	October 7, 2025
[Amend-1] Other SEC Forms, Reports and Requirements	September 1, 2025
[Amend-2] Amendments to By-Laws	August 27, 2025
Material Information/Transactions	August 27, 2025
[Amend-1] Material Information/Transactions	August 18, 2025

Material Information/Transactions	August 18, 2025
Declaration of Cash Dividends	August 18, 2025
Quarterly Report	August 15, 2025
Press Release	August 15, 2025
Material Information/Transactions	August 15, 2025
Other SEC Forms, Reports and Requirements	August 15, 2025
[Amend-1] Acquisition or Disposition of Assets	July 23, 2025
Results of Organizational Meeting of Board of Directors	July 18, 2025
Results of Annual or Special Stockholders' Meeting	July 18, 2025
Press Release	July 18, 2025
Acquisition or Disposition of Assets	July 18, 2025
Material Information/Transactions	July 17, 2025
Disbursement of Proceeds and Progress Report	July 16, 2025
Public Ownership Report	July 10, 2025
Acquisition or Disposition of Assets	July 8, 2025
List of Top 100 Stockholders (Common Shares)	July 8, 2025
Press Release	July 8, 2025
Material Information/Transactions	July 8, 2025
Material Information/ Transactions	June 23, 2025
[Amend-2] Notice of Annual or Special Stockholders' Meeting	June 23, 2025
Information Statement	June 23, 2025
Information Statement	June 10, 2025
Material Information/Transactions	June 5, 2025
[Amend-1] Notice of Annual or Special Stockholders' Meeting	June 5, 2025
Postponement of Annual Stockholders' Meeting	June 5, 2025
[Amend-1] Amendments to By-Laws	June 5, 2025
Amendments to By-Laws	May 28, 2025
Notice of Annual or Special Stockholders' Meeting	May 28, 2025
Material Information/Transactions	May 28, 2025
Press Release	May 15, 2025

Material Information/Transactions	May 15, 2025
Quarterly Report	May 15, 2025
Material Information/Transactions	May 15, 2025
Statement of Changes in Beneficial Ownership of Securities	May 13, 2025
Statement of Changes in Beneficial Ownership of Securities	May 09, 2025
Statement of Changes in Beneficial Ownership of Securities	May 09, 2025
Statement of Changes in Beneficial Ownership of Securities	May 09, 2025
Statement of Changes in Beneficial Ownership of Securities	May 09, 2025
Other SEC Forms, Reports and Requirements	May 08, 2025
Material Information/Transactions	May 06, 2025
Material Information/Transactions	May 05, 2025
Declaration of Cash Dividends	May 05, 2025
Other SEC Forms, Reports and Requirements	May 05, 2025
Press Release	May 02, 2025
Material Information/Transactions	May 02, 2025
Material Information/Transactions	May 02, 2025
Other SEC Forms, Reports and Requirements	Apr 28, 2025
Other SEC Forms, Reports and Requirements	Apr 21, 2025
[Amend-1]Initial Statement of Beneficial Ownership of Securities	Apr 15, 2025
[Amend-1]Initial Statement of Beneficial Ownership of Securities	Apr 15, 2025
[Amend-1]Initial Statement of Beneficial Ownership of Securities	Apr 15, 2025
[Amend-1]Initial Statement of Beneficial Ownership of Securities	Apr 15, 2025
Change in Shareholdings of Directors and Principal Officers	Apr 14, 2025
Change in Shareholdings of Directors and Principal Officers	Apr 14, 2025

Change in Shareholdings of Directors and Principal Officers	Apr 14, 2025
Change in Shareholdings of Directors and Principal Officers	Apr 14, 2025
Other SEC Forms, Reports and Requirements	Apr 11, 2025
Initial Statement of Beneficial Ownership of Securities	Apr 11, 2025
Initial Statement of Beneficial Ownership of Securities	Apr 11, 2025
Initial Statement of Beneficial Ownership of Securities	Apr 11, 2025
Initial Statement of Beneficial Ownership of Securities	Apr 11, 2025
Initial Statement of Beneficial Ownership of Securities	Apr 11, 2025
Initial Statement of Beneficial Ownership of Securities	Apr 11, 2025
Initial Statement of Beneficial Ownership of Securities	Apr 11, 2025
Initial Statement of Beneficial Ownership of Securities	Apr 11, 2025
Initial Statement of Beneficial Ownership of Securities	Apr 11, 2025
Other SEC Forms, Reports and Requirements	Apr 10, 2025
Press Release	Apr 08, 2025

Item 14 Use of Proceeds

This 2025 Special Stockholders' Meeting will be the Company's second stockholders' meeting as an issuer of securities/ secondary license and publicly listed company, following its first Annual Stockholders' Meeting held on July 18, 2025.

Since its listing on the Philippine Stock Exchange on April 8, 2025, the Company has disclosed its Disbursement of Proceeds and Progress Report for the second (2nd) quarter on July 16, 2025, and for the third (3rd) quarter on October 14, 2025.



SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines

Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph



The following document has been received:

Receiving: ICTD ERMD

Receipt Date and Time: June 05, 2025 10:55:53 AM

Company Information

SEC Registration No.: CS201330638

Company Name: TOP LINE BUSINESS DEVELOPMENT CORP.

Industry Classification: G51000

Company Type: Stock Corporation

Document Information

Document ID: OST10605202583464751

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2024

Submission Type: Consolidated

Remarks: None

Acceptance of this document is subject to review of forms and contents



Topline Group <toplinecebu2017@gmail.com>

SEC eFast Initial Acceptance

1 message

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>

Thu, Jun 5, 2025 at 10:55 AM

Greetings!

SEC Registration No: CS201330638
Company Name: TOP LINE BUSINESS DEVELOPMENT CORP.
Document Code: AFS

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

REMINDER: TO ALL FILERS OF REPORTS IN THE e-FAST Please strictly follow the instruction stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer. 1. General Information Sheet (GIS-Stock) 2. General Information Sheet (GIS-Non-stock) 3. General Information Sheet (GIS- Foreign stock & non-stock) 4. Broker Dealer Financial Statements (BDFS) 5. Financing Company Financial Statements (FCFS) 6. Investment Houses Financial Statements (IHFS) 7. Publicly – Held Company Financial Statement 8. General Form for Financial Statements 9. Financing Companies Interim Financial Statements (FCIF) 10. Lending Companies Interim Financial Statements (LCIF) Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

SECURITIES AND EXCHANGE COMMISSION

SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

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COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	3	3	0	6	3	8
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COMPANY NAME

T	O	P	L	I	N	E	B	U	S	I	N	E	S	D	E	V	E	L	O	P	M	E	N	T	C	O	R	P	.	A	N	D
S	U	B	S	I	D	I	A	R	I	E	S																					

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

1	9	T	H	F	L	O	O	R	,	L	A	T	I	T	U	D	E	C	O	R	P	O	R	A	T	E	C	E	N	T	E	R
M	I	N	D	A	N	A	O	A	V	E	N	U	E	,	C	E	B	U	B	U	S	I	N	E	S	P	A	R	K			
B	R	G	Y	.	L	U	Z	,	C	E	B	U	C	I	T	Y																

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A C F S	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
compliance@topline.ph	(032) 505-6058	0917-627-7147
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
12	June 15	December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Eugene Erik C. Lapasaran Lim	erik@topline.ph	(032) 505-6058	0917 801 4773

CONTACT PERSON'S ADDRESS

29 Sunset Drive, Lahug, Cebu City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

NOTE 2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES DECEMBER 31, 2024 AND 2023

Consolidated Financial Statements

Statement of Management's Responsibility for Consolidated Financial Statements as at December 31, 2024, 2023 and 2022

Independent Auditor's Report dated April 30, 2025

Consolidated Statements of Financial Position as at December 31, 2024 and 2023

Consolidated Statements of Comprehensive Income for the years ended December 31, 2024, 2023 and 2022

Consolidated Statements of Changes in Equity for the years ended December 31, 2024, 2023 and 2022

Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022

Notes to the Consolidated Financial Statements as at and for the years ended December 31, 2024, 2023 and 2022

Supplementary Schedules

Independent Auditor's Report on Supplementary Schedules dated April 30, 2025

Applicable

Reconciliation of Retained Earnings Available for Dividend Declaration

Schedule I

Schedule Showing Financial Soundness Pursuant to Revised SRC Rule 68

Schedule II

A Map Showing the Relationship Between and Among the Group and its Ultimate Parent Company, Middle Parent and its Co-Subsidiaries Pursuant to Revised SRC Rule 68

Schedule III

Supplementary Schedules Required under Annex 68-E

Schedule IV

Financial Assets

Schedule A

Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Schedule B

Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

Schedule C

Intangible Assets – Other Assets

Schedule D

Long-term Debt

Schedule E

Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Schedule F

Guarantees of Securities of Other Issuers

Schedule G

Capital Stock

Schedule H

Supplementary Schedule of External Auditor Fee-Related Information

Schedule V



At Your Service!

TOP LINE BUSINESS DEVELOPMENT CORP.

19F Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Cebu City, Philippines
Contact No. (032) 505 6058

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The management of Top Line Business Development Corp. and Subsidiaries, is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at and for the years ended December 31, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

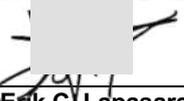
The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein and submits the same to the shareholders.

Roxas Tabamo & Co., the independent auditors, appointed by the shareholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the shareholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



Eugene Erik C. Lapasaran Lim
Chairman Board



Eugene Erik C. Lapasaran Lim
Finance Director



Constance Marie C. Lim
Treasurer

Signed this 30th day of April 2025.

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Top Line Business Development Corp. and Subsidiaries
19th Floor, Latitude Corporate Center
Mindanao Avenue, Cebu Business Park
Brgy. Luz, Cebu City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Top Line Business Development Corp. and Subsidiaries** (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2024, 2023 and 2022, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

Key audit matters are the matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Revenue Recognition

The Group recognized revenue amounting to ₱3.37 billion for the year ended December 31, 2024. Refer to Note 17, *Sales* to the consolidated financial statements.

Revenue is a significant component of the Group's financial performance and involves judgment in applying the revenue recognition principles under PFRS 15 (Revenue from Contracts with Customers). Given the Group's diversified operations—including commercial fuel trade, retail, maritime services, and leasing—complex contractual terms and the timing of revenue recognition required significant auditor attention. Areas of significant judgment include the identification of performance obligations, allocation of transaction price, and timing of revenue recognition.

We performed the following audit procedures, among others, on revenue recognition:

- Assessed the Group's revenue recognition policies for compliance with PFRS 15.
- Reviewed sample sales transactions to ensure revenue was recorded in the correct period.
- Examined contract terms for major customers, including discounts and rebates, and verified their correct accounting treatment.
- Performed analytical procedures to detect unusual revenue trends.
- Reviewing disclosures in the consolidated financial statements for adequacy and consistency.

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

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

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

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Christian Francis S. Felismino.



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

ROXAS TABAMO & CO.



Christian Francis S. Felismino

Partner

CPA Certificate No. 0111361

Tax Identification No. 237-332-255

BIR Accreditation No. 08-001682-016-2022, issued on October 14, 2022,
effective until October 13, 2025

SEC Accreditation No. 111361-SEC, Group A, issued on February 4, 2020,
effective for the audit of 2019 to 2023 (extended to 2025*) financial statements of SEC covered institutions

PTR No. 10487046, issued on January 16, 2025, Makati City

April 30, 2025
Makati City

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TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	Note	2024	2023
ASSETS			
Current Assets			
Cash	5	P172,606,667	P123,840,606
Trade and other receivables	6	435,347,239	325,536,045
Inventories	7	104,559,762	106,589,698
Due from related parties	15	520,899,733	90,447,443
Prepayments and other current assets	8	875,790,506	730,165,560
Total Current Assets		2,109,203,907	1,376,579,352
Noncurrent Assets			
Property and equipment, net	9	968,804,441	910,470,872
Right-of-use (ROU) asset, net	21	7,578,630	-
Intangible assets, net	10	888,694	533,799
Deferred tax asset, net	22	5,416,759	-
Other noncurrent assets	11	8,457,576	3,464,725
Total Noncurrent Assets		991,146,100	914,469,396
		P3,100,350,007	P2,291,048,748
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Trade and other payables	12	P47,775,910	P25,999,434
Loans payable, current	13	1,733,441,024	1,236,729,720
Mortgage payable, current	14	2,640,342	2,749,649
Lease liability, current	21	696,938	-
Income tax payable		18,602,762	19,354,617
Total Current Liabilities		1,803,156,976	1,284,833,420
Noncurrent Liabilities			
Loans payable, net of current portion	13	287,019,697	172,981,052
Mortgage payable, net of current portion	14	20,690,466	22,932,302
Lease liability, net of current portion	21	7,141,763	-
Total Noncurrent Liabilities		314,851,926	195,913,354
Total Liabilities		2,118,008,902	1,480,746,774
EQUITY			
Capital stock	16	859,375,300	250,000,000
Deposit for stock subscription	16	-	367,500,000
Retained earnings		121,527,883	193,946,584
Other comprehensive income	11	850,000	-
Total Equity Attributable to Equity Holders of the Parent		981,753,183	811,446,584
Company		587,922	(1,144,610)
Non-controlling interests		850,000	-
Total Equity		982,341,105	810,301,974
		P3,100,350,007	P2,291,048,748

See Notes to the Consolidated Financial Statements.

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	<i>Note</i>	2024	2023	2022
SALES AND SERVICE INCOME				
Commercial fuel trade		₱3,292,193,812	₱2,778,682,480	₱2,130,914,606
Retail		81,289,330	81,775,054	25,166,963
Restaurant operations	10	-	15,572,048	11,683,881
Non-fuel		631,769	47,628	-
	17	3,374,114,911	2,876,077,210	2,167,765,450
COST OF SALES AND OTHER DIRECT COSTS	18	(3,085,039,341)	(2,633,470,469)	(1,984,710,357)
GROSS INCOME		289,075,570	242,606,741	183,055,093
OTHER INCOME	20	106,774,472	18,081,091	1,398,360
GENERAL AND ADMINISTRATIVE EXPENSES	19	(137,574,005)	(70,542,794)	(46,447,964)
INTEREST EXPENSE	14	(125,120,237)	(85,913,313)	(55,486,504)
INTEREST INCOME	5	162,646	138,561	66,146
INCOME BEFORE INCOME TAX		133,318,446	104,370,286	82,585,131
PROVISION FOR INCOME TAX				
Current		(39,446,374)	(25,978,506)	(20,820,714)
Deferred		5,566,759	(175,094)	165,050
	22	(33,879,615)	(26,153,600)	(20,655,664)
NET INCOME		99,438,831	78,216,686	61,929,467
OTHER COMPREHENSIVE INCOME	11	850,000	-	-
TOTAL COMPREHENSIVE INCOME		₱100,288,831	₱78,216,686	₱61,929,467
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		₱99,456,299	₱78,209,953	₱61,840,365
Non-controlling interests		(17,468)	6,733	89,102
		₱99,438,831	₱78,216,686	₱61,929,467
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		₱100,306,299	₱78,209,953	₱61,840,365
Non-controlling interests		(17,468)	6,733	89,102
		₱100,288,831	₱78,216,686	₱61,929,467
BASIC EARNINGS PER SHARE				
Net income attributable to equity holders of the Parent Company		₱99,456,299	₱78,209,953	₱61,840,365
Weighted average of outstanding common shares		7,226,562,500	3,125,000,000	3,125,000,000
		₱0.01	₱0.03	₱0.02

See Notes to the Consolidated Financial Statements.

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**

	Attributable to Equity Holders of the Parent						Total Equity
	Share capital (Note 16)	Deposit for future stock subscription (Note 16)	Retained earnings	Comprehensive Income	Other	Non-controlling interest	
Balances as at January 1, 2022	₱158,000,000	₱-	₱75,550,418	₱-	₱233,550,418	₱9,834,857	₱243,385,275
Net income for the period	-	-	61,840,365	-	61,840,365	89,102	61,929,467
Non-controlling interest of newly acquired subsidiary	-	-	-	-	-	(1,194,462)	(1,194,462)
Issuance of shares	92,000,000	-	-	-	92,000,000	-	92,000,000
Balances as at January 1, 2023	250,000,000	-	137,390,783	-	387,390,783	8,729,497	396,120,280
Deposit for future stock subscription	-	367,500,000	-	-	367,500,000	-	367,500,000
Net income for the period	-	-	78,209,953	-	78,209,953	6,733	78,216,686
Non-controlling interest	-	-	-	-	-	116,643	116,643
Disposal of subsidiaries	-	-	(21,654,152)	-	(21,654,152)	(9,997,483)	(31,651,635)
Balances as at December 31, 2023	250,000,000	367,500,000	193,946,584	-	811,446,584	(1,144,610)	810,301,974
Deposit for future stock subscription	-	70,000,000	-	-	70,000,000	-	70,000,000
Issuance of shares	437,500,300	(437,500,000)	-	-	300	-	300
Stock dividends	171,875,000	-	(171,875,000)	-	-	-	-
Net income for the period	-	-	99,456,299	-	99,456,299	(17,468)	99,438,831
Non-controlling interest	-	-	-	-	-	1,750,000	1,750,000
Change in fair value of investment at FVOCI	-	-	-	850,000	850,000	-	850,000
Balances as at December 31, 2024	₱859,375,300	₱-	₱121,527,883	₱850,000	₱981,753,183	₱587,922	₱982,341,105

See Notes to the Consolidated Financial Statements.

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**

	<i>Notes</i>	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱133,318,446	₱104,370,286	₱82,585,131
Adjustments for:				
Interest expense	14	125,120,237	85,913,313	55,486,504
Depreciation and amortization	9	37,078,632	15,950,947	14,468,475
Gain on sale of property and equipment	9	(20,599,779)	-	-
Impairment loss on inventory	7	-	12,526	-
Gain on transfer of assets and liabilities	10	-	(751,287)	-
Net gain from derecognition of leases	21	-	(3,701,806)	-
Interest income	5	(162,646)	(138,561)	(66,146)
Operating income before working capital changes		274,754,890	201,655,418	152,473,964
Decrease (increase) in:				
Trade and other receivables		(109,811,194)	(162,053,761)	103,075,125
Inventories		2,029,936	(103,073,954)	(4,323,468)
Prepayments and other current assets		(145,624,946)	(334,980,591)	(201,147,262)
Increase (decrease) in trade and other payables		14,337,362	13,067,540	(3,624,739)
Cash generated from (used for) operations		35,686,048	(385,385,348)	46,453,620
Income tax paid		(40,198,229)	(14,877,022)	(30,093,920)
Interest received		162,646	138,561	66,146
Net cash provided by (used in) operating activities		(4,349,535)	(400,123,809)	16,425,846
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	9	(134,482,828)	(545,493,904)	(98,653,410)
Acquisition of intangible assets	10	(427,365)	(223,215)	(377,607)
Advance rent capitalized as part of right-of-use asset		(185,731)	-	-
Proceeds from sale of properties	9	73,000,000	-	-
Increase in due from related parties		(430,452,290)	(160,395,586)	(386,029,211)
Increase in other noncurrent assets		(3,992,851)	(588,831)	(3,305,973)
Cashflows on deconsolidation of a subsidiary	27	-	140,568,344	-
Derecognized deposit for future stock subscription	16,27	-	(350,000,000)	-
Refund of deposit for asset purchase	27	-	-	164,500,000
Cash inflows from business combination - acquisition of TMC by TTSC in 2022	16	-	-	350,000,000
Net cash provided by (used in) investing activities		(496,541,065)	(916,133,192)	26,133,799
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loan	13,23	1,838,893,400	1,515,618,750	1,990,793,157
Deposit for future stock subscription	16	70,000,000	367,500,000	91,158,600
Cancelled deposit for future stock subscription	16	-	(91,158,600)	-
Issuance of shares	16	300	-	92,000,000
Decrease in due to related parties				(41,672,135)
Increase in noncontrolling interest		1,750,000	-	-

Forward

	Notes	2024	2023	2022
Payments of:				
Loans payable	13,23	(P1,240,330,651)	(P920,759,433)	(P1,480,957,676)
Interest		(117,190,861)	(84,073,068)	(54,121,618)
Mortgage payable	14,23	(2,351,143)	(2,480,012)	(20,996,547)
Lease liability	21,23	(1,114,384)	(3,664,891)	(3,354,853)
Net cash provided by financing activities		549,656,661	780,982,746	572,848,928
NET INCREASE (DECREASE) IN CASH		48,766,061	(535,274,255)	615,408,573
CASH AT JANUARY 1	5	123,840,606	659,114,861	43,706,288
CASH AT DECEMBER 31		P172,606,667	P123,840,606	P659,114,861
SUPPLEMENTAL INFORMATION ON CASHFLOW INFORMATION				
Information on non-cash investing activities				
Capitalized borrowing cost	9,13	P16,158,530	P11,519,639	P-
Acquisition of property and equipment through financing		12,187,200	-	18,392,928
Additions to right-of-use asset		8,462,823	-	-
Total non-cash investing activities		P36,808,553	P11,519,639	18,392,928
Information on non-cash financing activities				
Derecognition of loans of disposed subsidiary	13	P-	(P447,246,346)	P-
Derecognition of mortgage of disposed subsidiary	14	-	(14,424,725)	-
Accrual of interest expense	14	7,439,114	-	-
Total non-cash financing activities		P7,439,114	(P461,671,071)	P-

See Notes to the Consolidated Financial Statements.

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024, 2023 AND 2022

1. Reporting Entity

General

Top Line Business Development Corp. (the "Parent Company") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 12, 2013. On July 31, 2024, SEC approved the change in primary purpose of the Parent Company from the business of acquiring properties for leasing such as but not limited to land, building (residential and commercial), equipment and to engage in various types of service activities as it may be permitted by law to carry business related to any and all of kinds of petroleum and petroleum products, mineral oils, and other sources of energy, including purchase from within and outside of the country, storage, marketing, distribution, transport, use, wholesale exportation, refinement, treatment, manufacture of, and generally deal in fuel oils, gas oils, gasolines, lubricants, all kinds of petroleum and petroleum products, including but not limited to kerosene, diesel, gasoline, aviation gas, Liquefied Petroleum Gas (LPG) and Liquefied Natural Gas (LNG).

Its amended secondary purpose is to carry on and manage the general business of its subsidiaries, to raise capital or borrow money from not more than nineteen (19) lenders including its stockholders necessary to meet the financial requirements of its business, to invest in other companies and enter into joint venture agreements, to establish and operate branch offices or agencies, to acquire, take over, hold and manage the property and business and assume liabilities thereof and to act as corporate surety or guarantor, or otherwise provide financial support and/or security for the performance of any lawful obligations.

Topline Equity Corporation (TEC) (the "Ultimate Parent Company") owns about 77% of the Parent Company.

On June 15, 2023, the BIR and SEC approved the change in the Company's registered office address from 604 Globe Tower, Cebu Business Park, Samar Loop, Luz, Cebu City to 19th Floor, Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City.

On October 8, 2024 and February 6, 2025, the SEC and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of the Parent Company for the listing and trading of up to 10,742,193,000 of its issued and outstanding common shares. The Parent Company received the Permit to Sell from the SEC on March 31, 2025. On April 8, 2025, the Parent Company completed its initial public offering ("IPO") and was listed on the PSE under the stock symbol "TOP".

The consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on April 30, 2025.

As at December 31, 2024, 2023 and 2022, the Parent Company holds investments in the following subsidiaries:

Name of Subsidiary	Country of Incorporation	Principal Activities	Ownership Interest		
			2024	2023	2022
<u>Held by the Parent Company</u>					
Light Fuels Corporation (LFC)	Philippines	Construction and operation of Fuel Station	99.75%	99.75%	99%
Topline Logistics and Dev. Corp. (TLDC)	Philippines	Logistics Support Services	75%	75%	-
Topline Transport and Services Corporation (TTSC)	Philippines	Non-bonded warehousing and logistics support services	-	-	98.75%
<u>Held by TTSC</u>					
Trident Maritime Corporation (TMC)	Philippines	Port and harbor services	-	-	75%

LFC

On April 22, 2022, the Parent Company subscribed in cash to 1.50 million shares of Light Fuels Corporation (formerly *Light Petroleum Corporation*), a domestic company engaged in construction and operation of fueling station, service station or gasoline station, with a par value of ₱100 per share representing 99.75% ownership.

On December 23, 2022, the Parent Company subscribed to additional 0.48 million shares of LFC with a par value of ₱100 per share.

The following table summarizes the recognized amounts of assets acquired from and liabilities assumed for LFC as at acquisition date:

	2022
	LFC
Cash	₱5,487,601
Trade and other receivables	6,834,398
Due from affiliates	128,479,316
Inventories	3,980,232
Prepayments and other current assets	2,892,201
Property and equipment, net	29,921,225
Intangible asset	229,427
Right of use assets	17,358,080
Deferred tax asset	81,578
Other noncurrent assets	600,000
Trade and other payables	(11,321,935)
Due to related party	(18,352,475)
Lease liabilities	(17,484,392)
Income tax payable	(71,798)
Deposit for future stock subscription	-
Total identifiable net assets acquired	₱148,633,458

TLDC

On October 16, 2023, the Parent Company subscribed in cash to 0.02 million shares of Top Line Logistics Development Corp. (TLDC), a domestic company engaged in managing and operating non-bonded warehouses and logistics support services with efficient storage of goods, with a par value of ₱100 per share representing 75% ownership.

The following table summarizes the recognized amounts of assets acquired from and liabilities assumed for TLDC as at acquisition date:

	TLDC
Cash	₱2,145,092
Due to related party	(27,684)
Income tax payable	(4,153)
Deposit for future stock subscription	(480,000)
Total identifiable net assets acquired	₱1,633,255

On July 15, 2024, the Parent Company cancelled 4,800 shares of its initial subscription.

On September 30, 2024, the Parent Company subscribed in cash additional 6,250 shares of TLDC with a par value of ₱100 per share.

TTSC

In 2022, the Company has 98.75% ownership in Topline Transport and Services Corporation (*formerly Topline Petroleum and Logistic Development Corporation*) (TTSC), a domestic company engaged in non-bonded warehousing and logistics support services.

On September 21, 2023, the Parent Company assigned its shares in TTSC to TEC for ₱296.25 million.

The following table summarizes the amounts of assets and liabilities derecognized due to the deconsolidation of TTSC and Trident Maritime Corporation* (TMC) effective September 21, 2023:

	2023
Cash	₱505,681,656
Prepayments	34,986,167
Due from related parties	560,192,069
Property and equipment	38,758,776
Other payables	(45,962)
Loans payable	(447,246,346)
Mortgage payable	(14,424,725)
Deposit for future stock subscription	(350,000,000)
Retained earnings attributable to equity holders of the Parent Company	(21,654,152)
Non-controlling interest	(9,997,483)
Total identifiable net assets disposed	₱296,250,000

*TMC is 75% owned by TTSC.

TMC

On November 25, 2022, TTSC acquired 75% ownership of Trident Maritime Corporation, a domestic company engaged in port services and harbor assistance such as but not limited to lighterage, towage and ship salvage.

The following table summarizes the recognized amounts of assets acquired from and liabilities assumed for TMC as at acquisition date:

	2022	TMC
Cash		₱500,074,569
Trade and other payables		(979)
Deposit for future stock subscription		(500,000,000)
Total identifiable net assets acquired		₱73,590

The Parent Company and its subsidiaries are hereinafter referred to as the "Group".

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

Basis of Measurement

The consolidated financial statements are prepared on a going concern basis under the historical cost convention, except where a Financial Reporting Standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these consolidated financial statements.

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the functional currency of the Group. All values are rounded off to the nearest peso, except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements of the Group include the accounts of the Parent Company and its subsidiaries ("the Group") where the Parent Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Accounting Policies on Business Combination under Common Control. For business combinations involving entities under common control, the pooling of interest method is applied. Under this method:

- Recognition of Assets and Liabilities - The assets and liabilities of the combining entities are recognized at their historical carrying amounts as reflected in the financial statements of the combining entities, without any remeasurement to fair value.
- No Recognition of Goodwill - No goodwill is recognized because of the business combination. Any difference between the consideration paid and the carrying amounts of the assets and liabilities transferred is adjusted against equity.
- Income Statements Transactions – The consolidated income statement reflects the results of the combining entities.
- Elimination of Intercompany Transactions - Intercompany balances and transactions between the combining entities are eliminated in full in the consolidated financial statements.

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statements of comprehensive income, and consolidated statements of financial position separate from equity attributable to equity holders of the parent.

An acquisition, transfer or sale of a non-controlling interest is accounted for as an equity transaction. No gain or loss is recognized in an acquisition of a non-controlling interest. The difference between the fair value of the consideration and book value of the share in the net assets acquired is presented under "Excess of consideration over the carrying value of non-controlling interests acquired or disposed" account within the equity section of the consolidated balance sheet. If the Group loses control over a subsidiary, it: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated statement of income; and (iii) reclassifies the Parent Company's share of components previously recognized in other comprehensive income (OCI) to the consolidated statement of income or retained earnings, as appropriate.

Transactions Eliminated on Consolidation. All intragroup transactions and balances including income and expenses, and unrealized gains and losses are eliminated in full.

Accounting Policies of Subsidiaries. The financial statements of subsidiaries are prepared for the same reporting year using uniform accounting policies as those of the Parent Company.

3. Material Accounting Policy Information

The material accounting policy information that have been used in the preparation of the consolidated financial statements are set below.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current. Non-current Liabilities with Covenants.* The amendments together impact the classification as current and non-current for liabilities with covenants and convertible notes that the Group has issued with liability classified conversion features.
- Amendments to PAS 7 and PFRS 7, *Supplier Financing Arrangements.* The amendment had no impact on the amounts recognized in the consolidated financial statements.

Amendments to PFRS 16, *Leases – Lease Liability in a Sale and Leaseback.* The amendment updated PFRS 16 to clarify that the requirements for Right of assets and lease liabilities in PFRS 16 apply to a sale-and-lease back after initial recognition. It also clarified that the 'lease payments' shall be determined in such a way that the seller-lessee would not recognize any gain or loss that relates to the Right-of-use asset retained by the seller-lessee.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS did not have any material effect on the consolidated financial statements of the Group.

New and Amended PFRS Issued but Not Yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2024 and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2025:

- Amendments to PAS 21, *Lack of Exchangeability.* These amendments require companies to apply a consistent approach in assessing whether a currency is exchangeable and how to estimate the exchange rate if it is not. It also requires additional disclosures in estimating the exchange rate.

The comparative period is not restated for this amendment.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments.* The amendments clarify the requirements relating to (a) timing of derecognition of liabilities when they are settled using an electronic payments system and (b) how to assess contractual cash flow characteristics of financial assets, including those with environment, social and governance (ESG)-linked features. It also amends the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and cost.

While the amendment is applied retrospectively, the comparative period is not restated for this amendment.

- Annual Improvements to PFRS Accounting Standards – Volume 11
 - Amendments to PFRS 7, *Financial Statements – Disclosures*. The amendment addressed a potential confusion in paragraph B38 of PFRS 7 which requires entities to disclose the gain or loss on derecognition of financial assets where a fair value measurement involves unobservable inputs. The confusion arose from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13, *Fair Value Measurement* was issued. The implementation guidance accompanying PFRS 7 clarifies the disclosures of deferred differences between fair values and transaction prices and, credit risk.
 - Amendments to PFRS 9, *Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price*. The amendment clarifies the application of the requirements in PFRS 9 to account for an extinguishment of a lessee' lease liability. It also clarifies the definition of 'transaction price', addressing potential confusion arising from a reference in Appendix A to PFRS 9 to the definition in PFRS 15, *Revenue from Contracts with Customers*.
 - Amendments to PFRS 10, *Consolidated Financial Statements – Determination of a 'de facto agent'*. The amendment addressed a potential confusion arising from an inconsistency between paragraphs B73 and B74 of PFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
 - Amendments to PAS 7, *Statement of Cash Flows – Cost Method*. The amendment addressed a potential confusion of applying paragraph 37 of PAS 7 that arises from the use of the term 'cost method' that is no longer defined in PFRS Accounting Standards.

These amendments are applied retrospectively with the comparative period restated, except for the amendments relating to derecognition of lease liabilities in PFRS 9, which only applies to lease derecognized on or after the amendment is adopted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosures of Financial Statements*. This standard will replace PAS 1, *Presentation of Financial Statements*. It requires the statement of profit or loss to be broken down into three subsections, operating, investing and financing, similar to the layout of the cash flow statement. It also requires management performance measures that are used by a company in other communications to be included in a note to the consolidated financial statements including a reconciliation to the nearest PFRS equivalent measure. The standard provides additional guidance on the aggregation and disaggregation of information on the face of consolidated financial statements and the notes to provide a useful structured summary of the reporting entity's assets, liabilities, equity, income, and expenses that are useful to users in assessing the prospects for future net cash inflows to the entity and in assessing management's stewardship of the entity's economic resources.

PFRS 18 is applied retrospectively with the comparative period restated.

- PFRS 19, *Subsidiaries without Public Accountability*. The standard specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other PFRS Accounting Standards. It requires companies who meet the specific criteria to apply the recognition and measurement of other standards.

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*. The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group.

Financial Assets and Financial Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2024 and 2023, the Group's cash, trade and other receivables (excluding receivable from employees subject to liquidation), refundable deposits under "other noncurrent assets" and due from related parties are classified as financial assets at amortized cost.

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

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

For equity instruments, the Group may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

The Group's investment in shares of stock presented under other noncurrent assets are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

The Group's liabilities arising from its trade and other payables (excluding statutory payables), loans payable, mortgage payable and lease liabilities are classified as financial liabilities at amortized cost.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Impairment of Financial Assets at Amortized Cost. The Group applies the simplified approach in measuring expected credit losses (ECL) for trade receivables, which uses a lifetime expected loss allowance for all trade and other receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information using a provision matrix. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due. Meanwhile, impairment of other receivables, refundable deposits and due from related parties is assessed based on potential liquidity of counterparties based on available financial information.

Inventories

Inventories are carried at the lower of cost and net realizable value (NRV). Cost, which includes all costs directly attributable to acquisition such as purchase price and freight-in is determined using the first-in, first-out method. NRV is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Prepayments and other current assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to the consolidated statement of comprehensive income as these are consumed in operations or have expired with the passage of time.

Prepayments are classified in the consolidated statements of financial position as current assets when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

Advances to suppliers pertain to advance payments made by the Group to supplier for goods and services which are yet to be delivered and rendered, respectively, to the Group.

Property and Equipment

Property and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation, amortization and any impairment in value.

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

	<u>Number of Years</u>
Building and building improvements	30
Leasehold improvements	3 to 12
Port improvements	40
Store and office equipment	5 to 7
Station equipment	10 to 15
Machinery equipment	3 to 20
Transportation equipment	7 to 12
Furniture and fixtures	7
Tools and maintenance	3
IT equipment	5

Construction in Progress

Construction in progress is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are available for its intended use and be reclassified to its related asset.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of asset. All other borrowing costs are recognized and charged to operations in the year in which there are incurred.

Group as a Lessee

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The Group has the right to direct the use of the asset of either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Subsequent to initial recognition, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is from 2 to 8 years.

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

Parent Company as Lessor

Leases where the Parent Company is a lessor does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Rent income from operating leases is recognized as income on a straight-line basis over the lease term.

Intangible Assets

Intangible asset pertains to acquired franchise, trademark and computer software accounted for under the cost model. Capitalized costs are amortized on a straight-line basis over the estimated useful life of ten and three years, respectively, as the life of the intangible asset is considered finite.

Impairment of Non-financial Assets

The Group's property and equipment, intangible asset, right-of-use assets, and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the maturity value is recognized as interest income or expense in the consolidated statements of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowings are derecognized when settled or when there has been new agreement with existing lender resulting to substantially different terms.

Deposits for Stock Subscription

Deposits for stock subscription represent funds received from existing or potential stockholders to be applied as payment for future issuance of capital stock. Deposits for stock subscription are recognized as equity if and only if, all of the following elements set forth by the SEC are present as of end of the reporting period:

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

If any or all of the foregoing elements are not present, the transaction will be recognized as a noncurrent liability.

Equity

Share Capital

Share capital are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Retained Earnings

Retained earnings represents the accumulated net income or losses, net of any dividend distributions and other capital adjustments.

Other Comprehensive Income

Other comprehensive income comprises items of income and expenses (including items previously presented under the statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS.

Earnings Per Share

Basic Earnings Per Share

Basic earnings per share represents the amount of earnings attributable to each share of common stock in a company, based on the weighted average number of common shares outstanding during the period.

Diluted Earnings Per Share

Diluted earnings per share adjusts for the potential dilution that could occur if all outstanding convertible securities (like stock options, warrants, convertible debt) were converted into common shares, thereby reducing the earnings attributable to each share.

Revenue Recognition

Revenue comprises revenue from sale of fuel and from rendering of services.

The Group also assesses its revenue agreements against the specific criteria enumerated below in order to determine if it is acting as principal or agent. Both the legal form and the substance of the agreement are considered to determine each party's respective roles in the agreement. In all revenue agreements, the Group is acting as a principal. Revenue is recorded at gross when acting as a principal while only net revenues are considered if only an agency service exists. To determine recognition of revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer.
2. Identifying the performance obligations in the contract.
3. Determining the transaction price.
4. Allocate the transaction price to performance obligations in the contract.
5. Recognize revenue when the entity satisfies a performance obligation.

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

Revenue recognized at a point in time:

Sales. Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Other income. Revenue is recognized when there is an incidental economic benefit, other than from the usual business operations that will flow to the Group and it can be measured reliably.

Interest Income. Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Revenue recognized over time:

Rental Income. Rental income is recognized on straight line basis over the lease term.

Cost and Expenses

Costs and expenses are recognized when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefit or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Costs and expenses are presented using the function of expense method. Costs of services are directly attributable in the rendition of services. Operating expenses are costs attributable to the administrative and other business activities of the Group.

Taxes

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Value-added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepayments and other current assets" or "Trade and other payables" accounts in the consolidated statements of financial position.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are recognized as expense in the period when economics benefits are given. Unpaid benefits at the end of the accounting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term employee benefits given by the Group include salaries and wages, life and health insurances, social security system contributions, short-term compensated absences, bonuses, and other non-monetary benefits.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Use of Judgements, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the accounting policies, the Group has made the following judgments, apart from those involving estimations, which have an effect on the amounts recognized in the consolidated financial statements:

Business combination under common control using pooling of interest method.

In preparing the consolidated financial statements, management has applied significant judgment in determining the appropriate accounting treatment for the business combination under common control that occurred during the current year. Specifically, management has assessed that the pooling of interest method is appropriate for the combination of TLBDC, LFC, and TLDC, given that all entities were under the common control before and after the transaction.

Under the pooling of interest method, the assets and liabilities of the combining entities were recognized at their carrying amounts as of the date of the combination. No goodwill or fair value adjustments were recognized as a result of the transaction.

Management has exercised judgment in determining that a restatement of prior periods was not required, based on the nature of the transaction and its occurrence i.e., TLBDC has no control over the combined resources of the other entities prior to acquisition. As a result, the business combination has been accounted for prospectively from the date of the transaction.

Determination of control over the investee. The determination of control over the investee, other than the rebuttable presumption of ownership over fifty percent (50%), requires significant judgment. In making judgment, the Group evaluates whether the investor controls an investee and identified the following factors:

- a. power over the investee;
- b. exposure, or rights, to variable returns from its involvement with the investee;
- c. the ability to use its power over the investee to affect the amount of the investor's returns.

Determination whether an arrangement contains a lease. The Group assesses whether an arrangement contains a lease based on PFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The details of these lease agreements are disclosed in Note 21.

Group as lessee. The Group has entered into lease agreements as a lessee. Depreciation of right-of-use of asset and interest expense on lease liability recognized in profit or loss are disclosed in Note 21.

Parent Company as lessor. The Parent Company has entered into lease agreements as a lessor. The Parent Company has determined that it retains all the significant risks and rewards of ownership of the property leased out on operating leases.

Rent income recognized in the consolidated statements of comprehensive income amounted to ₱85.72 million, ₱13.39 million and nil in 2024, 2023 and 2022, respectively (see Note 21).

Low value and short term lease. The Group has leases for which the underlying asset is of low value and/or short term in nature. The Group recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis (see Note 21).

Determining the lease term of contracts with renewal and termination options – Group as lessee. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Evaluating deferred tax. In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Classifying financial instruments. The Group exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon the Group's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Fair Value Measurements. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Note 25.

Allowance for ECL on trade and other receivables. The Group has elected to apply the simplified approach to determining expected credit losses for its trade and other receivables and the loss allowance is calculated based on lifetime expected credit losses.

To measure the expected credit losses, the Group uses a provision matrix. The trade receivables have been grouped based on shared credit characteristics, including size and location, and the loss rate for a given number of days past due.

The expected loss rates are based on historical loss rates that are continuously updated to obtain the most up to date data. These historical loss rates are adjusted for current and forecast macroeconomic conditions, including expectations around interest rates and inflation, to reflect the Group's expectations of what losses the Group may incur in the future on these receivables. The loss rates are examined regularly by the Group and changes in the assumptions used to calculate the allowance could lead to material changes in the allowance required.

No allowance for ECL on trade and other receivables was recognized as at December 31, 2024 and 2023.

The carrying amounts of trade and other receivables amounted to ₱435.35 million and ₱325.54 million as at December 31, 2024 and 2023, respectively (see Note 6).

Estimation of allowance for inventory obsolescence. Provisions are made for inventories specifically identified to be obsolete. The level of this allowance is evaluated by management on the basis of factors that affect the realizability of the inventories such as age and marketability.

In 2023, the Group recognized loss on inventory amounting to ₱12,526. Inventories carried at cost amounted to ₱104.56 million and ₱106.59 million as at December 31, 2024 and 2023, respectively (see Note 7).

Estimated useful lives of property and equipment and intangible assets. The Group estimates the useful lives of property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property and equipment and intangible assets are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and intangible assets would increase the recorded costs and expenses and decrease noncurrent assets.

Property and equipment, net of accumulated depreciation amounted to ₱968.80 million and ₱910.47 million as at December 31, 2024 and 2023, respectively. Accumulated depreciation of property and equipment amounted to ₱50.97 million and ₱18.43 million as at December 31, 2024 and 2023, respectively (see Note 9).

Impairment of non-financial assets. PFRS requires that an impairment review be performed on investments, property and equipment, right-of-use assets and intangible assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The Group did not recognize any impairment loss in 2024 and 2023.

Realizability of deferred tax assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets amounted to ₱5.57 million and nil as at December 31, 2024 and 2023, respectively (see Note 22).

Leases - estimating the incremental borrowing rate - The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

5. Cash

This account consists of:

	2024	2023
Cash on hand	₱623,585	₱11,676,853
Cash in banks	171,983,082	112,163,753
	₱172,606,667	₱123,840,606

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks amounted to ₱0.16 million, ₱0.14 million and ₱0.07 million in 2024, 2023 and 2022, respectively.

6. Trade and Other Receivables

This account consists of:

	2024	2023
Trade receivables	₱348,161,347	₱297,775,485
Other receivables	87,185,892	27,760,560
	₱435,347,239	₱325,536,045

Trade receivables are noninterest-bearing and are normally collected within the year.

Other receivables include receivables from related parties amounting to ₱86.16 million and ₱26.39 million as at December 31, 2024 and 2023, respectively (see Note 15). Moreover, this account includes amount receivable from its employees subject to liquidation.

7. Inventories

This account consists of:

	2024	2023
Fuel	₱104,288,770	₱106,589,698
Non-fuel	270,992	-
	₱104,559,762	₱106,589,698

On November 10, 2023, the Parent Company transferred all its rights, privileges, interests and obligations in the Franchise Agreement and Lease Agreement with Prime Pacific Grill Corporation including stocks in inventory to Topline Services and Development Corporation (TSDC). The transferred inventories amounted to ₱0.80 million (see Note 10).

In 2023, the Group recognized loss on inventory amounting to ₱12,526 (see Note 19).

Cost of inventories recognized as cost of goods sold in the consolidated statements of comprehensive income amounted to ₱3.08 billion, ₱2.63 billion and ₱1.98 billion in 2024, 2023 and 2022, respectively (see Note 18).

8. Prepayments and Other Current Assets

This account consists of:

	2024	2023
Advances to suppliers	₱842,893,540	₱721,278,899
Prepayments	17,329,085	3,839,420
Net input VAT	13,014,313	5,047,241
Advances to contractors	2,553,568	-
	₱875,790,506	₱730,165,560

Advances to suppliers pertain to advance payments made by the Group to supplier for fuels which are yet to be delivered. These advances are drawn once purchase orders are placed by customers.

Prepayments include prepaid insurance, IPO related fees and prepayments for SAP maintenance.

Net input VAT pertains to the indirect tax paid by the Group on the local purchase of goods or services from a VAT-registered person.

Advances to contractors pertains to advance payments made by LFC to contractors for the construction, installation and fabrication of fuel station including the building façade and food station interiors.

9. **Property and Equipment, Net**

The movements in this account follow:

Cost	Land	Building	Building Improvements	Leasehold Improvements	Port Improvements	Store and Office Equipment	Station Equipment	Machinery and Transportation Equipment	Furniture and Fixtures	Instrumentation and Tools	Tools and Maintenance	IT Equipment	Construction In Progress	Total
As at January 1, 2023	P. 1,168,000	P. 46,911,477	P. 7,936,435	P. 10,658,986	P. 12,611,067	P. 1,798,952	P. 1,798,952	P. 20,053,418	P. 2,952,412	P. 4,229,024	P. 32,823	P. 138,479	P. 285,079,445	P. 454,508,725
Additions	-	22,682,734	-	233,868	1,387,592	358,730	358,730	42,543,668	742,080	-	-	-	456,290,991	545,493,904
Transfer	-	-	-	(10,658,986)	(8,363,328)	-	-	-	-	-	-	-	-	(19,022,314)
Disposal of subsidiary	-	-	-	-	(844,208)	-	-	-	-	(4,229,024)	-	-	-	(52,078,533)
Reclassification	-	-	-	27,286,216	-	-	-	-	-	-	-	-	(27,286,216)	-
As at December 31, 2023	1,168,000	69,594,211	7,936,435	27,520,084	4,791,123	2,157,682	2,157,682	77,730,815	3,694,492	-	47,892	171,302	714,084,220	928,901,782
Additions	9,984,500	3,500,000	-	134,286	677,948	3,750,581	3,750,581	26,783,746	367,765	-	-	2,151,804	99,337,389	146,670,028
Reclassification	-	-	-	-	-	-	-	34,107	-	-	-	-	(668,715,669)	-
Disposal	(11,052,500)	(44,747,980)	-	-	668,715,669	-	-	-	-	-	-	-	-	(55,800,480)
As at December 31, 2024	-	28,346,231	7,936,435	27,654,370	668,715,669	5,469,071	5,908,263	20,087,525	104,514,561	4,062,257	47,892	2,323,106	144,705,950	1,019,771,330
Accumulated depreciation														
As at January 1, 2023	-	2,665,305	403,965	4,390,408	-	6,379,921	116,972	-	330,746	1,691,610	-	2,308	-	30,186,049
Depreciation	-	1,652,926	269,017	3,553,793	-	877,029	184,589	690,969	4,842,828	475,599	-	33,166	-	12,579,916
Transfer	-	-	-	(5,636,972)	(5,378,328)	-	-	-	-	-	-	-	-	(11,015,300)
Disposal of subsidiary	-	-	-	-	(491,512)	-	-	(11,136,633)	-	(1,691,610)	-	-	-	(13,319,755)
As at December 31, 2023	-	4,318,231	672,982	2,307,229	1,387,110	301,561	301,561	690,969	806,345	-	5,740	35,474	-	18,430,910
Depreciation	-	2,624,007	273,670	2,787,582	13,930,576	1,047,741	322,210	2,180,276	12,065,137	-	-	164,038	-	35,936,238
Disposal	-	(3,400,259)	-	-	-	-	-	-	-	-	-	-	-	(3,400,259)
As at December 31, 2024	-	3,541,979	946,652	5,094,811	13,930,576	2,434,851	623,771	2,871,245	19,976,146	1,341,606	5,740	199,512	-	50,966,889
Carrying amount														
As at December 31, 2024	P. 24,804,252	P. 6,989,783	P. 22,559,559	P. 654,785,093	P. 3,034,220	P. 5,284,492	P. 17,216,280	P. 84,538,415	P. 2,720,651	P. -	P. 42,152	P. 2,123,594	P. 144,705,950	P. 968,804,441
As at December 31, 2023	P. 1,168,000	P. 65,275,980	P. 7,263,453	P. 25,212,855	P. 3,404,013	P. 1,856,121	P. 19,362,449	P. 69,819,806	P. 2,888,147	P. -	P. -	P. 135,828	P. 714,084,220	P. 910,470,872

Depreciation and amortization charged to operations follows:

	Note	2024	2023	2022
Property and equipment		₱35,936,238	₱12,579,916	₱11,419,437
Intangible assets	10	72,470	390,775	398,870
ROU asset	21	1,069,924	2,980,256	2,650,168
		₱37,078,632	₱15,950,947	₱14,468,475
Charged to:				
Cost of services and sales	18	₱7,027,693	₱5,440,059	₱7,890,000
General and administrative expenses	19	30,050,939	10,510,888	6,578,475
		₱37,078,632	₱15,950,947	₱14,468,475

On November 10, 2023, the Parent Company transferred all its rights, privileges, interests and obligations in the Franchise Agreement and Lease Agreement with Prime Pacific Grill Corporation, including leasehold improvements and store and office equipment made or located at the leased premises (see Note 10). The transferred leasehold improvements and store and office equipment net book value amounted to ₱5.02 million and ₱2.99 million, respectively.

On June 30, 2024, the Parent Company sold properties to TEC and recognized a gain on sale amounting to ₱20.60 million as follows (see Note 20):

	Land	Building	Total
Consideration	₱15,000,000	₱58,000,000	₱73,000,000
Carrying amount	(11,052,500)	(41,347,721)	(52,400,221)
Gain on sale	₱3,947,500	₱16,652,279	₱20,599,779

Building with carrying amount of ₱24.80 million and ₱65.26 million as at December 31, 2024 and 2023, respectively, are held as collateral for the Parent Company's term loan (see Note 13).

The Group capitalized borrowing costs pertaining to the construction of the port amounted to ₱16.16 million and ₱11.52 million (see Note 13). The capitalization rate used for specific borrowings is 8.75%, the actual interest rate on the term loan (see Note 13).

Transportation equipment amounting to ₱20.50 million and ₱64.21 million as at December 31, 2024 and 2023, respectively are held as collateral for the Group's mortgage payable (see Note 14).

As at December 31, 2024 and 2023, the cost of fully-depreciated assets that are still-in-use amounted to ₱5.64 million and ₱1.73 million, respectively.

The Group's management, after due consideration of the assessment of its assets for impairment, believes that there are no indications that the property and equipment as at December 31, 2024 are impaired or its carrying amounts cannot be recovered.

10. Intangible Assets, Net

The movements in this account follow:

	Franchise	Computer Software	Trademark	Total
Cost				
As at January 1, 2023	₱3,000,000	₱1,758,675	₱-	₱4,758,675
Additions	-	223,215	-	223,215
Transfer	(3,000,000)	-	-	(3,000,000)
As at December 31, 2023	-	1,981,890	-	1,981,890
Additions	-	420,000	7,365	427,365
As at December 31, 2024	-	2,401,890	7,365	2,409,255
Accumulated Amortization				
As at January 1, 2023	1,800,000	1,357,316	-	3,157,316
Amortization	300,000	90,775	-	390,775
Transfer	(2,100,000)	-	-	(2,100,000)
As at December 31, 2023	-	1,448,091	-	1,448,091
Amortization	-	72,347	123	72,470
As at December 31, 2024	-	1,520,438	123	1,520,561
Carrying amount				
As at December 31, 2024	₱-	₱881,452	₱7,242	₱888,694
As at December 31, 2023	₱-	₱533,799	₱-	₱533,799

Franchise Agreement

In 2016, the Parent Company entered into a franchise agreement to operate a restaurant chain. The franchise covers a period of ten years from the first day of operations. The franchise started its operations in July 2017.

Under the agreement, the Parent Company shall pay a royalty fee of 9.50% of net sales. The revenue from the restaurant operations amounted to nil, ₱15.57 million and ₱11.68 million in 2024, 2023 and 2022, respectively.

On November 10, 2023, the Parent Company entered into an agreement with TSDC, an affiliate, to assign and transfer all its rights, privileges, interests and obligations in the Franchise Agreement and Lease Agreement with Prime Pacific Grill Corporation, including any rental deposit made in relation with the lease and all leasehold improvements, equipment, and stocks in inventory, made or located at the leased premises.

Below is the summary of accounts transferred to TSDC:

	<i>Note</i>	<i>Amount</i>
A. Assets		
Inventory	7	₱795,198
Leasehold improvements	9	5,022,014
Store and office equipment	9	2,985,000
Right-of-use asset	21	5,475,573
Franchise		900,000
Security deposit	21	829,158
		<hr/> 16,006,943
B. Liabilities		
Lease liability	21	6,303,236
Royalties payable		454,994
		<hr/> 6,758,230
Net assets transferred		9,248,713
Consideration		(10,000,000)
Gain on transfer	20	<hr/> <hr/> (₱751,287)

11. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	2024	2023
Investment in shares of stocks		₱3,220,894	₱2,220,894
Refundable deposit	21	4,732,272	983,400
Bond deposit		332,110	103,131
Utility deposit		172,300	157,300
		<hr/> ₱8,457,576 <hr/>	<hr/> ₱3,464,725 <hr/>

Investment in shares of stocks pertains to investment in shares of stock in Cebu Sports Club and Casino Español amounting to ₱2.02 million and ₱1.20 million, respectively, and is accounted for at FVOCI.

The Group recognized unrealized gain in fair value of investment in shares of stocks amounting to ₱1,000,000 in 2024. Movement in other comprehensive income is as follows:

	Gross amount	Deferred tax	Other comprehensive income, net of tax
Unrealized gain	₱1,000,000	(₱150,000)	<hr/> <hr/> ₱850,000

12. Trade and Other Payables

This account consists of:

	2024	2023
Trade payables	₱3,616,700	₱22,504,580
Nontrade payables	12,070,603	-
Accrued expenses	9,123,621	533,016
Statutory payables	4,741,193	2,961,838
Retention payable	3,228,472	-
Other payables	14,995,321	-
	₱47,775,910	₱25,999,434

Trade and non-trade payables are noninterest-bearing and are generally settled on a 30- to 60-day credit term.

Accrued expenses pertain to utility charges, rent, accrued interest and other expenses incurred which are normally settled in the following month.

Statutory payables pertain to VAT, SSS, Pag-IBIG, PhilHealth and withholding taxes which are normally settled in the following month.

Other payables pertain accrued salaries, wages, and other payroll-related expenses that have been earned by employees as of the reporting date but remain unpaid.

13. Loans Payable

The movements in this account follow:

	2024	2023
Balance at beginning of the year	₱1,409,710,772	₱1,262,097,801
Availments	1,851,080,600	1,515,618,750
Settlements	(1,240,330,651)	(920,759,433)
Derecognition of loans of disposed subsidiary	-	(447,246,346)
Balance at end of year	2,020,460,721	1,409,710,772
Current portion of loans payable	(1,733,441,024)	(1,236,729,720)
Noncurrent portion of loans payable	₱287,019,697	₱172,981,052

The Group entered into various renewable credit facility agreements with local banks. These loans have renewable terms ranging from 30 days to 15 years with fixed interest rates ranging from 6.50% to 8.75% annually in 2024 and 6.50% to 8.18% annually in 2023. The loans were obtained to finance the Group's working capital requirements and are secured by the joint and several suretyship of certain stockholders and the mortgage of real assets.

Interest expense incurred for the loans amounted to ₱122.28 million, ₱82.22 million and ₱50.07 million in 2024, 2023 and 2022, respectively (see Note 14). Interest expense from loans payable includes accrued interest amounting to ₱7.26 million in 2024 (see Note 14).

The Parent Company availed a term loan with Development Bank of the Philippines (DBP) for the construction of the port. This loan is paid quarterly with an interest rate of 8.75% and matures on May 18, 2035. The Company is required to comply with the following restrictive loan covenants, as amended on 19 December 2024:

- Not make or permit any material change in the character of its business from that being carried on at the date of the Agreement or engage in any business operation or activity other than those for which it is presently authorized by law.
- The Company should maintain a debt-to equity ratio not exceeding 70:30 at all times.
- The Company should not permit its current ratio to be less than 1 at any time.
- The Company should not permit its debt-service coverage ratio to be less than 1 at any time.

On May 8, 2024, DBP approved the amendment of the loan covenant on the Parent Company's existing revolving credit facility, permitting the change of ownership or control in its business due to the initiation of an IPO of the Parent Company's shares to the public.

As at December 31, 2024, the Parent Company has complied with these restrictive covenants.

Interest expense from the term loan that was capitalized amounted to ₱16.16 million and ₱11.52 million in 2024 and 2023, respectively (see Note 9).

The loan payable is collateralized by building with carrying amount of ₱24.80 million and ₱65.26 million as at December 31, 2024 and 2023 (see Note 9).

14. Mortgage Payable

This account represents financing loans obtained from local banks for the purchase of transportation equipment. These loans are payable in 36-60 monthly installments with an effective annual interest rate of 24% in 2024 and 2023.

Details of the mortgage payable follow:

	2024	2023
Balance at beginning of the year	₱25,681,951	₱42,586,688
Settlements	(2,351,143)	(2,480,012)
Derecognition of mortgage of disposed subsidiary	-	(14,424,725)
Balance at end of year	23,330,808	25,681,951
Current portion of mortgage payable	(2,640,342)	(2,749,649)
Noncurrent portion of mortgage payable	₱20,690,466	₱22,932,302

The mortgage payable is collateralized by transportation equipment with carrying amount of ₱20.50 million and ₱64.21 million as at December 31, 2024 and 2023, respectively (see Note 9).

Total interest expense charged to operations follows:

	Note	2024	2023	2022
Loans payable	13	₱122,276,417	₱82,215,420	₱50,067,918
Mortgage payable		2,353,558	1,857,648	4,053,700
Lease liability	21	490,262	1,840,245	1,364,886
		₱125,120,237	₱85,913,313	₱55,486,504

Total interest expense includes accrued interest as follows:

	Note	2024	2023
Loans payable	13	₱7,258,020	₱-
Mortgage payable		181,094	-
		₱7,439,114	₱-

15. Related Party Disclosures

Related party relationships

Details of significant related parties are as follows:

<u>Related parties</u>	<u>Nature of Relationship</u>	<u>Country of Incorporation</u>
Topline Equity Corporation	Ultimate Parent	Philippines
Topline Services and Development Corporation (TSDC)	Affiliate	Philippines
Topline Properties and Development Corporation (TPDC)	Affiliate	Philippines
Pier Eighty-Eight Ventures, Inc. (Pier 88)	Affiliate	Philippines
Topline Energy and Power Development Corporation (TEPDC)	Affiliate	Philippines
Topline Hi Tech and Synergy Corporation (THTSC)	Affiliate	Philippines
Topline Transport and Services Corporation (TTSC)	Affiliate	Philippines
Topline Marina Wharf Development Corporation (TMWDC)	Affiliate	Philippines
Vikingland Corp.	Affiliate	Philippines
Trident Maritime Corporation (TMC)	Affiliate	Philippines
Shareholders	-	Philippines

Related party transactions and balances

The movements and the outstanding balances of the related party transactions follow:

	Movements	<u>Outstanding Balance</u>		Terms and Conditions
		<u>2024</u>	<u>2023</u>	
Other receivable				
<i>(Note 6):</i>				
TSDC (i)	Beginning	₱10,000,000	₱-	Unsecured, non-interest bearing, payable on demand
	Net Movement	(10,000,000)	10,000,000	
		-	10,000,000	
TPDC (ii)	Beginning	3,000,000	-	Unsecured, non-interest bearing, payable on demand
	Net Movement	(3,000,000)	3,000,000	
		-	3,000,000	
Pier 88 (iii)	Beginning	13,391,727	-	Unsecured, non-interest bearing, payable on demand
	Net Movement	72,322,559	13,391,727	
		85,714,286	13,391,727	
TMC (iv)	Beginning	-	-	Unsecured, non-interest bearing, payable on demand
	Net Movement	450,000	-	
		450,000	-	
		₱86,164,286	₱26,391,727	

Forward

	Movements	Outstanding Balance		Terms and Conditions
		2024	2023	
Due from (vi):				
TEPDC	Beginning	₱12,655,595	₱100,555,451	Unsecured, non-interest bearing, payable on demand
	Net Movement	150,107,175	(87,899,856)	
		162,762,770	12,655,595	
TMWDC	Beginning	14,094,681	49,718,010	Unsecured, non-interest bearing, payable on demand
	Net Movement	28,954,366	(35,623,329)	
		43,049,047	14,094,681	
Vikingland Corp.	Beginning	10,964,890	11,600,000	Unsecured, non-interest bearing, payable on demand
	Net Movement	86,907,910	(635,110)	
		97,872,800	10,964,890	
THTSC	Beginning	33,842,277	28,370,464	Unsecured, non-interest bearing, payable on demand
	Net Movement	51,901,596	5,471,813	
		85,743,873	33,842,277	
TPDC	Beginning	18,890,000		Unsecured, non-interest bearing, payable on demand
	Net Movement	112,581,243	18,890,000	
		131,471,243	18,890,000	
Pier 88	Beginning	-	300,000,000	Unsecured, non-interest bearing, payable on demand
	Net Movement	-	(300,000,000)	
		-	-	
		520,899,733	90,447,443	
Deposit for future stock subscription (Note 16):				
Shareholders	Beginning	₱367,500,000	₱441,158,600	Unsecured, non-interest bearing, payable on demand
	Net Movement	(367,500,000)	(73,658,600)	
		₱-	₱367,500,000	

- i. On November 10, 2023, the Parent Company entered into an agreement with TSDC to assign and transfer all its rights, privileges, interests and obligations in the Franchise Agreement and Lease Agreement with Prime Pacific Grill Corporation, including any rental deposit made in relation with the lease and all leasehold improvements, equipment, and stocks in inventory, made or located at the leased premises for a consideration of ₱10.00 million (see Note 10).
- ii. On December 20, 2023, LFC assigned all its rights, title and interest on the lease agreement including rental deposit to TPDC for a consideration of ₱3,000,000 (see Note 21).
- iii. In 2023, the Parent Company entered into a lease agreement with Pier 88 on its port improvements with a term of ten (10) years. The Parent Company recognized rental income amounting to ₱85.72 million and ₱13.39 million in 2024 and 2023, respectively (see Note 21).
- iv. On January 30, 2023, TLDC entered into a contract with TMC for maintenance and repair logistics and documentation and compliance support services for a term of one year and renewable automatically, unless terminated. TLDC recognized revenue and other income in 2024 and 2023, as follows:

	Note	2024	2023
Revenue – non-fuel	17	₱342,000	₱36,000
Other income	20	144,000	-

- v. On June 30, 2024, the Parent Company sold properties to TEC and recognized a gain on sale amounting to ₱20.60 million (see Notes 9 and 20).
- vi. Transactions with related parties principally consist of cash advances which are unsecured, noninterest-bearing, due and payable upon demand and settled through cash.

Key Management Personnel

Compensation paid for key management personnel amounted to ₱3.32 million, ₱3.73 million and ₱3.41 million in 2024 and 2023, respectively.

16. Equity

Share Capital

The components of share capital, at ₱100 par value, consists of the following number of shares as at December 31:

	2024		2023	
	Shares	Amount	Shares	Amount
Authorized shares				
At the beginning of the year	2,500,000	₱250,000,000	2,500,000	₱250,000,000
Increase	13,500,000	1,350,000,000	-	-
Total	16,000,000	₱1,600,000,000	2,500,000	₱250,000,000
After 1:1000 stock split*	16,000,000,000	₱1,600,000,000	2,500,000	₱250,000,000
Issued shares				
At the beginning of year	2,500,000	₱250,000,000	2,500,000	₱250,000,000
Movement	6,093,753	609,375,300	-	-
Total subscribed and paid up	8,593,753	₱859,375,300	2,500,000	₱250,000,000
After 1:1000 stock split*	8,593,753,000	₱859,375,300	2,500,000	₱250,000,000

*The stock split results in the decrease of par value per share from ₱100 to ₱0.10.

On January 6, 2022, Topline Equity Corporation subscribed 0.92 million shares of the Company at par value. On the same date, the Company received additional subscription from Topline Equity Corporation for 0.9 million shares amounting to ₱91.20 million which was classified as deposits for future stock subscription.

In 2022, as a result of business combination, the Group recognized the ₱350.00 million deposit for future stock subscription that TMC received from its stockholders. Total deposit for future stock subscription as at December 31, 2022 amounted to ₱441.16 million.

On July 17, 2023, the BOD approved the cancellation of the ₱91.16 million deposits for future stock subscription initially received in 2022. In 2023, the Parent Company received capital infusion from its stockholders a total of ₱367.50 million in cash.

On August 1, 2023, the BOD signed a resolution to increase the authorized share of stock from ₱250.00 million to ₱1.60 billion. On November 6, 2023, the Parent Company submitted its application for increase in authorized capital stock with SEC, which was approved on April 17, 2024.

On January 31, 2024, the BOD approved the initiation of an Initial Public Offering (IPO) of the Parent Company's shares to the public.

On the same date, the BOD and stockholders approved the stock split at a ratio of 1:1000. The stock split will result in the decrease of par value per share from ₱100 to ₱0.10.

In March 2024, the Parent Company received additional cash amounting to ₱70.00 million as capital infusion from its stockholders.

On April 17, 2024, the SEC approved the Parent Company's application for the increase in authorized capital stock. Subsequently, the Parent Company issued 4.38 million shares at ₱100 par value per share.

Stock Dividend

On March 15, 2024, the BOD of the Parent Company resolved that a portion of the unappropriated retained earnings amounting to ₱171.88 million shall be set aside for the purpose of issuing 1.72 million shares of stock with a par value of ₱100 per share as stock dividends, payable in shares from the unissued authorized capital stock of the Parent Company.

The Parent Company is authorized to issue the corresponding proportionate shares of stock on all shares of common stock issued and outstanding to stockholders of record as at May 10, 2024. On May 24, 2024, the Parent Company issued the additional 1.72 million shares at ₱100 par value per share.

The movement in the shareholders' equity of the Parent Company presented as follows:

	Previous Balance*	After SEC Approval	After Stock Dividend
Authorized shares			
Number of shares	2,500,000	16,000,000	16,000,000
Amount	₱250,000,000	₱1,600,000,000	₱1,600,000,000
Par value per share	₱100	₱100	₱100
Share capital – issued and paid	₱250,000,000	₱687,500,000	₱859,375,000
Deposit for future stock subscription	437,500,000	-	-
Retained earnings - unappropriated	49,560,577	49,560,577	49,560,577
Retained earnings - appropriated	171,875,000	171,875,000	-
Total Equity Attributable to Equity Holders of the Parent Company	908,935,577	908,935,577	908,935,577
Non-controlling interests	(1,144,610)	(1,144,610)	(1,144,610)
Total shareholder's equity	₱907,790,967	₱907,790,967	₱907,790,967
Weighted average number of shares outstanding	2,500,000	6,875,000	8,593,750
Book value per share	₱363.12	₱132.04	₱105.63

*Balances as of March 31, 2024.

On July 12, 2024, the independent directors of the Parent Company subscribed to 3 shares of the Parent Company with a par value of ₱100 per share

On July 31, 2024, the SEC approved the Parent Company's application for the stock split. The effect of stock split in the Parent Company's shareholders' equity is presented as follows:

	Previous Balance	After Stock Split
Authorized shares		
Number of shares	16,000,000	16,000,000,000
Amount	₱1,600,000,000	₱1,600,000,000
Par value per share	₱100	₱0.10
Share capital – issued and paid	₱859,375,000	₱859,375,000
Retained earnings	82,666,826	82,666,826
Total equity attributable to equity holders of the Parent Company	942,041,826	942,041,826
Non-controlling interests	(1,144,610)	(1,144,610)
Total shareholders' equity	₱940,897,216	₱940,897,216
Number of shares outstanding	8,593,753	8,593,753,000
Book value per share	₱109.47	₱0.11

17. Sales

This account consists of the following revenues recognized at a point in time:

	Note	2024	2023	2022
Commercial fuel trade		₱3,292,193,812	₱2,778,682,480	₱2,130,914,606
Retail		81,289,330	81,775,054	25,166,963
Non-fuel	15	631,769	47,628	-
Restaurant operations	10	-	15,572,048	11,683,881
		₱3,374,114,911	₱2,876,077,210	₱2,167,765,450

Non-fuel sales include revenue from related party amounting to ₱0.34 million and ₱0.04 million in 2024 and 2023, respectively (see Note 15).

18. Cost of Sales and Other Direct Costs

This account consists of:

	Note	2024	2023	2022
Fuel and lubricants	7	₱3,075,844,306	₱2,619,760,713	₱1,971,401,045
Depreciation and amortization	9	7,027,693	5,440,059	7,890,000
Hauling		1,923,740	-	-
Non-fuel		243,602	-	-
Food, beverages and trade items	7	-	6,993,910	4,462,075
Royalties		-	1,275,787	957,237
		₱3,085,039,341	₱2,633,470,469	₱1,984,710,357

19. General and Administrative Expenses

This account consists of:

	Note	2024	2023	2022
Salaries, wages and benefits		₱39,600,499	₱26,311,891	₱21,867,039
Depreciation and amortization	9	30,050,939	10,510,888	6,578,475
Taxes and licenses		26,374,127	10,227,773	3,871,830
Rent	21	10,213,319	240,858	304,401
Fuel, oil and lubricants		6,516,274	6,067,923	156,662
Commission		5,811,480	4,200,200	-
Utilities		2,628,295	1,601,260	1,027,977
Professional fees		2,528,748	762,199	1,494,922
Repairs and maintenance		2,419,603	2,172,728	719,718
Advertising		2,291,020	226,850	83,731
Materials and supplies		1,757,699	650,200	421,373
Merchant fees		1,694,762	1,301,070	-
Insurance		1,604,176	1,522,394	1,595,735
Representation and entertainment		1,472,425	924,096	511,075
Bank charges		1,011,885	549,813	4,628,712
Transportation		496,653	236,371	221,059
Donation		225,726	1,692,500	-
Training		162,201	72,356	7,980
Impairment loss on inventory	7	-	12,526	-
Miscellaneous		714,174	1,258,898	2,957,275
		₱137,574,005	₱70,542,794	₱46,447,964

Commission expense pertains to amounts given to the Group's sales team for facilitating or completing a sale. Commission expenses are based on volume sold per employee.

Miscellaneous expense consists of payments for gasoline, association dues, freebies and giveaways, subscription and hotel accommodation.

20. Other Income

This account consists of:

	Notes	2024	2023	2022
Rental	15,21	₱85,715,702	₱13,391,727	₱-
Gain on sale of property and equipment	15,9	20,599,779	-	-
Hauling		311,500	148,400	-
Gain from derecognition of lease	15,21	-	3,701,806	-
Gain on transfer	11	-	751,287	-
Arrastre and stevedoring		-	-	1,398,360
Others	15	147,491	87,871	-
		₱106,774,472	₱18,081,091	₱1,398,360

21. Significant Contracts and Agreements

Lease Agreements with Parent Company as Lessor

In 2023, the Parent Company entered into a lease agreement with Pier Eighty-Eight Ventures, Inc. on its port improvements with a term of ten (10) years. The Company recognized rental income amounting to ₱85.72 million, ₱13.39 million and nil in 2024, 2023 and 2022, respectively.

Parent Company as a Lessee

The Parent Company entered into an agreement for the lease of its restaurant operations in Cebu. The lease covers a period of five years. In July 2022, the lease contract was renewed for five-year term ending July 2027.

On November 10, 2023, the Parent Company entered into an agreement with TSDC to assign and transfer all its rights, privileges, interests and obligations in the Franchise Agreement and Lease Agreement with Prime Pacific Grill Corporation, including any rental deposit made or located at the leased premises.

Right-of-use asset, refundable deposit, and lease liability with carrying amounts of ₱5.48 million, ₱0.83 million, and ₱6.30 million, respectively were transferred to TSDC (see Note 10).

Short-term Lease

In 2023 and 2024, the Parent Company entered into agreements for the lease of storage fuel tanks. The leases cover a period of one year. The lease is renewable upon mutual consent of both parties.

Refundable deposits amounted to ₱3.32 million and ₱0.98 million as at December 31, 2024 and 2023, respectively (see Note 11).

Subsidiary as a Lessee

On February 1, 2022, LFC entered into an agreement for the lease of lot for its fuel station and office space. The lease covers a period of ten years.

On April 1, 2023, LFC entered into another lease agreement for additional area of 500 sqm. with a lease period of eight years.

On December 20, 2023, LFC assigned all its rights, title and interest on the lease agreement including rental deposit to TPDC.

Right-of-use asset and lease liability were transferred to TPDC. The Company recognized gain on derecognition of lease amounting to ₱3,701,806 (see Note 20).

On January 1, 2024, the Company entered into a sublease contract with TPDC on a commercial property. The lease covers a period of eight years.

Refundable security deposits amounted to ₱1.41 million as at December 31, 2024 (see Note 11).

Set out below are the carrying amounts of lease liability and the movement as of December 31:

	2024	2023
As at January 1	P-	P24,558,960
Additions	8,462,823	5,377,170
Accretion of Interest	490,262	1,840,245
Payments	(1,114,384)	(3,664,891)
Derecognition	-	(28,111,484)
As at December 31	P7,838,701	P-
	2024	2023
Current	P696,938	P-
Noncurrent	7,141,763	-
	P7,838,701	P-

Right-of-use assets

Set out below are the carrying amounts and movement of right-of-use asset as of December 31:

	2024	2023
Balance at beginning of the year	P-	P24,078,101
Additions	8,648,554	5,484,170
Depreciation	(1,069,924)	(2,980,256)
Derecognition	-	(26,582,015)
Balance at end of the year	P7,578,630	P-

Future minimum lease payments over the remaining term of the leases follow:

	2024	2023
Within one year	P1,139,457	P-
More than one year but less than five years	8,917,537	-
	P10,056,994	P-

The Group recognized rent expense amounting to P10.21 million, P0.24 million and P0.30 million in 2024, 2023 and 2022, respectively on short term lease and charged to "General and administrative expenses" (see Note 19).

Purchase Agreement

Advances to suppliers amounting to P842.89 million and P721.28 million as at December 31, 2024 and 2023, respectively, pertain to advance payments made by the Group for the purchase of fuel which are yet to be delivered to the Group (see Note 8).

22. Income Tax

(a) The components of the Group's provision for income tax follow:

	2024	2023	2022
Current income tax	P39,446,374	P25,978,506	P20,820,714
Deferred income tax	(5,566,759)	175,094	(165,050)
	P33,879,615	P26,153,600	P20,655,664

- (b) The reconciliation of provision for income tax computed at the statutory income tax rate to provision for income tax as shown in the consolidated statement of comprehensive income is as follows:

	2024	2023	2022
Income before income tax	₱133,318,446	₱104,370,286	₱82,585,131
Income tax at statutory income tax rate of 25%	33,329,612	₱26,091,533	₱20,646,283
Add (deduct) tax effect of:			
Non-deductible expenses	603,155	96,707	25,918
NOLCO applied	(2,090)	-	-
Income subject to final tax	(40,662)	(34,640)	(16,537)
Adjustment on income tax due to change in tax rate*	(10,400)	-	-
	₱33,879,615	₱26,153,600	₱20,655,664

*TLDC presents its income tax at statutory income tax rate of 20% in its separate financial statements.

- (c) The Group's deferred tax assets, net as at December 31 arise from the following:

	2024	2023
Deferred tax assets		
<i>Presented in profit or loss:</i>		
Excess income tax expense from unrealized gain in upstream sale of property and equipment	₱4,832,590	₱-
Excess income tax expense from unrealized gain in downstream sale	314,352	-
Excess MCIT	308,366	-
Excess lease expense over rent paid	111,451	-
	5,566,759	-
Deferred tax liability		
<i>Presented in other comprehensive income:</i>		
Change in fair value of investment at FVOCI	(150,000)	-
	₱5,416,759	₱-

- (d) The movements of deferred tax assets, net are accounted for as follows:

	2024	2023
Balance at January 1	₱-	₱175,094
Amount recognized in profit or loss	5,566,759	(175,094)
Amount recognized in other comprehensive income	(150,000)	-
	₱5,416,759	₱-

- (e) As at December 31, 2024, the Group's excess MCIT is as follows:

Year Incurred	Expiry Date	Beginning	Incurred	Applied	Expired	Ending
2024	2027	₱-	₱308,366	₱-	₱-	₱308,366

- (f) Details of the Group's unrecognized NOLCO as at December 31, 2024:

Year Incurred	Expiry Date	Beginning	Incurred	Applied	Expired	Ending
2023	2026	₱8,357	₱-	(₱8,357)	₱-	₱-

23. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including cash and noncash changes:

	Financing Cash Flows				2024
	2023	Availments	Payments	Noncash Changes	
Loans payable	₱1,409,710,772	₱1,838,893,400	(₱1,240,330,651)	₱12,187,200	₱2,020,460,721
Mortgage payable	25,681,951	-	(2,351,143)		23,330,808
Lease liability	-	-	(1,114,384)	8,953,085	7,838,701
	₱1,435,392,723	₱1,838,893,400	(₱1,243,796,178)	₱21,140,285	₱2,051,630,230

	Financing Cash Flows				2023
	2022	Availments	Payments	Noncash Changes	
Loans payable	₱1,262,097,801	₱1,515,618,750	(₱920,759,433)	(₱447,246,346)	₱1,409,710,772
Mortgage payable	42,586,688	-	(2,480,012)	(14,424,725)	25,681,951
Lease liability	24,558,960	-	(3,664,891)	(20,894,069)	-
	₱1,329,243,449	₱1,515,618,750	(₱926,904,336)	(₱482,565,140)	₱1,435,392,723

	Financing Cash Flows				2022
	2021	Availments	Payments	Noncash Changes	
Loans payable	₱752,262,320	₱1,990,793,157	(₱1,480,957,676)	₱-	₱1,262,097,801
Due to related parties	41,672,135	-	(41,672,135)	-	-
Mortgage payable	45,190,307	-	(20,996,547)	18,392,928	42,586,688
Lease liability	346,150	-	(3,354,853)	27,567,663	24,558,960
Accrued interest	337,660	-	(337,660)	-	-
	₱839,808,572	₱1,990,793,157	(₱1,547,318,871)	₱45,960,591	₱1,329,243,449

24. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Liquidity Risk
- Credit Risk
- Interest Rate Risk
- Other Market Price Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The Group's financial instruments are cash, trade and other receivables, due from related parties, refundable deposits (presented under "Other Noncurrent Assets"), trade and other payables (excluding VAT payable and statutory payables), due to related parties, mortgage payable, loans payable and lease liability.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

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

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

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

	Note	December 31, 2024		
		Total	Due within one year	Due within 5 years
Financial Assets at Amortized Cost				
Cash	5	₱172,606,667	₱172,606,667	₱-
Trade and other receivables*	6	434,348,088	434,348,088	-
Due from related parties	15	520,899,733	520,899,733	-
Deposits**	11	5,236,682	-	5,236,682
		1,133,091,170	1,127,854,488	5,236,682
Financial Liabilities at Amortized Cost				
Trade and other payables***	12	43,034,717	43,034,717	-
Loans payable	13	2,020,460,721	1,733,441,024	287,019,697
Mortgage payable	14	23,330,808	2,640,342	20,690,466
Lease liabilities	21	9,787,398	1,147,815	8,639,583
		2,096,613,644	1,780,263,898	316,349,746
Net undiscounted financial liabilities		(₱963,522,474)	(₱652,409,410)	(₱311,113,064)

*Excluding advances to employees amounting ₱1.00 million as at December 31, 2024.

**Presented under Other Noncurrent Assets

***Excluding statutory payables amounting to ₱4.74 million as at December 31, 2024.

	Note	December 31, 2023		
		Total	Due within one year	Due within 5 years
Financial Assets at Amortized Cost				
Cash	5	₱123,840,606	₱123,840,606	₱-
Trade and other receivables*	6	325,200,373	325,200,373	-
Due from related parties	15	90,447,443	90,447,443	-
Refundable deposits**	11	1,243,831	-	1,243,831
		540,732,253	539,488,422	1,243,831
Financial Liabilities at Amortized Cost				
Trade and other payables***	12	23,037,596	23,037,596	-
Loans payable	13	1,409,710,772	1,236,729,720	172,981,052
Mortgage payable	14	25,681,951	2,749,649	22,932,302
		1,458,430,319	1,262,516,965	195,913,354
Net undiscounted financial liabilities		(₱917,698,066)	(₱723,028,543)	(₱194,669,523)

*Excluding advances to employees amounting ₱0.34 million as at December 31, 2023.

**Presented under Other Noncurrent Assets

***Excluding statutory payables amounting to ₱2.96 million as at December 31, 2023.

Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

The carrying values of financial assets represents the maximum credit exposures. The maximum exposure to credit risk at the reporting date are as follows:

	Note	2024	2023
Financial Assets at Amortized Cost			
Cash in banks	5	₱171,983,082	₱112,163,753
Trade and other receivables*	6	434,348,088	325,200,373
Due from related parties	15	520,899,733	90,447,443
Refundable deposits	11	5,236,682	1,243,831
		₱1,132,467,585	₱529,055,400

*Excluding advances to employees amounting ₱1.00 million and ₱0.34 million as at December 31, 2024 and 2023, respectively.

Analysis of the aged of financial assets is presented as follows:

		December 31, 2024						
		Total	Neither past due nor impaired	Past due but not impaired				Impaired
Note				1-30 days	31-60 days	61-90 days	Over 90 days	
Financial Assets at Amortized Cost								
Cash in banks	5	₱171,983,082	₱171,983,082	₱-	₱-	₱-	₱-	₱-
Trade receivables	6	434,348,088	460,243,788	-	-	-	-	-
Due from related parties	15	520,899,733	5,236,682	-	-	-	-	-
Refundable deposit	11	5,236,682	₱1,158,363,285	-	-	-	-	-
		₱1,132,467,585	₱171,983,082	₱-	₱-	₱-	₱-	₱-

		December 31, 2023						
		Total	Neither past due nor impaired	Past due but not impaired				Impaired
Note				1-30 days	31-60 days	61-90 days	Over 90 days	
Financial Assets at Amortized Cost								
Cash in banks	5	₱112,163,753	₱112,163,753	₱-	₱-	₱-	₱-	₱-
Trade receivables	6	325,200,373	325,200,373	-	-	-	-	-
Due from related parties	15	90,447,443	90,447,443	-	-	-	-	-
Refundable deposit	11	1,243,831	1,243,831	-	-	-	-	-
		₱529,055,400	₱529,055,400	₱-	₱-	₱-	₱-	₱-

Financial assets are considered as high grade if the counterparties are not expected to default in settling their obligations, thus credit risk exposure is minimal. These counterparties include banks and customers who pay on or before due date.

The Group does not hold any collateral against these financial assets as at December 31, 2024 and 2023.

Credit quality per class of financial assets

The Group's bases in grading its financial assets are as follows:

High grade	These are receivables which have a high probability of collection (i.e. those counterparty has the evident ability to satisfy its obligations).
Standard grade	These are receivables from counterparties with no history of default and are not past due as of the reporting date.
Substandard grade	These are receivables that can be collected provided the Group makes persistent effort to collect them.

The table below shows the credit quality by class of financial assets based on the historical experience with the corresponding third parties as at December 31, without taking account of any collateral held or other credit enhancements.

	December 31, 2024							Total
	Neither past due nor impaired				Past due but not impaired	Impaired		
	High grade	Standard grade	Sub-standard grade	Unrated				
<i>Financial Assets at Amortized Cost</i>								
Cash in banks (Note 5)	P171,983,082	P-	P-	P-	P-	P-		P171,983,082
Trade and other receivables (Note 6)	-	434,348,088	-	-	-	-		434,348,088
Due from related parties (Note 15)	-	520,899,733	-	-	-	-		520,899,733
Refundable deposit (Note 11)	-	5,236,682	-	-	-	-		5,236,682
	P171,983,082	P960,484,503	P-	P	P-	P-		P1,132,467,585

	December 31, 2023							Total
	Neither past due nor impaired				Past due but not impaired	Impaired		
	High grade	Standard grade	Sub-standard grade	Unrated				
<i>Financial Assets at Amortized Cost</i>								
Cash in banks (Note 5)	P112,163,753	P-	P-	P-	P-	P-		P112,163,753
Trade and other receivables (Note 6)	-	325,200,373	-	-	-	-		325,536,045
Due from related parties (Note 15)	-	90,447,443	-	-	-	-		90,447,443
Refundable deposit (Note 11)	-	1,243,831	-	-	-	-		1,243,831
	P112,163,753	P416,891,647	P-	P	P-	P-		P529,055,400

Cash in Banks. The Group limits its exposure to credit risk by dealing only with reputable banks that have good credit standing and relatively low risk of defaults. These instruments are graded in the top category by an acceptable credit rating and are considered to have low risk.

Trade Receivables. To limit its exposure to credit risk, the Group transacts only with credit worthy customers who have undergone its credit evaluation and approval process. The Group assesses the credit quality of the customer taking into account its financial position, past experience and other factors.

Advances to Suppliers, Due from Related Parties, and Refundable Deposits. For amounts due from related parties, credit risk is low considering the liquidity of the stockholders and their continuing guarantee to support the Group. For advances to suppliers and security deposits, credit risk is low since the Group only transacts with reputable parties with respect to this financial asset.

An impairment analysis is performed at each reporting date using the lifetime ECL allowance. The provision rates are based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Financial assets as at December 31, 2024 and 2023 were assessed by management as neither past due or impaired.

Interest Rate Risk

Interest rate risk arises from the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt.

The Group's policy is to manage its interest cost by limiting its borrowings. The Group analyzes its loan facilities and choose the bank with lowest finance charges and interest rates. To manage future interest fluctuations on its obligations, the Group maintains significant amount of cash that is available when the interest and principal become due.

The Group is not exposed to interest rate risk as the Group's interest rates on bank loans are fixed.

Other Market Price Risk

The Group's market price risk arises from its purchase of fuel. The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the fuel.

25. Fair Value Measurements

A comparison by category of the carrying amounts and fair values of the Group's financial instruments follows:

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	₱172,606,667	₱172,606,667	₱123,840,606	₱123,840,606
Trade and other receivables*	434,348,088	434,348,088	325,200,373	325,200,373
Due from related parties	520,899,733	520,899,733	90,447,443	90,447,443
Refundable deposits**	5,236,682	3,287,171	1,243,831	1,243,831
Investment in shares of stock**	3,220,894	3,220,894	2,220,894	2,220,894
	₱1,136,312,064	₱1,134,362,553	₱1,264,232,046	₱1,264,232,046
Financial Liabilities				
Trade and other payables***	₱43,034,717	₱43,034,717	₱23,037,596	₱23,037,596
Loans payable	2,020,460,721	2,020,460,721	1,409,710,772	1,409,710,772
Mortgage payable	23,330,808	23,330,808	25,681,951	25,681,951
Lease liability	7,838,701	7,838,701	-	-
	₱2,094,664,948	₱2,094,664,948	₱1,458,430,319	₱1,458,430,319

*Excluding advances to employees subject to liquidation amounting to amounting to ₱1.00 million and ₱0.34 million as at December 31, 2024 and 2023, respectively.

**Presented under Other Noncurrent Assets

***Excluding statutory payables amounting to ₱4.74 million and ₱2.96 million as at December 31, 2024 and 2023, respectively.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash, Trade Receivables, Due from Related Parties and Trade and Other Payables (excluding statutory payables). The carrying values approximate their fair values due to the short-term maturity of these financial instruments.

Refundable Deposits. The carrying values approximate their fair values at the date when the amount receivable becomes due.

Financial assets at FVOCI. The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market.

Mortgage Payable and Loans Payable. The carrying amount approximates fair value, which is estimated using the discounted cash flow (DCF) methodology. The discount rates used are based on the Company's current incremental borrowing rates.

26. Capital Risk Management Objectives and Policies

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business, maximize shareholder value, provide returns for shareholders and benefits for other stakeholders.

The BOD has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business operations and industry.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The following are the Group's capital:

	2024	2023
Capital stock	₱859,375,300	₱250,000,000
Deposit for future stock subscription	-	367,500,000
Retained earnings	121,527,883	193,946,584
Other comprehensive income	850,000	-
Total Equity Attributable to Equity Holders of the Parent Company	981,753,183	811,446,584
Non-controlling interests	587,922	(1,144,610)
	₱982,341,105	₱810,301,974

27. Notes on Statements of Cash Flows

Deconsolidation

Below is the cashflow on deconsolidation of subsidiary:

Description	Amount
Cash	₱505,681,656
Prepayments	34,986,167
Due from related parties	560,192,069
Property and equipment	38,758,776
Other payables	(45,962)
Loans payable	(447,246,346)
Mortgage payable	(14,424,725)
Deposit for future stock subscription	(350,000,000)
Net assets derecognized	327,901,635
Deemed gain/loss on deconsolidation	-
Retained earnings attributable to TTSC	(21,654,152)
Non-controlling interest	(9,997,483)
Less: Cash	(505,681,656)
	(₱209,431,656)
Presented in Statements of Cash Flows:	
Cash flows on deconsolidation of a subsidiary	₱140,568,344
Derecognized deposit for future stock subscription	(350,000,000)
	(₱209,431,656)

Deposit for asset purchase

This account represents advance payments amounting to ₱164.50 million for the purchase of land. On October 21, 2022, the acquisition did not push through, hence the deposit was refunded back to the Parent Company.

28. Events After Reporting Date

- a. On February 6, 2025, PSE approved the application of the Parent Company for the listing and trading of up to 10,742,193,000 of its issued and outstanding common shares.
- b. On March 31, 2025, the Parent Company received its Permit to Sell from SEC.
- c. On April 8, 2025, the Parent Company completed its IPO and was listed on the PSE under the stock symbol "TOP".

INDEPENDENT AUDITOR'S SUPPLEMENTAL WRITTEN STATEMENT

The Shareholders and the Board of Directors
Top Line Business Development Corp. and Subsidiaries
19th Floor, Latitude Corporate Center
Mindanao Avenue, Cebu Business Park
Brgy. Luz, Cebu City

We have audited the consolidated financial statements of **Top Line Business Development Corp. and Subsidiaries** (the "Group") for the year ended December 31, 2024, on which we have rendered our report dated April 30, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Group has a total of twelve (12) shareholders owning one hundred (100) or more shares each.

ROXAS TABAMO & CO.



Christian Francis S. Felismino
Partner
CPA Certificate No. 0111361
Tax Identification No. 237-332-255
BIR Accreditation No. 08-001682-016-2022, issued on October 14, 2022,
effective until October 13, 2025
SEC Accreditation No. 111361-SEC, Group A, issued on February 4, 2020,
effective for the audit of 2019 to 2023 (extended to 2025*) financial statements of SEC covered institutions
PTR No. 10487046, issued on January 16, 2025, Makati City

April 30, 2025
Makati City



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Shareholders and the Board of Directors
Top Line Business Development Corp. and Subsidiaries
19th Floor, Latitude Corporate Center
Mindanao Avenue, Cebu Business Park
Brgy. Luz, Cebu City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of **Top Line Business Development Corp. and Subsidiaries** (the "Group") as at and for the years ended December 31, 2024, 2023 and 2022 and have issued our report thereon dated April 30, 2025. Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are presented for purposes of complying with the Revised Securities Regulation Code (SRC) Rule 68 and the Securities and Exchange Commission (SEC) Memorandum Circular No. 16, Series of 2023 and are not part of the basic consolidated financial statements. Such schedules are the responsibility of management. The schedules have been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements. In our opinion, the information are fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

ROXAS TABAMO & CO.



Christian Francis S. Felismino
Partner
CPA Certificate No. 0111361
Tax Identification No. 237-332-255
BIR Accreditation No. 08-001682-016-2022, issued on October 14, 2022,
effective until October 13, 2025
SEC Accreditation No. 111361-SEC, Group A, issued on February 4, 2020,
effective for the audit of 2019 to 2023 (extended to 2025*) financial statements of SEC covered institutions
PTR No. 10487046, issued on January 16, 2025, Makati City

April 30, 2025
Makati City



SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2024

Top Line Business Development Corp.

19th Floor, Latitude Corporate Center
Mindanao Ave., Cebu Business Park
Brgy. Luz, Cebu City

Unappropriated Retained Earnings, beginning of reporting period	₱192,878,376
Add: <u>Category A: Items that are directly credited to Unappropriated Retained Earnings</u>	
Reversal of Retained Earnings Appropriation/s	-
Effect of restatements or prior-period adjustments	-
Others	-
	-
Less: <u>Category B: Items that are directly debited to Unappropriated Retained Earnings</u>	
Dividend declaration during the reporting period – stock dividends	(171,875,000)
Retained Earnings appropriated during the reporting period	-
Effect of restatements or prior-period adjustments	-
Others	-
	(171,875,000)
Unappropriated Retained Earnings, as adjusted	21,003,376
Add/Less: Net income for the current reporting period	114,213,995
Less: <u>Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</u>	
Equity in net income of associate/joint venture, net of dividends declared	-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Unrealized fair value gain of investment property	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Sub-total	-
Add: <u>Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</u>	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Realized fair value gain of investment property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Sub-total	-

Add: <u>Category C.3: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)</u>	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Reversal of previously recorded fair value gain of investment property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-
Sub-total	-
Adjusted Net Income	114,213,995
Add: <u>Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</u>	
Depreciation on revaluation increment (after tax)	-
Sub-total	-
Add/Less: <u>Category E: Adjustments related to relief granted by the SEC and BSP</u>	
Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the reporting period	-
Others	-
Sub-total	-
Add/Less: <u>Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution</u>	
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset related to setup of ROU asset and lease liability	-
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others	-
Sub-total	-
Total Retained Earnings available for dividend, end of the reporting year	₱135,217,371

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

**SCHEDULE II
SCHEDULE SHOWING FINANCIAL SOUNDNESS PURSUANT TO REVISED SRC RULE 68
AS AT DECEMBER 31, 2024, 2023 AND 2022**

Ratio	Formula	As at		
		2024	2023	2022
Liquidity Ratios:				
Current ratio	Total Current Assets divided by			
	Total Current Liabilities	1.17	1.07	1.57
	Total Current Assets	₱2,109,203,907		
Current ratio	Divide by: Total Current			
	Liabilities	₱1,803,156,976		
	Current ratio	1.17		
Quick ratio	Quick Assets divided by Total			
	Current Liabilities	0.34	0.35	0.73
	Quick Assets	₱607,953,906		
Quick ratio	Divide by: Total Current			
	Liabilities	₱1,803,156,976		
	Quick ratio	0.34		
Solvency Ratios:				
Debt ratio / Debt-to asset ratio	Total Liabilities divided by Total			
	Assets	0.68	0.65	0.82
	Total Liabilities	₱2,118,008,902		
Debt-to-equity ratio	Divide by: Total Assets	₱3,100,350,007		
	Debt-to-asset ratio	0.68		
	Debt-to-equity ratio	Total Liabilities divided by Total		
Equity		2.16	1.83	4.52
Total Liabilities		₱2,118,008,902		
Asset-to-equity ratio	Divide by: Total Equity	₱982,341,105		
	Debt-to-equity ratio	2.16		
	Asset-to-equity ratio	Total assets divided by Total		
Equity		3.16	2.83	5.52
Total Assets		₱3,100,350,007		
Asset-to-equity ratio	Divide by: Total Equity	₱982,341,105		
	Asset-to-equity ratio	3.16		
	Profitability Ratios:			
Return on assets	Net Income divided by Average			
	Total Assets	0.04	0.03	0.04
	Net Income	₱99,438,831		
Return on assets	Divide by: Average			
	Total Assets	₱2,695,699,378		
	Return on assets	0.04		
Return on equity	Net Income divided by Average			
	Total Equity	0.11	0.11	0.19
	Net Income	₱99,438,831		
Return on equity	Divide by: Average Total Equity	₱896,321,539		
	Return on equity	0.11		

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

**SCHEDULE IV
SCHEDULE A
FINANCIAL ASSETS
DECEMBER 31, 2024**

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued
Cebu City Sports Club	1	₱1,220,894	₱-
Casino Español	1	₱2,000,000	₱1,000,000

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

**SCHEDULE IV
SCHEDULE B**

**AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND
PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2024**

Name and Designation of Debtor	Balance at beginning of period	Additions	Paid	Current	Noncurrent	Balance at end of period
Other Receivables:						
Topline Services and Development Corporation (Affiliate)	P10,000,000	P-	(P10,000,000)	P-	P-	P-
Pier Eighty-Eight Ventures, Inc.	P13,391,727	P72,322,559	P-	P85,714,286	P-	P85,714,286
Trident Maritime Corporation	P-	P450,000	P-	P450,000	P-	P450,000
Topline Properties and Development Corporation (Affiliate)	P3,000,000	P-	(P3,000,000)	P-	P-	P-
Due from:						
Topline Energy and Power Development Corporation (TEPDC); Unsecured, non-interest bearing, payable on demand	P12,655,595	P150,107,175	P-	P162,762,770	P-	P162,762,770
Topline Marina Wharf Development Corporation (TMWDC); Unsecured, non-interest bearing, payable on demand	P14,094,681	P28,954,366	P-	P43,049,047	P-	P43,049,047
Vikingland Corp.; Unsecured, non-interest bearing, payable on demand	P10,964,890	P86,907,910	P-	P97,872,800	P-	P97,872,800

Forward

Name and Designation of Debtor	Balance at beginning of period				Balance at end of period		
					Paid	Current	Noncurrent
Topline Hi Tech and Synergy Corporation (THTSC); Unsecured, non-interest bearing, payable on demand		₱33,842,277	₱51,901,596	₱-	₱85,743,873	₱-	₱85,743,873
Topline Properties and Development Corporation (TPDC); Unsecured, non-interest bearing, payable on demand		₱18,890,000	₱112,581,243	₱-	₱131,471,243	₱-	₱131,471,243

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

**SCHEDULE IV
SCHEDULE C
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2024**

Name and Designation of Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of period
Light Fuels Corporation (co-subsiary)	P-	P6,911,692	(P51,778)	P-	P6,859,914	P-	P6,859,914
Top Line Business Development Corporation (Parent)	P-	P47,000,000	P-	P-	P47,000,000	P-	P47,000,000
Light Fuels Corporation (subsidiary)	P-	P62,248,544	(P36,352,844)	-	P25,895,700	P-	P25,895,700

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

SCHEDULE IV
 SCHEDULE D
 INTANGIBLE ASSETS – OTHER ASSETS
 DECEMBER 31, 2024

Description	Balance at beginning of period	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Balance at end of period
Computer software	₱533,799	₱420,000	(₱72,347)	₱-	₱-	₱881,452
Trademark	₱-	₱7,365	(₱123)	₱-	₱-	₱7,242

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

**SCHEDULE IV
SCHEDULE E
LONG-TERM DEBT
DECEMBER 31, 2024**

Name of issuer and type of obligation	Total outstanding balance	Amount shown under "Current portion of long-term debt"	Amount shown under "Long-term Debt"
Short-Term Loans:			
Bank of the Philippine Islands	₱169,593,600	₱169,593,600	₱-; 7.75%, single payment, maturity from February 2 to March 20, 2025
Development Bank of the Philippines	₱180,000,000	₱180,000,000	₱-; 9.00%, single payment, maturity from January 27 to 31, 2025
Land Bank of the Philippines	₱500,000,000	₱500,000,000	₱-; 7.00%, single payment, maturity from January 14 to June 20, 2025
Philippine National Bank	₱400,000,000	₱400,000,000	₱-; 7.75%, single payment, maturity from January 9 to March 11, 2025
Philippine Veterans Bank	₱147,360,000	₱147,360,000	₱-; 7.60% to 8.40%, single payment, maturity from January 2 to April 4, 2025
Security Bank Corporation	₱299,750,000	₱299,750,000	₱-; 7.75%, single payment, maturity from January 6 to March 12, 2025
Long-Term Loan:			
Development Bank of the Philippines	₱185,710,000	₱19,526,667	₱166,183,333; 8.75% to 9.50%, quarterly payments, maturity from September 19, 2029 to May 18, 2035
Philippine National Bank	₱35,459,800	₱5,947,184	₱29,512,616; 7.75%, quarterly payments based on diminishing balance, maturity from June 8 to 19, 2029

Forward

Name of issuer and type of obligation	Total outstanding balance	Amount shown under "Current portion of long-term debt"	Amount shown under "Long-term Debt"
Rizal Commercial Banking Corporation	₱87,500,000	6,538,121	₱80,961,879; 8.75%, monthly payments based on diminishing balance, maturity of August 22, 2029
Mortgages Payable:			
Banco de Oro	₱14,391,851	₱1,724,677	₱12,667,174; 9.80%, monthly payments of ₱0.11 million to ₱0.14 million, maturity from April 8 to 12, 2031
Robinsons Bank	₱8,938,957	₱915,664	₱8,023,293; 8.75%, monthly payments of ₱0.14 million, maturity of May 3, 2031
Auto Loans:			
Metropolitan Bank and Trust Company	₱4,338,725	₱1,369,034	₱2,969,691; 8.62% to 9.11%, monthly payments of ₱0.02 million to ₱0.06 million, maturity from January 2, 2027 to April 19, 2029
Orix Metro Leasing and Finance Corporation	₱10,748,595	₱3,356,418	₱7,392,177; 14%, monthly payments of ₱0.03 million to ₱0.36 million, maturity from June 10 to October 29, 2027

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

**SCHEDULE IV
SCHEDULE F
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2024**

Name of the Related Party	Balance at beginning of period	Balance at end of period
N/A	N/A	N/A

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

**SCHEDULE IV
SCHEDULE G
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2024**

Name of the issuing entity of securities guaranteed by the Group for which the statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is lifted	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

**SCHEDULE IV
SCHEDULE H
CAPITAL STOCK
DECEMBER 31, 2024**

Title of Issue	Number of shares					Others
	Authorized	Issued and outstanding as shown under related financial position caption	Reserved for options, warrants, conversion and other rights	Held by related parties	Held by directors, officers and employees	
Common	16,000,000,000	8,593,753,000	-	6,618,750,000	1,975,003,000	(a) Application of deposit for future stock subscription; (b) Issuance of stock dividends

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

**SCHEDULE V
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
DECEMBER 31, 2024**

	Current Year	Prior Year
Total Audit Fees	₱850,000	₱450,000
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	500,000	-
Total Non-audit Fees	500,000	-
Total Audit and Non-audit Fees	₱1,350,000	₱450,000

Audit and Non-audit fees of other related entities

	Current Year	Prior Year
Audit fees	₱600,000	₱360,000
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit Fees of other related entities	₱600,000	₱360,000



SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines

Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph



The following document has been received:

Receiving: RICHMOND CARLOS AGTARAP

Receipt Date and Time: August 15, 2025 12:52:02 PM

Company Information

SEC Registration No.: CS201330638

Company Name: TOP LINE BUSINESS DEVELOPMENT CORP.

Industry Classification: G51000

Company Type: Stock Corporation

Document Information

Document ID: OST10815202583660474

Document Type: Quarterly Report

Document Code: SEC_Form_17-Q

Period Covered: June 30, 2025

Submission Type: Amendment

Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

For
QUARTERLY FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	3	3	0	6	3	8
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COMPANY NAME

T	O	P	L	I	N	E	B	U	S	I	N	E	S	S	D	E	V	E	L	O	P	M	E	N	T
C	O	R	P	.																					

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

19	F	L	O	O	R	L	A	T	I	T	U	D	E	C	O	R	P	O	R	A	T	E			
C	E	N	T	E	R	M	I	N	D	A	N	A	O	A	V	E	N	U	E	C	E	B	U		
B	U	S	I	N	E	S	S	P	A	R	K	,	B	R	G	Y	L	U	Z						
C	E	B	U	C	I	T	Y																		

Form Type

1	7	-	Q
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Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address

compliance@topline.ph

Company's Telephone Number

(032) 505-6058

Mobile Number

09985664773

No. of Stockholders

--

Annual Meeting (Month / Day)

July 12

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Tara Tsarina B. Perez-Retuya

Email Address

tara@topline.ph
--

Telephone Number/s

(032) 505-6058

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

19th Floor, Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City, Cebu

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

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 June 30, 2025
2. Commission Identification Number CS201330638
3. BIR Tax Identification No. 439-462-061
4. Exact name of issuer as specified in its charter Top Line Business Development Corp.
5. Province, country or other jurisdiction of incorporation or organization Cebu, Philippines
6. Industry Classification Code (SEC Use Only)
7. Address of issuer's principal office

19Floor, Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City

Postal Code 6000

8. Issuer's telephone number, including area code 032-5056058
9. Former name or former address, if changed since last report N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	10,742,193,000

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 class/es of securities listed therein:

The Philippine Stock Exchange, Inc. Common Shares

12. Indicate by check mark whether the registrant:

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

Yes No

(b) Has been subject to filing requirements for the past ninety (90) days

Yes No

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The Financial Statements are filed as part of this Form 17-Q.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Management's Discussion and Analysis of Financial Condition and Results of Operations are filed as part of this Form 17-Q.

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2025
(With Comparative Audited Figures as at December 31, 2024)

	<i>Note</i>	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS			
Current Assets			
Cash	3	₱240,202,425	₱172,606,667
Trade and other receivables	4	546,191,449	461,242,939
Inventories	5	235,603,138	105,817,171
Due from related parties	13	715,719,389	520,899,733
Prepayments and other current assets	6	1,238,347,515	875,790,506
Total Current Assets		3,021,063,916	2,136,357,016
Noncurrent Assets			
Property and equipment, net	7	965,329,355	968,804,441
Right-of-use (ROU) asset, net	19	7,043,668	7,578,630
Intangible assets, net	8	1,358,065	888,694
Deferred tax assets	20	5,150,332	5,102,407
Other noncurrent assets	9	8,540,464	8,457,576
Total Noncurrent Assets		987,421,884	990,831,748
TOTAL ASSETS		₱4,008,485,800	₱3,127,188,764
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10	₱46,318,369	₱73,671,610
Loans payable, current	11	1,910,534,203	1,733,441,024
Mortgage payable, current	12	1,350,042	2,640,342
Lease liability, current	19	752,954	696,938
Income tax payable		9,083,781	18,602,762
Total Current Liabilities		1,968,039,349	1,829,052,676
Noncurrent Liabilities			
Loans payable, net of current portion	11	363,270,006	287,019,697
Mortgage payable, net of current portion	12	20,629,838	20,690,466
Lease liability, net of current portion	19	6,742,487	7,141,764
Total Noncurrent Liabilities		390,642,331	314,851,927
Total Liabilities		2,358,681,680	2,143,904,603
Equity			
Capital stock	14	1,481,779,772	859,375,300
Deposit for stock subscription		-	-
Retained earnings		166,165,762	122,468,582
Other comprehensive income	9	850,000	850,000
Total Equity Attributable to Equity Holders of the Parent Company		1,648,795,534	982,693,882
Non-controlling interests		1,008,586	590,279
Total Equity		1,649,804,120	983,284,161
TOTAL LIABILITIES AND EQUITY		₱4,008,485,800	₱3,127,188,764

See accompanying Notes to the Unaudited Interim Consolidated Financial Statements.

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH AND THREE-MONTH PERIODS ENDED JUNE 30, 2025 AND 2024

	Note	Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
		2025 (Unaudited)	2024 (Audited)	2025 (Unaudited)	2024 (Audited)
SALES AND SERVICE INCOME – POINT IN TIME					
Commercial fuel trade		₱1,910,332,247	₱1,530,206,689	₱940,244,683	₱807,143,296
Retail		63,930,796	34,525,994	32,357,332	18,898,906
Non-fuel	15	374,206	49,144	203,474	23,898
		1,974,637,249	1,564,781,827	972,805,489	826,066,100
COST OF SALES AND OTHER DIRECT COSTS	16	(1,791,999,782)	(1,430,910,407)	(882,331,456)	(758,889,870)
GROSS INCOME		182,637,467	133,871,420	90,474,033	67,176,230
OTHER INCOME	18	73,171,448	63,609,301	44,575,861	42,082,998
GENERAL AND ADMINISTRATIVE EXPENSES	17	(77,601,259)	(63,521,333)	(45,156,714)	(36,921,120)
INTEREST EXPENSE	12	(76,725,418)	(53,247,209)	(38,837,391)	(28,260,040)
INTEREST INCOME	3	144,899	28,633	79,217	10,861
INCOME BEFORE INCOME TAX		101,627,137	80,740,812	51,135,006	44,088,929
PROVISION FOR INCOME TAX	20				
Current		(25,418,485)	(21,983,266)	(12,820,823)	(12,358,391)
Deferred		47,925	1,796,420	47,925	1,338,726
		(25,370,560)	(20,186,846)	(12,772,898)	(11,019,665)
NET INCOME		76,256,577	60,553,966	38,362,108	33,069,264
OTHER COMPREHENSIVE INCOME					
Change in fair value of investment at FVOCI, net of tax		-	-	-	-
TOTAL COMPREHENSIVE INCOME		₱76,256,577	60,553,966	₱38,362,108	33,069,264

Forward

	Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
	2025 (Unaudited)	2024 (Audited)	2025 (Unaudited)	2024 (Audited)
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company	₱76,213,271	₱60,603,180	₱38,355,022	₱33,106,249
Non-controlling interests	43,307	(49,214)	7,086	(36,985)
	₱76,256,578	60,553,966	₱38,362,108	33,069,264
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company	₱76,213,271	₱60,603,180	₱38,355,022	₱33,106,249
Non-controlling interests	43,307	(49,214)	7,086	(36,985)
	₱76,256,578	₱60,553,966	₱38,362,108	₱33,069,264
BASIC EARNINGS PER SHARE				
Net income attributable to equity holders of the Parent Company	₱76,213,271	₱60,603,180	₱38,355,022	₱33,106,249
Weighted average of outstanding common shares	9,667,970,000	4,492,187,500	9,667,970,000	4,492,187,500
	₱0.008	₱0.01	₱0.004	₱0.01

See accompanying Notes to the Consolidated Financial Statements.

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2025 AND 2024**

	Attributable to Equity Holders of the Parent					Non-controlling interests	Total Equity
	Share capital (Note 14)	Deposit for future stock subscription (Note 14)	Retained earnings	Other comprehensive income	Total		
Balances as at January 1, 2025 (Audited)	₱859,375,300	₱-	₱122,468,582	₱850,000	₱982,693,882	₱590,279	₱983,284,161
Net income for the period	-	-	76,213,271	-	76,213,271	43,307	76,256,578
Net proceeds from initial public offering (IPO)	622,404,472	-	-	-	622,404,472	-	622,404,472
Cash dividends declared	-	-	(32,516,091)	-	(32,516,091)	-	(32,516,091)
Non-controlling interest	-	-	-	-	-	375,000	375,000
Balances as at June 30, 2025 (Unaudited)	₱1,481,779,772	₱-	₱166,165,762	₱850,000	₱1,648,795,534	₱1,008,586	₱1,649,804,120
Balances as at January 1, 2024 (Audited)	₱250,000,000	₱367,500,000	₱193,946,584	₱-	₱811,446,584	(₱1,136,672)	₱810,301,974
Net income for the period	-	-	60,603,180	-	60,603,180	(49,214)	60,553,966
Additional deposit	-	70,000,000	-	-	70,000,000	-	70,000,000
Issuance of shares	437,500,000	(437,500,000)	-	-	-	-	-
Stock dividends	171,875,000	-	(171,875,000)	-	-	-	-
Balances as at June 30, 2024 (Audited)	₱859,375,000	₱-	₱82,666,826	₱-	₱942,041,826	(₱1,185,886)	₱940,855,940

See accompanying Notes to the Consolidated Financial Statements.

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2025 AND 2024**

	Notes	Six-Month Period Ended June 30,	
		2025 (Unaudited)	2024 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P101,627,137	P80,740,812
Adjustments for:			
Interest expense	12	37,885,462	53,247,209
Depreciation and amortization	7	25,934,133	18,413,366
Gain on sale of property	7	(13,669,485)	(20,599,779)
Interest income	3	(144,899)	(28,633)
Operating income before working capital changes		151,632,348	131,772,975
Decrease (increase) in:			
Trade and other receivables		(46,948,510)	(191,861,848)
Inventories		(129,785,967)	31,849,561
Prepayments and other current assets		(407,557,009)	(97,851,557)
Increase (decrease) in trade and other payables		(27,353,242)	30,514,970
Cash used for operations		(460,012,380)	(95,575,899)
Income tax paid		(34,937,466)	(24,396,543)
Interest received		144,899	28,633
Net cash used in operating activities		(494,804,947)	(119,943,908)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	7	(46,198,398)	(80,275,443)
Acquisition of intangible assets	8	(525,573)	73,000,000
Increase in due from related parties		(209,819,656)	(112,334,455)
Increase in other noncurrent assets		(82,888)	(938,284)
Net cash used in investing activities		(256,626,515)	(120,548,182)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of loan	11	1,148,982,474	1,364,887,379
Net proceeds from initial public offering	14	622,404,472	-
Deposit for future stock subscription	14	-	70,000,000
Additional subscription of non-controlling interests		375,000	-
Cash dividends declared and paid	14	(32,516,091)	-
Payments of:			
Loans payable	11	(895,638,984)	(1,161,468,382)
Interest	12	(37,771,421)	(53,247,209)
Mortgage payable	12	(1,350,928)	(284,753)
Lease liability	19	(457,302)	(307,397)
Net cash provided by financing activities		819,027,220	219,579,638
NET INCREASE (DECREASE) IN CASH		67,595,758	(20,912,353)
CASH AT JANUARY 1	3	172,606,667	123,840,606
CASH AT JUNE 30		P240,202,425	P102,928,253

Forward

	Six-Month Period Ended June 30,		
	Note	2025 (Unaudited)	2024 (Audited)
SUPPLEMENTAL INFORMATION ON CASHFLOW INFORMATION			
Information on non-cash investing activities			
Capitalized borrowing cost	7	₱8,664,812	₱8,217,177
Sale of property	19	38,000,000	73,000,000
		₱46,664,812	₱81,217,177

See accompanying Notes to the Consolidated Financial Statements.

TOP LINE BUSINESS DEVELOPMENT CORP. AND SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

General

Top Line Business Development Corp. (the "Parent Company") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 12, 2013. On July 31, 2024, SEC approved the change in primary purpose of the Parent Company from the business of acquiring properties for leasing such as but not limited to land, building (residential and commercial), equipment and to engage in various types of service activities as it may be permitted by law to carry business related to any and all of kinds of petroleum and petroleum products, mineral oils, and other sources of energy, including purchase from within and outside of the country, storage, marketing, distribution, transport, use, wholesale exportation, refinement, treatment, manufacture of, and generally deal in fuel oils, gas oils, gasolines, lubricants, all kinds of petroleum and petroleum products, including but not limited to kerosene, diesel, gasoline, aviation gas, Liquefied Petroleum Gas (LPG) and Liquefied Natural Gas (LNG).

Its amended secondary purpose is to carry on and manage the general business of its subsidiaries, to raise capital or borrow money from not more than nineteen (19) lenders including its stockholders necessary to meet the financial requirements of its business, to invest in other companies and enter into joint venture agreements, to establish and operate branch offices or agencies, to acquire, take over, hold and manage the property and business and assume liabilities thereof and to act as corporate surety or guarantor, or otherwise provide financial support and/or security for the performance of any lawful obligations.

Topline Equity Corporation (TEC) (the "Ultimate Parent Company") owns about 77% of the Parent Company.

On June 15, 2023, the BIR and SEC approved the change in the Company's registered office address from 604 Globe Tower, Cebu Business Park, Samar Loop, Luz, Cebu City to 19th Floor, Latitude Corporate Center, Mindanao Avenue, Cebu Business Park, Brgy. Luz, Cebu City.

On October 8, 2024 and February 26, 2025, the SEC and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of the Parent Company for the listing and trading of up to 10,742,193,000 of its issued and outstanding common shares. The Parent Company received the Permit to Sell from the SEC on March 21, 2025. On April 8, 2025 the Parent Company completed its initial public offering ("IPO") and was listed in the PSE under the stock symbol "TOP".

The unaudited interim consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on May 15, 2025.

As at June 30, 2025 and December 31, 2024, the Parent Company holds investments in the following subsidiaries:

Name of Subsidiary	Country of Incorporation	Principal Activities	Ownership Interest	
			2025	2024
Light Fuels Corporation (LFC)	Philippines	Construction and operation of Fuel Station	99.75%	99.75%
Topline Logistics and Dev. Corp. (TLDC)	Philippines	Logistics Support Services	75%	75%

LFC

On April 22, 2022, the Parent Company subscribed in cash to 1.50 million shares of Light Fuels Corporation (*formerly Light Petroleum Corporation*), a domestic company engaged in construction and operation of fueling station, service station or gasoline station, with a par value of ₱100 per share representing 99.75% ownership.

On December 23, 2022, the Parent Company subscribed to additional 0.48 million shares of LFC with a par value of ₱100 per share.

TLDC

On October 16, 2023, the Parent Company subscribed in cash to 0.02 million shares of Top Line Logistics Development Corp. (TLDC), a domestic company engaged in managing and operating non-bonded warehouses and logistics support services with efficient storage of goods, with a par value of ₱100 per share representing 75% ownership.

On July 15, 2024, the Parent Company cancelled 4,800 shares of its initial subscription. On September 30, 2024, the Parent Company subscribed in cash additional 6,250 shares of TLDC with a par value of ₱100 per share.

The following table summarizes the recognized amounts of assets acquired from and liabilities assumed for TLDC as at acquisition date:

	TLDC
Cash	₱2,145,092
Due to related party	(27,684)
Income tax payable	(4,153)
Deposit for future stock subscription	(480,000)
Total identifiable net assets acquired	₱1,633,255

2. **Basis of Preparation, Statement of Compliance, Basis of Consolidation, and Summary of Significant Accounting Policies**

Basis of Preparation

The unaudited interim consolidated financial statements as of June 30, 2025 and for the six-month periods ended June 30, 2025 and 2024 have been prepared in accordance with Philippine Accounting Standard (“PAS”) 34, *Interim Financial Reporting*. The accompanying unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at December 31, 2024.

The accompanying unaudited interim consolidated financial statements of the Group have been prepared on a going concern basis under the historical cost convention, except where a Financial Reporting Standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these consolidated financial statements. All amounts are presented in Philippine peso, which is the functional currency of the Group. All values are rounded off to the nearest peso, except when otherwise indicated.

Statement of Compliance

The unaudited interim consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards (PAS) and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Philippine Financial and Sustainability Reporting Standards Council (PFSRSC) and adopted by the SEC.

Basis of Consolidation

The consolidated financial statements of the Group include the accounts of the Parent Company and its subsidiaries (“the Group”) where the Parent Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Accounting Policies on Business Combination under Common Control. For business combinations involving entities under common control, the pooling of interest method is applied. Under this method:

- Recognition of Assets and Liabilities - The assets and liabilities of the combining entities are recognized at their historical carrying amounts as reflected in the financial statements of the combining entities, without any remeasurement to fair value.
- No Recognition of Goodwill - No goodwill is recognized because of the business combination. Any difference between the consideration paid and the carrying amounts of the assets and liabilities transferred is adjusted against equity.
- Income statements transactions – The consolidated income statement reflects the results of the combining entities.
- Elimination of Intercompany Transactions - Intercompany balances and transactions between the combining entities are eliminated in full in the consolidated financial statements.

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statements of comprehensive income, and consolidated statements of financial position separate from equity attributable to equity holders of the parent.

An acquisition, transfer or sale of a non-controlling interest is accounted for as an equity transaction. No gain or loss is recognized in an acquisition of a non-controlling interest. The difference between the fair value of the consideration and book value of the share in the net assets acquired is presented under “Excess of consideration over the carrying value of non-controlling interests acquired or disposed” account within the equity section of the consolidated balance sheet. If the Group loses control over a subsidiary, it: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated statement of income; and (iii) reclassifies the Parent Company’s share of components previously recognized in other comprehensive income (OCI) to the consolidated statement of income or retained earnings, as appropriate.

Transactions Eliminated on Consolidation. All intragroup transactions and balances including income and expenses, and unrealized gains and losses are eliminated in full.

Accounting Policies of Subsidiaries. The financial statements of subsidiaries are prepared for the same reporting year using uniform accounting policies as those of the Parent Company.

Summary of Significant Accounting Policies

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2024.

3. Cash

This account consists of:

	June 30, 2025	December 31, 2024
Cash on hand	P1,881,281	P623,585
Cash in banks	238,321,144	171,983,082
	P240,202,425	P172,606,667

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks amounted to as follows:

	Six-Month Period Ended June 30,	
	2025	2024
Interest income	P144,899	P79,217

4. Trade and Other Receivables

This account consists of:

	June 30, 2025	December 31, 2024
Trade receivables	P462,066,642	P374,057,047
Other receivables	84,124,807	87,185,892
	P546,191,449	P461,242,939

Trade receivables are noninterest-bearing and are normally collected within the year.

Other receivables include receivables from related parties amounting to P80 million and P85.7 million as at June 30, 2025 and December 31, 2024, respectively (see Note 13).

5. Inventories

This account consists of:

	June 30, 2025	December 31, 2024
Fuel and lubricants	P235,339,412	P105,546,179
Non-Fuel	263,726	270,992
	P235,603,138	P105,817,171

Cost of inventories recognized as cost of goods sold in the consolidated statements of comprehensive income as presented in Note 16 is as follows:

	Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
	2025	2024	2025	2024
Cost of inventories	₱1,779,647,584	₱1,426,838,520	₱875,226,415	₱756,847,201

6. Prepayments and Other Current Assets

This account consists of:

	June 30, 2025	December 31, 2024
Advances to suppliers	₱928,969,552	₱842,893,540
Net input VAT	61,183,767	2,553,568
Advances to contractors	285,000,000	17,329,085
Prepayments	8,173,493	13,014,313
Prepaid income tax	20,703	-
	₱1,283,347,515	₱875,790,506

Advances to suppliers pertain to advance payments made by the Group to supplier for fuels which are yet to be delivered. These advances are drawn once purchase orders are placed by customers.

Prepayments include prepaid insurance, prepaid rental fuel depot, IPO related fees and prepayments for SAP maintenance.

Advances to contractors pertains to advance payments made by LFC to contractors for the construction, installation and fabrication of fuel station including the building façade and food station interiors.

Net input VAT pertains to the indirect tax paid by the Group on the local purchase of goods or services from a VAT-registered person.

7. Property and Equipment, Net

The movements in this account follow:

	Land	Building	Building	Leasehold	Store and	Station	Machinery	Transportation	Furniture	IT	Tools	Port	Construction	Total
		Improvements	Improvements	Improvements	Office	Equipment	and	Equipment	and	Equipment	Maintenance	Improvements	in	
					Equipment	Equipment	Equipment	Equipment	Fixtures	Equipment			Progress	
Cost														
As at January 1, 2024	P1,168,000	P69,594,211	P7,936,435	P27,520,084	P4,791,123	P2,157,682	P20,053,418	P77,730,815	P3,694,492	P171,302	P-	P-	P714,084,220	P928,901,782
Additions	9,884,500	3,500,000	-	134,286	677,948	3,750,581	34,107	26,783,746	367,765	2,151,804	47,892	-	99,337,399	146,670,028
Disposal	(11,052,500)	(44,747,890)	-	-	-	-	-	-	-	-	-	-	-	(55,800,480)
Reclassification	-	-	-	-	-	-	-	-	-	-	-	668,715,669	(668,715,669)	-
As at December 31, 2024	-	28,346,231	7,936,435	27,654,370	5,469,071	5,908,263	20,087,525	104,514,561	4,062,257	2,323,106	47,892	668,715,669	144,705,950	1,019,771,330
Additions	-	-	-	-	654,235	1,008,507	561,902	836,442	18,723	-	14,550	-	42,884,233	46,198,398
Disposal	-	(28,346,231)	-	-	-	-	-	-	-	-	-	-	-	(28,346,231)
As at June 30, 2025	-	-	7,936,435	27,654,370	6,123,306	7,136,576	20,649,427	105,351,003	4,080,980	2,323,106	62,442	668,715,669	187,590,183	1,037,623,497
Accumulated depreciation														
As at January 1, 2024	-	4,318,231	672,982	2,307,229	1,387,110	301,561	690,969	7,911,009	806,345	35,474	-	-	-	18,430,910
Depreciation	-	2,624,007	273,670	2,787,582	1,047,741	322,210	2,180,276	12,065,137	535,261	164,038	5,740	13,930,576	-	35,936,238
Disposal	-	(3,400,259)	-	-	-	-	-	-	-	-	-	-	-	(3,400,259)
As at December 31, 2024	-	3,541,979	946,652	5,094,811	2,434,851	623,771	2,871,245	19,976,146	1,341,606	199,512	5,740	13,930,576	-	50,966,889
Depreciation	-	473,737	135,672	1,410,052	661,643	479,537	1,105,841	10,051,590	1,029,791	232,311	11,024	9,751,771	-	25,342,969
Disposal	-	(4,015,716)	-	-	-	-	-	-	-	-	-	-	-	(4,015,716)
As at June 30, 2025	-	-	1,082,324	6,504,863	3,096,494	1,103,308	3,977,086	30,027,736	2,371,397	431,823	16,764	23,682,347	-	72,294,142
Carrying amount														
As at June 30, 2025	P-	P-	P6,854,111	P21,149,507	P3,026,812	P6,033,268	P16,672,341	P75,323,267	P1,709,583	P1,891,283	P45,678	P645,033,322	P187,590,183	P965,329,355
As at December 31, 2024	P-	P24,804,252	P6,989,783	22,559,559	P3,034,220	P5,284,492	P17,216,280	P84,538,415	P2,720,651	P2,123,594	P42,152	P654,785,093	P144,705,950	P968,804,441

Depreciation and amortization charged to operations are as follows:

	Note	Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
		2025	2024	2025	2024
Property and equipment		P25,342,969	P17,847,982	P14,218,580	P10,006,152
Intangible assets	8	56,202	30,422	24,021	17,630
ROU asset	19	534,962	534,962	267,481	267,481
		P25,934,133	P18,413,366	P14,510,910	P10,291,263

Charged to:

	Note	Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
		2025	2024	2025	2024
Cost of sales and other direct costs	16	₱11,091,233	₱3,135,750	₱6,237,399	₱1,546,526
General and administrative expenses	17	14,842,900	15,277,616	8,272,682	8,744,736
		₱25,934,133	₱18,413,366	₱14,510,910	₱10,291,262

On June 30, 2024, the Parent Company sold properties to TEC and recognized a gain on sale amounting to ₱20.60 million as follows:

	Land	Building	Total
Consideration	₱15,000,000	₱58,000,000	₱73,000,000
Carrying amount	(11,052,500)	(41,347,721)	(52,400,221)
Gain on sale	₱3,947,500	₱16,652,279	₱20,599,779

On June 30, 2025, the Parent Company sold its building to TEC for ₱38.00 million, recognizing a gain of ₱13.67 million.

Building with carrying amount of ₱ 24.33 million and ₱24.80 million as at June 30, 2025 and December 31, 2024, respectively, are held as collateral for the Parent Company's term loan (see Note 11).

The Group capitalized borrowing costs pertaining to the construction of the port as follows:

	Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
	2025	2024	2025	2024
Borrowing cost	₱7,454,196	₱8,217,177	₱3,620,440	₱4,018,301

The capitalization rate used for specific borrowings is 8.75%, the actual interest rate on the term loan (see Note 11).

Transportation equipment amounting to ₱75.32 million and ₱84.54 million as at June 30, 2025 and December 31, 2024, respectively, are held as collateral for the Group's mortgage payable (see Note 12).

The Group's management, after due consideration of the assessment of its assets for impairment, believes that there are no indications that the property and equipment as at June 30, 2025 and December 31, 2024 are impaired or its carrying amounts cannot be recovered.

8. Intangible Assets, Net

The movements in this account follow:

	Trademark	Computer Software	Total
Cost			
As at January 1, 2024	₱-	₱1,981,890	₱1,981,890
Additions	7,365	420,000	427,365
As at December 31, 2024	7,365	2,401,890	2,409,255
Additions	-	525,573	525,573
As at June 30, 2025	7,365	2,927,462	2,934,827
Accumulated Amortization			
As at January 1, 2024	-	1,448,091	1,448,091
Amortization	123	72,346	72,469
As at December 31, 2024	123	1,520,437	1,520,560
Amortization	-	56,202	56,202
As at June 30, 2025	123	1,576,638	1,576,762
Carrying amount			
As at June 30, 2025	₱7,242	₱1,350,824	₱1,358,065
As at December 31, 2024	₱7,242	₱881,453	₱888,695

9. Other Noncurrent Assets

This account consists of:

	Note	June 30, 2025	December 31, 2024
Investment in shares of stocks carried at FVOCI		₱3,220,894	₱3,220,894
Refundable deposit	19	5,319,570	5,236,682
		₱8,540,464	₱8,457,576

Investment in shares of stocks pertains to investment in shares of stock in Cebu Sports Club and Casino Español with cost of ₱1.22 million and ₱2.00 million, respectively, and is accounted for at FVOCI.

The Company recognized unrealized gain in fair value of investment in shares of stocks amounting to ₱1,000,000 in 2024. Movement in other comprehensive income is as follows:

	Gross amount	Deferred tax	Other comprehensive income, net of tax
Unrealized gain	₱1,000,000	(₱150,000)	₱850,000

10. Trade and Other Payables

This account consists of:

	June 30, 2025	December 31, 2024
Trade payables	₱10,905,357	₱29,512,400
Nontrade payables	12,855,922	12,070,603
Statutory payables	4,722,229	4,741,193
Retention payable	1,590,000	3,228,472
Accrued expenses	593,472	9,123,621
Others	15,651,391	14,995,321
	₱46,318,371	₱73,671,610

Trade payables are noninterest-bearing and are generally settled on a 30- to 60-day credit term.

Statutory payables pertain to VAT, SSS, Pag-IBIG, PhilHealth and withholding taxes which are normally settled in the following month.

Accrued expenses pertain to salaries, utility charges, rent and other expenses incurred which are normally settled in the following month.

Other Payables comprises accrued salaries, wages, and other payroll-related expenses that have been earned by employees as of the reporting date but remain unpaid.

11. Loans Payable

The movements in this account follow:

	June 30, 2025	December 31, 2024
Balance at beginning of the year	₱2,020,460,720	₱1,409,710,772
Availments	1,598,078,860	1,851,080,600
Settlements	(1,344,735,372)	(1,240,330,652)
Balance at end of year	2,273,804,209	2,020,460,720
Current portion of loans payable	(1,910,534,203)	(1,733,441,024)
Noncurrent portion of loans payable	₱363,270,006	₱287,019,697

The Group entered into various renewable credit facility agreements with several local banks. These loans have renewable terms ranging from 90 days to 180 days with fixed interest rates ranging from 7.00% to 9.00% annually in 2025 and 30 days to 150 days with fixed interest rates ranging from 6.50% to 8.75% annually in 2024. The loans were obtained to finance the Group's working capital requirements and are secured by the joint and several suretyship of certain stockholders and the mortgage of real assets.

Interest expense incurred for the loans amounted to as follows:

	Six-Month Period Ended		Three-Month Period Ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Interest expense	₱76,611,377	₱51,964,013	₱38,839,956	₱27,538,262

The Parent Company availed a term loan with the Development Bank of the Philippines for the construction of port. This loan is paid quarterly with an interest rate of 8.75% and matures on May 18, 2035. The Parent Company is required to comply with the following restrictive loan covenants, as amended on 19 December 2024:

- Not make or permit any material change in the character of its business from that being carried on at the date of the Agreement or engage in any business operation or activity other than those for which it is presently authorized by law.
- The Company should maintain a debt-to equity ratio not exceeding 70:30 at all times.
- The Company should not permit its current ratio to be less than 1 at any time.
- The Company should not permit its debt-service coverage ratio to be less than 1 at any time.

On May 8, 2024, DBP approved the amendment of the loan covenant on the Parent Company's existing term loan, permitting the change of ownership or control in its business due to the initiation of an IPO of the Parent Company's shares to the public.

As at June 30, 2025, the Parent Company has complied with these restrictive covenants.

Interest expense from the term loan that was capitalized amounted as follows:

	Note	Six-Month Period Ended		Three-Month Period Ended	
		June 30,		June 30,	
		2025	2024	2025	2024
Borrowing cost	7	₱7,454,196	₱8,217,177	₱3,620,439	₱4,018,301

The term loan is collateralized by building with carrying amount of ₱24.33 million and ₱24.80 million as at June 30, 2025 and December 31, 2024, respectively (see Note 7).

12. Mortgage Payable

This account represents financing loans obtained from local banks for the purchase of transportation equipment. These loans are payable in 36-60 monthly installments with an effective annual interest rate of 24% in 2025 and 2024. In 2022, the Group availed additional loans which are payable in 36 installments until December 2024.

Details of the mortgage payable follow:

	June 30, 2025	December 31, 2024
Balance at beginning of the year	₱23,330,808	₱25,681,951
Settlements	(1,350,928)	(2,351,143)
Balance at end of year	21,979,880	23,330,808
Current portion of mortgage payable	(1,350,042)	(2,640,342)
Noncurrent portion of mortgage payable	₱20,629,838	₱20,690,466

The mortgage payable is collateralized by transportation equipment with carrying amount of ₱75.32 million and ₱84.54 million as at June 30, 2025 and December 31, 2024, respectively (see Note 7).

Total interest expense presented in Statements of Comprehensive Income follows:

	Note	Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
		2025	2024	2025	2024
Loans payable	11	₱75,573,831	₱51,964,013	₱ 38,341,030	₱14,731,212
Mortgage payable		1,037,546	1,033,401	498,926	494,781
Lease liability	19	114,041	249,795	47,435	133,189
		₱76,725,418	₱53,247,209	₱38,887,391	₱15,359,182

13. Related Party Disclosures

Related party relationships

Details of significant related parties are as follows:

<u>Related parties</u>	<u>Nature of Relationship</u>	<u>Country of Incorporation</u>
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	Ultimate Parent Company	
Topline Equity Corporation (TEC)		Philippines
Topline Services and Development Corporation (TSDC)	Affiliate	Philippines
Topline Properties and Development Corporation (TPDC)	Affiliate	Philippines
Pier Eighty-Eight Ventures, Inc.	Affiliate	Philippines
Topline Energy and Power Development Corporation (TEPDC)	Affiliate	Philippines
Topline Hi Tech and Synergy Corporation (THTSC)	Affiliate	Philippines
Topline Transport and Services Corporation (TTSC)	Affiliate	Philippines
Topline Marina Wharf Development Corporation (TMWDC)	Affiliate	Philippines
Vikingland Corp.	Affiliate	Philippines
Topline Enterprise Corporation	Affiliate	Philippines
Shareholders	-	Philippines

Related party transactions and balances

The movements and the outstanding balances of the related party transactions follow:

	Movements	Outstanding Balance		Terms and Conditions
		June 30, 2025	December 31, 2024	
Other receivable				
<i>(Note 4):</i>				
TSDC	Beginning	₱-	₱10,000,000	Unsecured, non-interest bearing, payable on demand
	Net Movement	-	(10,000,000)	
		-	-	
TPDC	Beginning	-	3,000,000	Unsecured, non-interest bearing, payable on demand
	Net Movement	-	(3,000,000)	
		-	-	
Pier Eighty-Eight Ventures, Inc. (a)	Beginning	85,714,286	13,391,727	Unsecured, non-interest bearing, payable on demand
	Net Movement	(40,714,286)	72,322,559	
		45,000,000	85,714,286	
TEC (b)	Beginning	-	-	Unsecured, non-interest bearing, payable on demand
	Net Movement	38,000,000	-	
		38,000,000	-	
		₱83,000,000	₱85,714,286	
Due from:				
TEPDC	Beginning	₱162,762,770	₱12,655,595	Unsecured, non-interest bearing, payable on demand
	Net Movement	(83,000,000)	150,107,175	
		79,762,770	162,762,770	
TMWDC	Beginning	43,049,047	14,094,681	Unsecured, non-interest bearing, payable on demand
	Net Movement	(14,000,000)	28,954,366	
		29,049,047	43,049,047	
Vikingland Corp.	Beginning	97,872,800	10,964,890	Unsecured, non-interest bearing, payable on demand
	Net Movement	11,145,023	86,907,910	
		109,017,823	97,872,800	
THTSC	Beginning	85,743,873	33,842,277	Unsecured, non-interest bearing, payable on demand
	Net Movement	60,000,000	51,901,596	
		145,743,873	85,743,873	
TPDC	Beginning	131,471,243	18,890,000	Unsecured, non-interest bearing, payable on demand
	Net Movement	105,277,400	112,581,243	
		236,748,643	131,471,243	
TEC	Beginning	-	-	Unsecured, non-interest bearing, payable on demand
	Net Movement	115,297,233	-	
		115,397,233	-	
		₱715,719,389	₱520,899,733	

Forward

	Movements	Outstanding Balance		Terms and Conditions
		June 30, 2025	December 31, 2024	
Deposit for future stock subscription (Note 14):				
Shareholders	Beginning	₱-	₱367,500,000	Unsecured, non-interest bearing, payable on demand
	Net Movement	-	(367,500,000)	
		₱-	₱-	

Transactions with related parties principally consist of cash advances which are unsecured, noninterest-bearing, due and payable upon demand and settled through cash.

Notes:

- In 2023, the Parent Company entered into a lease agreement with Pier Eighty-Eight Ventures, Inc. on its port improvements with a term of ten (10) years. The Company recognized rental income as disclosed in Note 19.
- On June 30, 2025, the Parent Company sold its building to TEC for ₱38.00 million (see Note 7).

Key Management Personnel

Compensation paid for key management personnel amounted to ₱3.4 million and ₱0.81 million for the six-month periods ended June 30, 2025 and 2024, respectively.

14. Equity

The details of this account follow:

	June 30, 2025	December 31, 2024
Share capital	₱1,074,219,300	₱859,375,300
Additional paid-in capital	407,560,472	-
	₱1,481,779,772	₱859,375,300

Share Capital

The components of share capital consist of the following number of shares:

	June 30, 2025		December 31, 2024	
	Shares	Amount	Shares	Amount
Authorized shares				
At the beginning of year	16,000,000	₱1,600,000,000	2,500,000	₱250,000,000
Increase	-	-	13,500,000	1,350,000,000
Total	16,000,000	₱1,600,000,000	16,000,000	₱1,600,000,000
After 1:1000 stock split*			16,000,000,000	₱1,600,000,000
Issued shares				
At the beginning of year	8,593,753,000	₱859,375,300	2,500,000	₱250,000,000
Add: Subscription	2,148,440,000	214,844,000	6,093,753	609,375,300
Total subscribed and paid up	10,742,193,000	₱1,074,219,300	8,593,753	₱859,375,300
After 1:1000 stock split*			8,593,753,000	₱859,375,300

*The stock split will result in the decrease of par value per share from ₱100 to ₱0.10.

On August 1, 2023, the BOD signed a resolution to increase the authorized share of stock from ₱250.00 million to ₱1.60 billion. On November 6, 2023, the Parent Company submitted its application for increase in authorized capital stock with SEC, which was approved on April 17, 2024.

As at September 2023, the Parent Company received additional cash amounting to ₱257.05 million as capital infusion from its stockholders. As at December 31, 2023, the Parent Company received a total of ₱367.50 million in cash as capital infusion from its stockholders.

On January 31, 2024, the BOD approved the initiation of an Initial Public Offering (IPO) of the Parent Company's shares to the public.

On the same date, the BOD and stockholders approved the stock split at a ratio of 1:1000. The stock split will result in the decrease of par value per share from ₱100 to ₱0.10.

In March 2024, the Parent Company received additional cash amounting to ₱70.00 million as capital infusion from its stockholders.

On April 17, 2024, the SEC approved the Parent Company's application for the increase in authorized capital stock. Subsequently, the Parent Company issued 4.38 million shares at ₱100 par value per share.

Stock Dividend

On March 15, 2024, the BOD of the Parent Company resolved that a portion of the unappropriated retaining earnings amounting to ₱171.88 million shall be set aside for the purpose of issuing 1.72 million shares of stock with a par value of ₱100 per share as stock dividends, payable in shares from the increase in authorized capital stock of the Parent Company.

The Parent Company is authorized to issue the corresponding proportionate shares of stock on all shares of common stock issued and outstanding to stockholders of record as at May 10, 2024. On May 24, 2024, the Parent Company issued the additional 1.72 million shares at ₱100 par value per share.

The movement in the shareholders' equity of the Group is presented as follows:

	Previous Balance*	After SEC Approval	After Stock Dividend
Authorized shares			
Number of shares	2,500,000	16,000,000	16,000,000
Amount	₱250,000,000	₱1,600,000,000	₱1,600,000,000
Par value per share	₱100	₱100	₱100
Share capital – issued and paid			
Deposit for future stock subscription	₱437,500,000	-	-
Retained earnings - unappropriated	49,560,577	49,560,577	49,560,577
Retained earnings - appropriated	171,875,000	171,875,000	-
Total Equity Attributable to Equity Holders of the Parent Company	908,935,577	908,935,577	908,935,577
Non-controlling interests	(1,148,901)	(1,148,901)	(1,148,901)
Total shareholder's equity	₱907,786,676	₱907,786,676	₱907,786,676
Number of shares outstanding	2,500,000	6,875,000	8,593,750
Book value per share	₱363.11	₱132.04	₱105.63

*Balances as of March 31, 2024.

On July 12, 2024, the independent directors of the Company subscribed to 3,000 shares of the Parent Company with a par value of ₱0.10 per share.

On July 31, 2024, the SEC approved the Parent Company's application for the stock split. The effect of stock split on the Group's shareholders' equity is presented as follows:

	Previous Balance	After Stock Split
Authorized shares		
Number of shares	16,000,000	16,000,000,000
Amount	₱1,600,000,000	₱1,600,000,000
Par value per share	₱100	₱0.10
Share capital – issued and paid		
Retained earnings	82,666,826	82,666,826
Total equity attributable to equity holders of the Parent Company	942,041,826	942,041,826
Non-controlling interests	(1,185,886)	(1,185,886)
Total shareholders' equity	₱940,855,940	₱940,855,940
Number of shares outstanding	8,593,750	8,593,750,000
Book value per share	₱109.48	₱0.11

On April 8, 2025, the Parent Company successfully listed 2,148,440,000 of its primary common shares on the Main Board of the Philippine Stock Exchange with an offer price of ₱0.31 per common share under the ticker symbol "TOP". The offering generated gross proceeds amounting to ₱666,016,400, with net proceeds after deducting underwriting fees, taxes, and other related expenses totaling ₱622,404,472, broken down as follows:

Expense*	Amount
Underwriting and selling fees	₱14,832,120
Legal counsel	8,188,796
Audit fees	2,242,500
TP fees	1,156,210
Other professional fees	2,638,973
PSE filing fee	9,585,945
SEC registration, research and listing fees	1,625,363
Documentary stamp taxes	2,148,440
Stock and transfer and receiving agency fees	872,490
Share lock up escrow agency fees	25,000
Estimated other expenses	296,091
Total	₱43,611,928

*Expenses are net of VAT and excludes unpaid IPO expenses as of reporting date.

Cash Dividend

On May 5, 2025, the BOD of the Parent Company approved the declaration of cash dividends of ₱0.0032 per common share to all stockholders of record as of May 22, 2025. The cash dividends amounting to ₱32,516,091 were paid on June 18, 2025 and funded from the unrestricted retained earnings of the Corporation as of December 31, 2024.

15. **Disaggregated Revenue Information**

The Group's disaggregation of revenue from sale of fuel account consists of the following revenues recognized at a point in time:

	Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
	2025	2024	2025	2024
Commercial fuel trade	₱1,910,332,247	₱1,530,206,689	₱940,244,683	₱807,143,296
Retail	63,930,796	34,525,994	32,357,332	18,898,906
Non-fuel	374,206	49,144	203,474	23,898
	₱1,974,637,249	₱1,564,781,827	₱972,805,489	₱826,066,100

16. Cost of Sales and Other Direct Costs

This account consists of:

	Note	Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
		2025	2024	2025	2024
Fuel and lubricants	5	₱1,779,647,584	₱1,426,838,520	₱875,226,415	₱756,847,102
Depreciation and amortization	7	11,091,233	3,315,750	6,237,399	1,726,526
Hauling		915,880	936,137	685,380	496,242
Other trade items		345,085	-	182,262	-
		₱1,791,999,782	₱1,430,910,407	₱1,791,999,782	₱758,889,870

17. General and Administrative Expenses

This account consists of:

	Note	Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
		2025	2024	2025	2024
Salaries, wages and benefits		₱26,851,633	₱17,788,541	₱14,176,805	₱9,096,797
Depreciation and amortization	7	14,842,900	15,277,541	8,224,863	8,744,736
Taxes and licenses		11,223,793	12,522,140	10,059,042	8,037,900
Rent	19	5,807,443	2,878,076	2,317,734	2,262,188
Fuel, oil and lubricants		5,136,175	2,746,226	2,567,786	1,172,420
Commission		3,352,400	2,273,640	1,735,200	1,281,540
Insurance		1,551,045	432,535	803,449	236,663
Utilities		1,375,037	1,090,098	704,689	678,777
Merchant fees		1,199,519	-	452,095	-
Advertising		1,066,436	473,739	594,854	458,739
Donation		1,005,000	54,940	1,005,000	21,500
Professional fees		929,939	3,134,775	879,468	2,878,565
Materials and supplies		748,728	568,401	439,866	287,951
Representation and entertainment		650,188	791,377	394,939	580,237
Miscellaneous		607,314	1,237,843	73,322	486,017
Bank charges		494,921	257,740	402,957	205,363
Repairs and maintenance		284,251	1,790,781	69,045	372,204
Security		210,128	-	87,598	-
Transportation		205,273	264,863	108,866	116,523
Training		59,136	10,002	59,136	3,000
		₱77,601,259	₱63,521,333	₱45,156,714	₱36,921,120

Commission expense pertains to amounts given to the Group's sales team for facilitating or completing a sale. Commission expenses are based on volume sold per employee.

Miscellaneous expense consists of payments for gasoline, association dues, freebies and giveaways, subscription and hotel accommodation.

18. Other Income

This account consists of:

	Note	Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
		2025	2024	2025	2024
Rental	19	₱45,000,000	₱42,857,143	₱22,500,000	₱21,428,572
Gain on sale of property	7	13,669,485	20,599,779	13,669,485	20,599,779
Hauling		124,600	130,900	65,800	54,647
Others		14,377,363	21,479	8,340,576	-
		₱73,171,448	₱63,609,301	₱44,575,861	₱42,082,998

19. Significant Contracts and Agreements

Parent Company as a Lessor

In 2023, the Parent Company entered into a lease agreement with Pier Eighty-Eight Ventures, Inc. on its port improvements with a term of ten (10) years. The Parent Company recognized rent income under "Other Income" as follows:

	Note	Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
		2025	2024	2025	2024
Other income	18	₱45,000,000	₱42,857,143	₱22,500,000	₱21,428,572

Subsidiary as a Lessor

In 2025, LFC entered into a lease agreement with Topline Enterprise Corporation for the sublease of commercial property. The lease covers a period of ten (10) years. LFC recognized rent income under "Other Income" as follows:

	Note	Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
		2025	2024	2025	2024
Other income	18	₱10,500,000	₱-	₱5,500,000	₱-

Parent Company as a Lessee

Short-term Lease

On December 12, 2023, the Parent Company entered into an agreement for the lease of storage fuel tanks. The lease covers a period of one year commencing on January 1, 2024. The lease is renewable at the exclusive option of the lessee, at terms and conditions to be mutually agreed upon by both parties. On February 4, 2025, the Contract of Lease was renewed for another term ending December 31, 2025.

On July 12, 2024 and November 27, 2024, the Parent Company entered into agreements for the lease of additional storage fuel tanks, covering a period of one year ending on June 30, 2025 and September 30, 2025, respectively. The leases are renewable at the exclusive option of the lessee, at terms and conditions to be mutually agreed upon by both parties.

Refundable security deposits amounted to ₱3.32 million and ₱3.32 million as at June 30, 2025 and December 31, 2024 (see Note 9).

The Parent Company recognized rent expense on short-term lease and charged to "General and administrative expenses" (see Note 17) as follows:

	Six-Month Period Ended June 30,		Three-Month Period Ended June 30	
	2025	2024	2025	2024
Rent expense	₱3,659,915	₱2,033,900	₱2,543,221	₱1,840,100

Subsidiary as a Lessee

On January 1, 2024, LFC entered into a sublease contract with TPDC on a commercial property. The lease covers a period of eight years.

Refundable security deposits amounted to ₱1.5 million and ₱1.4 million as at June 30, 2025 and December 31, 2024 (see Note 9).

Set out below are the carrying amounts of lease liability and the movement:

	June 30, 2025	December 31, 2024
As at January 1	₱7,838,701	₱-
Additions	-	8,462,823
Accretion of interest	114,041	490,262
Payments	(457,301)	(1,114,384)
	₱7,495,441	₱7,838,701

	June 30, 2025	December 31, 2024
Current	₱752,954	₱696,938
Noncurrent	6,742,487	7,141,764
	₱7,495,441	₱7,838,702

Right-of-use asset

Set out below are the carrying amounts and movement of right-of-use asset:

	June 30, 2025	December 31, 2024
Balance at beginning of the year	₱7,578,630	₱-
Additions	-	8,648,554
Depreciation	(534,962)	(1,069,924)
Balance at end of the year	₱7,043,668	₱7,578,630

Future minimum lease payments over the remaining term of the leases follow:

	June 30, 2025	December 31, 2024
Within one year	₱1,182,250	₱1,139,457
More than one year but less than five years	8,022,241	8,917,536
	₱9,204,491	₱10,056,994

The Subsidiary recognized rent expense on low-value assets and charged to “General and administrative expenses” (see Note 17) as follows:

	Six-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2025	2024	2025	2024
Rent expense	₱2,147,529	₱844,176	₱1,030,835	₱422,088

Purchase Agreement

Advances to suppliers amounting to ₱928.97 million and ₱842.89 million as at June 30, 2025 and December 31, 2024, respectively, pertaining to advance payments made by the Group for the purchase of fuel which are yet to be delivered to the Group (see Note 6).

20. Income Tax

(a) The components of the Group’s provision for income tax follow:

	Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
	2025	2024	2025	2024
Current income tax	₱25,418,485	₱21,983,266	₱12,772,898	₱12,358,391
Deferred income tax	(47,925)	(1,796,420)	(47,925)	(1,338,726)
	₱25,370,560	₱20,186,846	₱12,772,898	₱11,019,665

(b) The reconciliation of provision for income tax computed at the statutory income tax rate to provision for income tax as shown in the consolidated statement of comprehensive income is as follows:

	Six-Month Period Ended June 30,		Three-Month Period Ended June 30,	
	2025	2024	2025	2024
Income before income tax	₱101,627,137	₱80,740,812	₱51,135,006	₱44,088,929
Income tax at statutory income tax rate of 25%	₱25,406,784	₱20,185,203	12,783,751	11,022,232
Add (deduct) tax effect of:				
Non-deductible expenses	-	8,742	-	148
Income subject to final tax	(36,224)	(7,099)	(19,803)	(2,715)
Effect of change in income tax rate*	-	-	8,950	-
	₱25,370,560	₱20,186,846	₱12,772,898	₱11,019,665

*TLDC presents its income tax at statutory income tax rate of 20% in its separate financial statements.

(c) The Group’s deferred tax assets arise from the following:

	June 30, 2025	December 31, 2024
<i>Presented in profit or loss:</i>		
Excess minimum corporate income tax (MCIT)	₱308,366	₱308,366
Upstream sale of property and equipment	4,832,590	4,832,590
Excess lease expense over lease payment	159,376	111,451
	5,300,332	5,252,406
<i>Presented in other comprehensive income:</i>		
Change in fair value of investment in FVOCI	150,000	150,000
	₱5,150,332	₱5,102,406

(d) As at June 30, 2025, the Group's excess MCIT are as follows:

Year Incurred	Expiry Date	Beginning	Applied	Expired	End
2024	2027	₱308,366	₱-	₱-	₱132,307

(e) The movements of net deferred tax assets are accounted for as follows:

	June 30, 2025	December 31, 2024
Balance at January 1	₱5,102,406	₱-
Amount recognized in profit or loss	47,925	5,252,406
Amount recognized in other comprehensive income	-	(150,000)
	₱5,150,332	₱5,102,406

21. Earnings per Share

Earnings per common share amounts were computed as follows:

	Six-Month Period Ended June 30,	
	2025	2024
a. Net income attributable to equity holders of the parent	₱76,213,271	₱60,603,180
b. Weighted average number of common shares issued and outstanding	9,667,970,000	4,492,187,500
	₱0.008	₱0.01

There are no dilutive potential common shares for the six-month periods ended June 30, 2025 and 2024.

22. Operating Segment Information

The Group's operations are organized under a single business segment and operating segment, as defined under PFRS 8 – *Operating Segments*. Management has determined that the Group has one operating segment based on the internal reports reviewed and used by the Chief Operating Decision Maker (CODM) in assessing performances and allocating resources.

The CODM, who is responsible for strategic decision-making and resource allocation, reviews the Group's performance on a consolidated basis. As such, the Group's resources are managed and its performance evaluated as a single business unit. No separate segment disclosures are therefore presented in these unaudited interim consolidated financial statements.

The Group's revenues are derived from its fuel operations, both commercial fuel trade and retail trade, and all operations are conducted within the Visayas region. The Group does not have any significant concentration of revenue from a single external customer exceeding 10% of total revenues.

23. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including cash and noncash changes:

	Financing Cash Flows			Noncash Changes	June 30, 2025
	January 1, 2025	Availments	Payments		
Loans payable	₱2,020,460,720	₱1,148,982,474	(₱895,638,984)	₱-	₱2,273,804,210
Mortgage payable	23,330,808	-	(1,350,928)	-	21,979,880
Lease liability	7,838,702	-	(457,301)	114,041	7,495,441
	₱2,051,630,230	₱1,148,982,474	(₱897,447,214)	₱114,041	₱2,303,279,531

	Financing Cash Flows			Noncash Changes	June 30, 2024
	January 1, 2024	Availments	Payments		
Loans payable	₱1,409,710,772	₱1,833,893,400	(₱1,240,330,651)	₱12,187,200	₱2,020,460,721
Mortgage payable	25,681,951	-	(2,351,143)	-	23,330,808
Lease liability	-	-	(1,114,384)	8,953,085	7,838,701
	₱1,435,392,723	₱1,833,893,400	(₱1,243,796,178)	₱21,140,285	₱2,051,630,230

24. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Liquidity Risk
- Credit Risk
- Interest Rate Risk
- Other Market Price Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The Group's financial instruments are cash, trade and other receivables, due from related parties, refundable deposits (presented under "Other Noncurrent Assets"), trade and other payables (excluding VAT payable and statutory payables), due to related parties, mortgage payable, loans payable and lease liability.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

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

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

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

June 30, 2025				
	<i>Note</i>	Total	Due within one year	Due within 5 years
Financial Assets at Amortized Cost				
Cash	3	P240,202,425	P240,202,425	P-
Trade and other receivables	4	546,191,449	546,191,449	-
Due from related parties	13	715,719,389	715,719,389	-
Refundable deposits	9	5,319,570	-	5,319,570
		1,507,432,833	1,502,113,263	5,319,570
Financial Liabilities at Amortized Cost				
Trade and other payables*	10	41,596,142	41,596,142	-
Loans payable	11	2,273,804,210	1,910,534,203	363,270,006
Mortgage payable	12	21,979,880	1,350,042	20,629,838
Lease liability	19	9,204,210	1,182,250	8,022,241
		2,346,584,723	1,954,662,637	391,922,085
Net undiscounted financial liabilities		(P839,151,889)	(P452,549,374)	(P386,602,515)

*Excluding statutory payables amounting to P4.72 million as at June 30, 2025.

December 31, 2024				
	Note	Total	Due within one year	Due within 5 years
Financial Assets at Amortized Cost				
Cash	3	₱172,606,667	₱172,606,667	₱-
Trade and other receivables	4	434,348,088	434,348,088	-
Due from related parties	13	520,899,733	520,899,733	-
Refundable deposits	9	5,236,682	-	5,236,682
		1,133,091,170	1,127,854,488	5,236,682
Financial Liabilities at Amortized Cost				
Trade and other payables*	10	43,034,717	43,034,717	-
Loans payable	11	2,020,460,721	1,733,441,024	287,019,697
Mortgage payable	12	23,330,808	2,640,342	20,690,466
Lease liability	19	9,787,398	1,147,815	8,639,583
		2,096,613,644	1,780,263,898	316,349,746
Net undiscounted financial liabilities		(₱963,522,474)	(₱652,409,410)	(₱311,113,064)

*Excluding statutory payables amounting to ₱4.74 million as at December 31, 2024.

Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

The carrying values of financial assets represents the maximum credit exposures. The maximum exposure to credit risk at the reporting date are as follows:

	Note	June 30, 2025	December 31, 2024
Financial Assets at Amortized Cost			
Cash in banks	3	₱238,321,144	₱171,983,082
Trade and other receivables	4	545,131,901	434,348,088
Due from related parties	13	715,719,389	520,899,733
Refundable deposits	9	5,319,570	5,236,682
		₱1,504,492,004	₱1,132,467,585

Analysis of the aged of financial assets is presented as follows:

		June 30, 2025						
		Total	Neither past due nor impaired	Past due but not impaired				Impaired
Note				1-30 days	31-60 days	61-90 days	Over 90 days	
Financial Assets at Amortized Cost								
	Cash in banks	3	₱238,321,144	₱238,321,144	₱-	₱-	₱-	₱-
	Trade receivables	4	545,131,901	545,131,901	-	-	-	-
	Due from related parties	13	715,719,389	715,719,389	-	-	-	-
	Refundable deposit	9	5,319,570	5,319,570	-	-	-	-
			₱1,504,492,004	₱1,504,492,004	₱-	₱-	₱-	₱-

		December 31, 2024						
		Total	Neither past due nor impaired	Past due but not impaired				Impaired
Note				1-30 days	31-60 days	61-90 days	Over 90 days	
Financial Assets at Amortized Cost								
	Cash in banks	3	₱171,983,082	₱171,983,082	₱-	₱-	₱-	₱-
	Trade receivables	4	460,243,788	460,243,788	-	-	-	-
	Due from related parties	13	520,899,733	520,899,733	-	-	-	-
	Refundable deposit	9	5,236,682	5,236,682	-	-	-	-
			₱1,132,467,585	₱1,132,467,585	₱-	₱-	₱-	₱-

Financial assets are considered as high grade if the counterparties are not expected to default in settling their obligations, thus credit risk exposure is minimal. These counterparties include banks and customers who pay on or before due date.

The Group does not hold any collateral against these financial assets as at June 30, 2025 and December 31, 2024.

Credit quality per class of financial assets

The Group's bases in grading its financial assets are as follows:

High grade	These are receivables which have a high probability of collection (i.e. those counterparty has the evident ability to satisfy its obligations).
Standard grade	These are receivables from counterparties with no history of default and are not past due as of the reporting date.
Substandard grade	These are receivables that can be collected provided the Group makes persistent effort to collect them.

The table below shows the credit quality by class of financial assets based on the historical experience with the corresponding third parties as at December 31, without taking account of any collateral held or other credit enhancements.

	June 30, 2025						
	Neither past due nor impaired				Past due but not impaired	Impaired	Total
	High grade	Standard grade	Sub-standard grade	Unrated			
<i>Financial Assets at Amortized Cost</i>							
Cash in banks (Note 3)	P238,321,144	P-	P-	P-	P-	P-	P238,321,144
Trade and other receivables (Note 4)	-	545,131,901	-	-	-	-	545,131,901
Due from related parties (Note 13)	-	715,719,389	-	-	-	-	715,719,389
Refundable deposit (Note 9)	-	5,319,570	-	-	-	-	5,319,570
	P238,321,144	P1,266,170,860	P-	P	P-	P-	P1,504,492,004

	December 31, 2024						
	Neither past due nor impaired				Past due but not impaired	Impaired	Total
	High grade	Standard grade	Sub-standard grade	Unrated			
<i>Financial Assets at Amortized Cost</i>							
Cash in banks (Note 3)	P171,983,082	P-	P-	P-	P-	P-	P171,983,082
Trade and other receivables (Note 4)	-	460,243,788	-	-	-	-	460,243,788
Due from related parties (Note 13)	-	520,899,733	-	-	-	-	520,899,733
Refundable deposit (Note 9)	-	5,236,682	-	-	-	-	5,236,682
	P171,983,082	P960,484,503	P-	P	P-	P-	P1,132,467,585

Cash in Banks. The Group limits its exposure to credit risk by dealing only with reputable banks that have good credit standing and relatively low risk of defaults. These instruments are graded in the top category by an acceptable credit rating and are considered to have low risk.

Trade Receivables. To limit its exposure to credit risk, the Group transacts only with credit worthy customers who have undergone its credit evaluation and approval process. The Group assesses the credit quality of the customer taking into account its financial position, past experience and other factors.

Due from Related Parties, and Refundable Deposits. For amounts due from related parties, credit risk is low considering the liquidity of the stockholders and their continuing guarantee to support the Group. For security deposits, credit risk is low since the Group only transacts with reputable parties with respect to this financial asset.

An impairment analysis is performed at each reporting date using the lifetime ECL allowance. The provision rates are based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Financial assets as at June 30, 2025 and December 31, 2024 were assessed by management as neither past due or impaired.

Interest Rate Risk

Interest rate risk arises from the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt.

The Group's policy is to manage its interest cost by limiting its borrowings. The Group analyzes its loan facilities and choose the bank with lowest finance charges and interest rates. To manage future interest fluctuations on its obligations, the Group maintains significant amount of cash that is available when the interest and principal become due.

The Group is not exposed to interest rate as the Group's interest rate on bank loans is fixed.

Other Market Price Risk

The Group's market price risk arises from its purchase of fuel. The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the fuel.

25. Fair Value Measurements

A comparison by category of the carrying amounts and fair values of the Group's financial instruments follows:

	June 30, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	₱238,321,144	₱238,321,144	₱171,983,082	₱171,983,082
Trade and other receivables	545,131,901	545,131,901	434,348,088	434,348,088
Due from related parties	715,719,389	715,719,389	520,899,733	520,899,733
Refundable deposits*	5,319,570	5,319,570	5,236,682	3,287,171
Investment in shares of stock	3,220,894	3,220,894	3,220,894	3,220,894
	₱1,441,374,836	₱1,441,374,836	₱1,136,312,064	₱1,134,362,553
Financial Liabilities				
Trade and other payables**	₱41,596,142	₱41,596,142	₱43,034,717	₱43,034,717
Loans payable	2,273,804,210	2,273,804,210	2,020,460,721	2,020,460,721
Mortgage payable	21,979,880	21,979,880	23,330,808	23,330,808
Lease liability	7,495,441	9,204,491	7,383,701	10,056,994
	₱2,344,875,673	₱2,346,584,723	₱1,999,819,139	₱2,096,883,240

*Presented under Other Noncurrent Assets

**Excluding statutory payables amounting to ₱4.72 million and ₱4.74 million as at June 30, 2025 and December 31, 2024, respectively.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash, Due from Related Parties and Trade and Other Payables (excluding statutory payables). The carrying values approximate their fair values due to the short-term maturity of these financial instruments.

Trade and Other Receivables and Refundable Deposits. The carrying values approximate their fair values at the date when the amount receivable becomes due.

Loans Payable and Mortgage Payable. The carrying amount approximates the fair value because these are interest-bearing loans at market rate.

Lease Liability. The fair value is estimated using the discounted cash flow methodology using the Group's current incremental lending rates for similar types of liabilities. There are no significant unobservable inputs in determining its fair value.

26. Capital Risk Management Objectives and Policies

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business, maximize shareholder value, provide returns for shareholders and benefits for other stakeholders.

The BOD has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business operations and industry.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The following are the Group's capital:

	June 30, 2025	December 31, 2024
Capital stock	₱1,481,779,772	₱859,375,300
Retained earnings	166,165,762	122,468,582
Other comprehensive income	850,000	850,000
Total Equity Attributable to Equity Holders of the Parent Company	1,648,795,534	982,693,882
Non-controlling interests	1,008,586	590,279
	₱1,649,804,120	₱983,284,161

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Group's consolidated financial condition and results of operations should be read in conjunction with the unaudited interim consolidated financial statements and accompanying schedules and disclosures for the six-month period ended June 30, 2025.

FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The Group's operations are influenced by several key factors including competition, price volatility, capital requirements, and evolving regulatory environments. Strategic initiatives continue to be implemented to mitigate associated risks and leverage opportunities arising from these factors.

Competition

Other than the "Big Three" in the liquid fuels industry¹, there are numerous other suppliers selling fuel products by retail and direct deliveries to customers. Each competitor comes in different forms and looks. Newer players keep on entering the retail segment, some of them with their own import activities. The Group endeavors to play along with the competition by cornering also the supply for the independent players, especially those without import capabilities.

Price Fluctuations

Price fluctuations in the world market instantly affects the Group's local demand and supply. Nowadays, it's common knowledge that almost all motorists anticipate the price movements every week and therefore timed their refill every Monday in anticipation of price adjustments the following day. This behavior tends to negate loyalty build up from customers as they also try to shop for stations with the best price. In this situation, location and service become the differentiating advantage to be able to maintain a certain customer segment.

Capital

Working capital is also very critical in terms of maintaining reliable supply level. Most suppliers maintain certain volume supply level with their customers that are covered by bank guarantees. The Group ensures consistent supply of fuel from its suppliers with prepayment transactions in most of the times. This requires strong financial supports from its creditor banks.

Regulations

Other than the laws governing the downstream oil industry, the local government units also play a vital role in the opening and operation of fuel service stations, transport and delivery of fuel supply, traffic regulations, and even zoning of business locations. In the local level, issuances of location permits and clearances differ from locality to another. The Group has to adjust to these realities to be able to expand and reach its customers and end users.

RESULTS OF OPERATIONS

Results of Operations as of June 30, 2025 vs June 30, 2024

For the six-month period ended June 30, 2025, the Group reported a total comprehensive income of ₱76.26 million, representing a 26% increase from the same period last year.

Sales and Other Income

Sales and service income rose to ₱1.97 billion in the first half of 2025, up 26.1% from ₱1.56 billion in

¹ Center for Research and Communication Foundation, Inc. (2024, June). The Philippine Fuel Distribution Industry: Prospects, Risks, and Critical Success Factors

the same period in 2024. Commercial fuel trade continued to account for the bulk of revenues, while retail fuel sales doubled as new stations opened and operated. Gross profit increased from ₱133.87 million to ₱182.64 million, raising the gross margin to 9.2% from 8.6%.

Sales volume surged 38.3% to 44.43 million liters in the first six months of 2025, compared to 32.12 million liters in the same period last year. This represents 61% of the Group's total 2024 sales volume of 72.4 million liters, underscoring sustained demand momentum.

Cost of Sales and Gross Income Margin

The Group's gross income margin improved further to 9.3% in the first half of 2025 compared to 8.6% in the same period in 2024. Its efficient inventory management, reliability of supply, and ability to maintain inventory due to the operation of its supply depot contributed to the improvement of the Group's gross income margin.

General, Administrative and Interest Expenses

General and administrative expenses rose to ₱77.60 million, in line with network expansion and support infrastructure. The increase, however, represents a slighter ratio compared to the overall growth in sales as the general and administrative expenses represents 4.1% of the revenues in the first half of 2024, and slightly lowered to 3.9% for the same period in 2025.

Interest expense inched up slightly by ₱23.48 million compared to the same period in 2024. The increase is proportionate to the increase in sales volume of the Group as it needed more credit facilities and working capital to service its growing volume turnover.

Net Income

The Group booked a ₱76.3 million net income for the first half of 2025 representing a 25.9% jump over the same period in 2024. Likewise, the net profit margin remained stable at 3.9% in the first half of both 2024 and 2025 due to effective operational management.

Financial Position as of June 30, 2025 vs June 30, 2024

Assets

As of June 30, 2025, the Group's total assets amounted to ₱4.08 billion, a 28% increase from ₱3.13 billion as of December 31, 2024. The growth was driven by IPO proceeds, increased receivables, and inventory buildup to support expanded operations.

Liabilities

The overall liabilities of the Group increased by ₱214.8 million mostly coming from its loan balances, which is a 10% increase compared to the previous period ending December 31, 2024. The Group's liabilities are composed mostly of short term debt which are working capital in nature to support the Group's accelerating growth.

Stockholders' Equity and Capital Accounts

As of June 30, 2025, the Group's total equity rose to ₱1.65 billion, primarily due to IPO proceeds and accumulated earnings.

Statement of Cash Flows as of June 30, 2025 vs June 30, 2024

Net cash flows provided by operating activities

Cash flow from operations recorded a net outflow of ₱494.8 million, mainly due to changes in working capital.

Net cash flows used in investing activities

The net cash used in its investing activities amounted to ₱256.6 million as the Group embarked on constructing its planned retail service stations and increased its tanker fleet to support the network expansion.

Net cash flows used in financing activities

Financing activities contributed ₱819.0 million in net cash inflows, composed of IPO proceeds and bank borrowings, partially offset by debt repayments and dividend distributions. The Group ended the period with ₱240.2 million in cash, up from ₱172.6 million.

Indebtedness

The Group has an outstanding loans payable of ₱363.27 million and ₱287.02 million as of June 30, 2025 and December 31, 2024, respectively.

KEY PERFORMANCE INDICATORS (KPIs)

Ratio	Formula	As at		
		June 30, 2025	December 31, 2024	
Liquidity Ratios:				
Current ratio	Total Current Assets divided by Total Current Liabilities		1.54	1.17
	Total Current Assets	₱3,021,063,916		
	Divide by: Total Current Liabilities	₱1,968,039,349		
	Current ratio	1.54		
Quick ratio	Quick Assets divided by Total Current Liabilities		0.40	0.35
	Quick Assets	₱786,393,874		
	Divide by: Total Current Liabilities	₱1,968,039,349		
	Quick ratio	0.40		
Solvency Ratios:				
Debt ratio / Debt-to-asset ratio	Total Liabilities divided by Total Assets		0.59	0.69
	Total Liabilities	₱2,358,681,680		
	Divide by: Total Assets	₱4,008,485,800		
	Debt-to-asset ratio	0.59		
Debt-to-equity ratio	Total Liabilities divided by Total Equity		1.43	2.18
	Total Liabilities	₱2,358,681,680		
	Divide by: Total Equity	₱1,649,804,120		
	Debt-to-equity ratio	1.43		
Asset-to-equity ratio	Total assets divided by Total Equity		2.43	3.18
	Total Assets	₱4,008,485,800		
	Divide by: Total Equity	₱1,649,804,120		
	Asset-to-equity ratio	2.43		
Profitability Ratios:				
Return on assets	Net Income divided by Average Total Assets		0.02	0.04
	Net Income	₱76,256,577		
	Divide by: Average Total Assets	₱3,177,626,199		
	Return on assets	0.02		
Return on equity	Net Income divided by Average Total Equity		0.06	0.11
	Net Income	₱76,256,577		
	Divide by: Average Total Equity	₱1,278,795,398		
	Return on equity	0.06		

SIGNATURES

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

TOP LINE BUSINESS DEVELOPMENT CORP.

By:


Eugene Erik C. Lapasaran Lim
Chairman of the Board
August 14, 2025


Eugene Erik C. Lapasaran Lim
President
August 14, 2025


Atty. Constance Marie C. Lim, CPA
Treasurer
August 14, 2025