SECURITIES AND EXCHANGE COMMISSION
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Company Type: Stock Corporation

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S.E.C. Registration Number

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(Company's Full Name)

8 t h   F l o o r ,   Q u a d   A l p h a   C e n t r u m

B u i l d i n g ,   1 2 5   P i o n e e r   S t r e e t

M a n d a l u y o n g   C i t y

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

J.E.Thomas P. Salustiano

Contact Person

8631-8151

Company Telephone Number

1 2 | 3 1

Month *Day*

SEC Form 17-A (2025)

FORM TYPE

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Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

8 5 0 7

Total No. of Stockholders

0

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES.

1. For the calendar year ended **December 31, 2025**

2. SEC Identification Number: **38683**

3. BIR Tax Identification No.: **000-315-612-000**

4. Exact name of issuer as specified in its charter: **THE PHILODRILL CORPORATION**

5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. _________ (SEC Use Only)
Industry Classification Code

7. **8th Floor, Quad Alpha Centrum, 125 Pioneer Street, MandaluyongCity** **1550**
Address of principal office Postal Code

8. **(632) 8631-8151/52**
Issuer's telephone number, including area code

9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report.

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

    Number of shares of Common Stock Outstanding 191,868,805,358

11. Are any or all of these securities listed on the Philippine Stock Exchange.

    Yes [x] No [ ]

12. Check whether the issuer

    (a) has filed all reports required to be filed by Section 11 of the SRC and SRC Rule 17 thereunder or Section 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 12 months (or for such shorter period that the registrant was required to file such reports);

    Yes [x] No [ ]

(b) has been subject to such filing requirements for the past 90 days.

Yes [x] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates: ₱809,986,423 (91,009,710,415 shares at P0.0089 per share as of December 31, 2025)

14. Documents incorporated by reference:

(a) The Company's 2025 Audited Consolidated Financial Statements

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PART 1 - BUSINESS AND GENERAL INFORMATION

Item 1. Business

(a) Description of Business

(1) Business Development

The Philodrill Corporation (the "Company") was incorporated in 1969, originally, with the primary purpose of engaging in oil, gas and mineral exploration and development. In 1989, realizing the need to balance the risk associated with its petroleum activities, the Company changed its primary purpose to that of a diversified holding company while retaining petroleum and mineral exploration and development as one of its secondary purposes. Thereafter, the Company has maintained investments in petroleum exploration and production, financial services, property development, mining and infrastructure development. On January 16, 2008, stockholders representing at least two-thirds of the Company's outstanding capital stock approved to change the Company's primary purpose back to petroleum exploration and development and to relegate and include as a secondary purpose the Company's holding company purpose clause, which the Securities and Exchange Commission (SEC) approved on April 13, 2009.

With the Company's corporate term which expired in 2019, an application for the amendment of its Articles of Incorporation was filed, extending its corporate term for another fifty (50) years. The SEC on January 18, 2018, approved The Philodrill Corporation's amended Articles of Incorporation extending its corporate term for another fifty (50) years, from and after June 25, 2019.

The Company's active petroleum projects cover production and exploration areas in offshore Palawan and onshore Mindoro under various Service Contracts (SC) with the Philippine government through the Department of Energy (DOE).

In the financial services sector, the Company is a 40% shareholder of Penta Capital Investment Corporation (PCIC), an investment house. PCIC holds equity interest in several companies such as, Penta Capital Finance Corporation, a finance company (99% owned), Penta Capital Holdings Inc. (PCHI), an investment holding company (29.54% owned), Penta Capital Realty Corporation (100% owned) and Intra-Invest Securities, Inc. (68.47% owned). The Company also holds a 13.21% direct equity investment in PCHI.

In the mining sector, the Company holds minor equity interests in the following companies: Atlas Consolidated Mining & Development Corporation (ACMDC) and United Paragon Mining Corporation.

<u>PETROLEUM PROJECTS</u>

<u>SC 88 - Galoc Block (formerly SC-14 C1)</u>

Award of a new Development and Production Petroleum Service Contract (DPPSC)
SC 14C-1 expired on 17 December and was replaced by SC 88, a Development and Production Petroleum Service Contract (DPPSC) effective 18 December 2025 to ensure continuity of operations in the Galoc Field. The consortium remains substantially

unchanged, except for the withdrawal of Oriental Petroleum. NPG Pty Ltd. (NPG) remains the operator.

Joint Venture Members	Participating Interest (%)
NPG	80.30826
Philodrill	15.00000
Forum	4.69174
Total	100.000000

Following the award of SC 88, key agreements—including the Joint Operating Agreement, Joint Marketing Agreement, Lifting Agreement, and the Galoc Offtake Agreement with Trafigura—were updated and executed to reflect the new contract.
To the extent practicable, the terms remain consistent with those under SC 14C-1, with revisions limited to:

- Updating references from SC 14C-1 to SC 88
- Removing references to the Block C Agreement
- Reflecting the revised consortium and participating interests
- Incorporating necessary changes to affect the transition to SC 88

Operations update
As of 31 December 2025, cumulative production from the Galoc Field reached 25,333,168 barrels of oil. Three (3) oil liftings (Cargoes #80, #81, and #82) were completed, totaling approximately 398,580 stock tank barrels (stb). NPG Pty Ltd. continued to operate the remaining production wells (G5 and G6) in accordance with the End-of-Field Life (EOFL) strategy.

On 30 January 2026, NPG issued the Competent Person's Report as of 31 December 2025, prepared by Three60 Energy. The estimated remaining Developed Producing Oil Reserves from the field are as follows:

Developed Producing Oil Reserves (MMstb)	Proved (1P)	Proved plus Probable (2P)	Proved plus Probable plus Possible (3P)
Gross (100% License) Interest	0.149	0.434	0.811

These estimates assume cessation at the earlier of the economic limit or the expiry of SC 88 in April 2029.

NPG projects production operation to maintain approximately 99% plant uptime through 2026, with a forecast production decline of 10% as reflected in the 2026 Work Program and Budget (WP&B). Three cargoes of approximately 120,000 barrels per lifting are scheduled for the year.

The proposed 2026 budget for Galoc operations comprises a firm allocation of US$20.04 million and a contingent amount of US$0.10 million, which the DOE subsequently approved in early 2026.

The DOE has been notified of the planned cessation of production by 17 March 2027. This timing aligns decommissioning activities with the typically calm weather window from

March to May. NPG also noted that, given the low-pressure nature of the reservoir, failure or shutdown of either producing well could immediately render continued operations uneconomic.

SC 53 – Mindoro Block

The Certificate of Non-Coverage (CNC) for the Progreso Drilling Project was issued by the DENR–Environmental Management Bureau (EMB) on 28 April 2023.

Philodrill also continued engagement with the National Commission on Indigenous Peoples (NCIP) for the Certification Precondition (CP) application covering the Cambayan Project. As the project area straddles Occidental and Oriental Mindoro, coordination has been undertaken with both NCIP offices:

- **Occidental Mindoro:** Philodrill and the DOE are coordinating with NCIP for the inclusion of the CP application in a Commission En Banc meeting.

- **Oriental Mindoro:** To avoid further delays, Philodrill filed an amended Certificate of Non-Overlap (CNO) application through the DOE's EVOSS platform. The CNO was subsequently issued on 22 May 2025 (Control No. CNO R4B-2025-013).

Reservoir remapping of the Progreso Prospect using the 2023 reprocessed seismic data was completed under the approved 2024 WP&B. The improved subsurface imaging enabled better delineation of structural closures across multiple reservoir levels, resulting in an uplift in estimated resources.

As of year-end, a technical report incorporating the updated seismic interpretation, mapping, and revised resource estimates is being finalized for submission to the Joint Venture partners and the DOE.

An initial well plan and design for Progreso-2, developed in collaboration with CWT Consultancy, has also been completed. A final drilling program will be prepared upon a decision to proceed. Based on current well objectives, drilling to a proposed total depth of 1,600 meters is estimated to require 21 days, with an estimated cost of US$6.139 million.

In 2025, Philodrill entered into a Farm-in Agreement (FIA) with Gas2Grid Ltd., followed by the execution of a Deed of Assignment, which still needs formal approval from DOE. Upon approval, Philodrill's participating interest will be reduced from 81.48% to 40.74%, effectively mitigating its exposure to exploration risk associated with the two commitment wells under the service contract.

SC 80 – Sulu Sea Block 1

The Service Contract was duly approved and awarded by the Office of the President on September 24, 2025. Philodrill subsequently acquired its current participating interest following extensive discussions and the corresponding agreement among the Joint Venture (JV) partners.

At present, the Joint Operating Agreement (JOA) among the JV partners is in the process of finalization and is targeted for execution in April 2026. Further, the 2026 Proposed Work Program and Budget (WP&B), inclusive of expenditures for the period October to

December 2025, in the total amount of USD 897,182, was submitted to the DOE on 23 December 2025 and was thereafter duly approved by the Department.

SC 81 – Sulu Sea Block 2

The Service Contract was duly approved and awarded by the Office of the President on September 24, 2025. Philodrill subsequently acquired its current participating interest following extensive discussions and the corresponding agreement among the Joint Venture (JV) partners.

At present, the Joint Operating Agreement (JOA) among the JV partners is in the process of finalization and is targeted for execution in April 2026. Further, the 2026 Proposed Work Program and Budget (WP&B), inclusive of expenditures for the period October to December 2025, in the total amount of USD 853,681, was submitted to the DOE on 23 December 2025 and was thereafter duly approved by the Department.

SC 86 Octon-Malajon Block (formerly SC6A)

Following the Joint Venture's proactive decision to relinquish SC 6A, the Department of Energy approved a new service contract over the area. The new contract, SC 88, covering approximately 160,000 hectares, was signed by the President of the Republic of the Philippines on 30 September 2025.

The members of the Joint Venture under the new service contract are as follows:

Joint Venture Members	Participating Interest (%)
Philodrill	72.1662
Anglo	14.1460
Forum	6.8439
PXP Energy Corporation (PXP)	6.8439
Total	100.0000

Philodrill remains the operator of the block.

Under the terms of the new service contract, Philodrill will continue to mature exploration prospects in the northern block to drillable status. Work will focus on de-risking and high-grading identified prospects, with particular emphasis on the older syn-rift sections, which remain prospective for additional exploration targets.

In the southern portion of the block, efforts will continue to evaluate and define a commercially viable development concept for the marginal Octon discovery. This will include further technical and economic assessment to determine the most appropriate development strategy, given the current resource base and subsurface uncertainty.

DPPSC Application – Cadlao Block (formerly SC 6B)

In February 2022, Nido Petroleum Philippines Pty Ltd. (Nido) entered into a Farm-in Agreement (FIA) with the Joint Venture to increase its equity in the service contract. Under the agreement, Nido acquired an additional 63.637% participating interest, raising its total equity to 72.727%. In return, Nido committed to fund 100% of the costs and assume operatorship of the phased redevelopment of the Cadlao Oil Field.

The redevelopment is planned in two phases: Phase 1 involves the drilling and Extended Well Test (EWT) of Cadlao-4, while Phase 2 covers full-field redevelopment, including additional infill wells and installation of permanent production facilities. Following the FIA, Philodrill retained a 17.4546% participating interest.

	Participating Interest	
Joint Venture Member	**Pre-FIA**	**Post-FIA**
Philodrill	58.1820%	17.4546%
Nido	9.0900%	72.7270%
Oriental	16.3640%	4.9092%
Alcorn	8.1820%	2.4546%
Forum	8.1820%	2.4546%
Total	100.0000%	100.000%

The Deed of Assignment (DOA) was approved by the Department of Energy (DOE) on 19 December 2022, formalizing the transfer of operatorship to Nido. A new Joint Operating Agreement reflecting the revised participating interests was executed in July 2023.

Ahead of the expiry of SC 6B on 6 February 2024, the Joint Venture executed an Amendment to the FIA on 11 January 2024 to ensure that its terms remain in effect under the proposed Development and Production Petroleum Service Contract (DPPSC).

On 26 January 2024, Nido submitted all required documentation for the DPPSC application. The DOE has completed its evaluation and confirmed that the consortium is legally, technically, and financially qualified. The pre-signed service contract has been endorsed to the Office of the President and is currently awaiting approval.

For the Cadlao-4 drilling and EWT, Nido continues to consider the *Deep Venture* drillship, owned and operated by Saba Drilling. In parallel, preparations are ongoing to ensure readiness upon DPPSC award, including securing the Environmental Compliance Certificate (ECC) and the Certificate of Non-Overlap from the NCIP. Long-lead drilling items have already been procured and are currently stored in Mabini, Batangas.

DP PSC Application – West Linapacan Block (formerly SC 14C2)

In 2025, Philodrill conducted a Reservoir Engineering Study (RES) of the West Linapacan A (WLA) structure. The study identified up to two infill wells as the optimal development strategy for the southeastern block, which contains most of the remaining movable oil. In the best-case scenario, incremental recovery was estimated at 4.53 MMSTB, increasing to 5.31 MMSTB with pre-production acidization stimulation.

A subsequent Plan of Development assessed the standalone redevelopment viability of WLA. The results indicated that the project remains marginal to sub-marginal commercially, even assuming the use of the in-country FPSO and applying Galoc Field operating cost assumptions. The study concluded that additional reserves are required to improve project economics.

Before the expiry of SC 14C-2 on 17 December 2025, the Joint Venture (excluding PetroEnergy, which opted out) agreed to apply for a new DPPSC over the area. A notice of intent was submitted to the DOE on the same date, and Philodrill has since continued preparing the required documentation for the application.

Under the DPPSC, the JV intends to undertake appraisal work and studies to identify additional resources to augment the existing West Linapacan reserves and support more viable development options.

SC 74 Linapacan Block

On 13 December 2023, PXP, as the contractor and on behalf of the joint venture, submitted to the DOE the Notice of Surrender of the SC. In relation to this, the Group recognized an allowance for impairment loss amounting to ₱57.3 million in 2023 (see Note 11).

In a letter dated 18 March 2024, the DOE confirmed that PXP's consolidated submission of all data was in order and credited it as complete fulfillment of all technical work commitments under SC 74.

The DOE approved the relinquishment of the Service Contract, subject to the settlement of the remaining scholarship commitment amounting to $55,000, to be remitted to Palawan State University as the designated beneficiary under SC 74. The amount was duly remitted to Palawan State University on October 22, 2025.

Additional information required by Item 1 (a) is also contained in Notes 7 and 11 to the Company's 2025 Audited Consolidated Financial Statements.

INVESTMENTS IN ASSOCIATES

The Company's associates are PCIC, PCHI and ACMDC, where the Company has 40%, 13.21% and 0.53% equity interest, respectively. In December 2015, the Company entered into a Joint Voting Agreement with Alakor Corporation, National Book Store, Inc. and Anglo Philippine Holdings Corporation, collectively known as the Ramos Group, to jointly vote their shares in ACMDC in all matters affecting their rights as stockholders effective January 1, 2015. As of December 31, 2025, the combined interest of the parties to the agreement represents 43.01% interest in ACMDC.

PCIC's net income amounted to P0.9 million in 2025 as compared to net loss of P17.7 million in 2024. Gross revenues amounted to P99.2 million in 2025 and P114.1 million in 2024.

PCHI posted a net loss of P16.9 million in 2025 as compared to P82.0 million in 2024. Gross revenues amounted to P11.5 million in 2025 as compared to P63.6 million in 2024.

ACMDC's net loss in 2025 amounted to P246.2 million as compared to P231.1 million in 2024. Gross revenues amounted to ₱17.2 billion in 2025 and ₱18.6 billion in 2024.

Additional information is also contained in Note 9 to the Company's 2025 Audited Consolidated Financial Statements.

The Company has no direct equity interest in Penta Capital Finance Corporation and as such, no disclosure on its business development was made.

No bankruptcy, receivership or similar proceeding has been filed by or against the Company during the last three (3) years.

No material reclassification, merger, consolidation, or purchase/sale of a significant amount of assets not in the ordinary course of business has been undertaken by the Company during the last three (3) years.

(2) Business of Issuer

(a) Description of Registrant

(1) Principal products or services and their markets -The Company and other participants (collectively referred to as "Contractor"), entered several SCs with the Philippine government through the DOE, for the exploration, development and exploitation of the contract areas situated mostly in offshore Palawan where oil discoveries have been made. The SCs provide for certain minimum work expenditure obligations and the drilling of a specified number of wells and are covered by operating agreements which set forth the participating interests, rights and obligations of the contractor.

The Company's share in the jointly controlled assets of the SCs is included under the "Wells, platforms and other facilities" and "Deferred oil exploration costs" accounts in the statements of financial position. The Company follows full cost method of accounting for all exploration costs relating to each SC. These costs are deferred pending determination of whether the contract area contains oil and gas in commercial quantities. The exploration costs relating to the SC area where oil and gas in commercial quantities are discovered are subsequently capitalized as "Wells, platforms and other facilities" shown under "Property and equipment" account in the statement of financial position upon commercial production. When the SC is permanently abandoned or the Company has withdrawn from the consortium, the related deferred oil exploration costs are written off. Reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs.

All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. As a field goes into production, the number of proven reserves will be subject to future revision once additional information becomes available. As those fields are further developed, new information may lead to revisions. Additional information required by Item 1 (2) (a) is also contained in Notes 8 and 11 to the Company's 2025 Audited Consolidated Financial Statements. The Company's present revenues and production and related expenses are from certain areas of SC 14 particularly Galoc. The crude oil revenues from these oilfields contributed about 83% of the total gross revenues.

Information as to gross production volume follows (in barrels):

	2025	2024	2023
Galoc	**401,973**	**447,857**	**502,624**

The Company also generates revenues from its equity investments by way of dividends received from, and/or equitizable share in the earnings of investee companies. Equitized earnings from affiliates constituted about -4% of the total gross revenues.

Investee Companies. The Company is a 40% shareholder of PCIC, an investment house. Aside from investment banking and financial advisory services, PCIC also specializes in providing securitization services, short-term bridge financing facilities and assistance in raising working capital funds.

The Company also has investment in PCHI with investment holdings in real estate, financial and securities transactions. The Company has 13.21% ownership in PCHI. PCIC also has 29.54% ownership interest in PCHI, making the Company's effective ownership in PCHI at 25.03%.

The Company has 0.53% minor equity interest in ACMDC, as of December 31, 2023, together with the other companies in the Ramos Group, the combined interest represents 43.01% in ACMDC.

ACMDC is engaged in metallic mineral and mining exploration and currently produces copper concentrate (with gold and silver), magnetite iron ore concentrate and laterite nickel.

(2) Percentage of sales or revenues and net income contributed by foreign sales SC14C-1 (now SC88) crude oil were sold to foreign companies, the following are the percentages contributed by foreign sales:

	2025	2024	2023
Gross petroleum revenue	89%	83%	83%
Net operating income/loss	19%	763%	118%

(3) Distribution Method of the Products or Service- For SC14C-1 (now SC88) consortium, the operator GPC sold the crude oil to several foreign firms. The proceeds from the sale of crude oil were distributed by the operator to the different consortium members in accordance with their respective participating interests.

(4) Status of any new product or service - There are NO new products or services.

(5) Competition-For SC14C-1/SC88, crude oil production for 2025 was sold to foreign firm, Trafigura Pte Ltd.Vitol Asia Pte., Ltd. continued to act as a marketing agent for the SC14C-1 consortium. Competition for market of petroleum does not have a significant bearing in the operations of the Company.

In the upstream local industry, groups of companies form consortiums to explore certain areas. The DOE awards SCs to technically and financially capable companies based on competitive bidding. The Company competes in the acquisition of exploration rights with foreign firms and local exploration companies namely, PNOC-EC, Oriental Petroleum and Minerals Corporation, PetroEnergy Resources Corporation, NPG Pty. Ltd., Forum Energy Phils. Corporation. Competition in the acquisition of exploration rights also gives opportunities for partnership between local and foreign companies.

The Company is a recognized leader in the local petroleum industry. The Company is financially strong, and the technical expertise of its staff is recognized by the DOE. The Company remains a strong player in the local exploration and production industry.

(6) Sources and availability of raw materials - Not applicable

(7) Dependence on One or a Few Major Customers and Identification of Such-

a) Petroleum Revenue - production from Galoc which is 89% of the total gross revenues were sold to foreign firm Trafigura Pte Ltd..

b) Investment Income - the Company's equity share in associates' earnings is dependent on the financial performance of its investee company, PCIC, PCHI and ACMDC.

(8) Transactions with and/or Dependence on Related Parties - the information required is contained on Note 16 to the Company's 2025 Audited Consolidated Financial Statements.

(9) Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements, or Labor Contracts, including Duration-The Company is a member of the following valid and subsisting Petroleum SCs, either in its capacity as Operator or Consortium Member:

		Participating Interest (In percentage)	
Area	Location	**2025**	2024
SC 88 – Galoc Block	Northwest Palawan	***15.0000**	10.17782
SC 53 – Mindoro Block	Mindoro Island	**81.48000**	81.48000
SC 80 – Sulu Sea Block 1	Sulu Sea	**12.50000**	15.00000
SC 81 – Sulu Sea Block 2	Sulu Sea	**12.50000**	25.00000
SC 86 – Octon-Malajon Block	Northwest Palawan	**72.1662**	72.1662
DPPSC application *(formerly SC14C2 West Linapacan)*	Northwest Palawan	**28.07000**	28.07000
DPPSC application *(formerly SC6B Bonita)*	Northwest Palawan	**17.45460**	17.45460
SC-74 (Linapacan)	Northwest Palawan	**25.00000**	25.00000

**With the non-participation of Oriental Petroleum and Minerals Corporation in the SC 88 which was signed by the President of the Republic of the Philippines on December 18, 2025, Philodrill's participating interest was increased to maintain the Filipino Participation Incentive Allowance*

(10) Government Approvals – The Company is a participant in various SCs with the Philippine government through the DOE which provide for certain minimum work expenditure obligations and drilling of a specified number of wells and are covered by operating agreements which set forth the participating interests, rights and obligations of the Contractor.

(11) Effect of Existing or Probable Governmental Regulations on Business - Existing government regulations do not adversely affect the business of the Company. The company is not aware of any probable government regulation that may adversely affect its business and its subsidiary.

(12) Estimate of Amount Spent for Research and Development Activities - The Company incurs expenses in the oil exploration projects wherein the Company is a participant. The expense on the evaluation and studies on these projects forms part of deferred costs.

The following are the expenses incurred for the last three (3) years:

Year	Amount
2025	**P5.1M**
2024	P13.2M
2023	P16.2M

(13) Costs and Effects of Compliance with Environmental Laws - Compliance with the environmental laws has not and is not anticipated to adversely affect the business and financial condition of the Company. Petroleum service contractors are mandated to comply with all environmental laws in phases of exploration and production operations. The Company did not directly incur any expenses for such activities during the last three (3) years. Any costs of compliance with environmental laws will either be charged as ordinary operating expense or capitalized as part of project investment.

(14) Employees- As at December 31, 2025, the Company had 21 employees.

Type of employee	Exploration/ Technical	Finance/ Administration Legal/Stocks
Executive Officers - Administrative	1	4
AVP, Managers - Technical/Operations	1	2
Rank and File - Clerical	5	8
Total	7	14

The present employees are not subject to Collective Bargaining Agreement. For the past three (3) years, there had not been any strike threat. All regular officers and employees are entitled to supplemental benefits as provided under the applicable labor laws and existing Company's schedule of benefits (i.e. leaves, medical and other cash aid programs, bonuses, retirement, life/hospitalization insurances and others). The Company will continue to provide such benefits within the ensuing twelve (12) months. The Company does not anticipate hiring additional personnel within the ensuing twelve (12) months.

(15) Major risk/s involved in each of the business of the company and subsidiaries- Information required by this Item is contained in Note 22 to the Company's 2025 Audited Consolidated Financial Statements. Note 22 discussed the risks factors namely: credit risk, liquidity risk and market risk, which includes foreign currency risk and equity price risk. In addition, we would like to disclose the following risks:

Commodity price risk – The Company's petroleum revenues are based on international commodity quotations (i.e. primarily on the average Dubai oil prices) over which the Company has no significant influence or control. This exposes the Company's results of operations to commodity price volatilities that may significantly impact its cash inflows. However, the Company is exerting its efforts in reducing operating costs to counteract any decrease in commodity prices.

Production risk -The Company's crude oil production from the Galoc field may experience decline that is due to normal reserve depletion, production shutdown, adverse weather conditions and problems relating to availability of vessels. In the Galoc field, the SC14C-1 consortium upgraded the mooring and riser system (M&RS) of the FPSO which involved the installation of a revolving external turret on the bow of the FPSO. The installed turret practically eliminated the need for the risky and costly disconnection of the M&RS during adverse weather conditions and its subsequent reconnection which in the past had resulted in expensive damage and prolonged operating downtimes. Because of the improved M&RS system, the Galoc operations attained close to 100% process uptime in 2025.

(b) Additional Requirements as to Certain Issues or Issuers

(a) Debt issues - Not applicable
(b) Investment Company Securities - Not applicable
(c) Mining and Oil Companies -In line with its primary business purpose, the Company remains a participant in certain petroleum exploration projects. The amount of the Company's interests in these contracts and a brief description of the areas and status of works performed therein are provided in Item 1 (a) above under the heading "Petroleum Projects".

Item 2. Properties

The information required by Item 2 is contained in Notes 7 and 8 to the Company's 2025 Audited Consolidated Financial Statements.

As a participant in SC No. 88 and the DP PSC application (formerly SC No.14), the Company reflects its proportionate share in the cost of the production facilities of the Galoc and West Linapacan oilfields under the "Wells, platforms and other facilities" account. These production facilities are in the offshore Palawan area, while the office condominium unit, furniture, and other equipment are located at 125 Pioneer Street, Mandaluyong City. These properties are in good condition. The Company does not intend to make any substantial property acquisition in the next twelve (12) months.

The Company's exploration properties, which are presented as deferred oil exploration and development costs in the audited consolidated financial statements are presented below:

SC No.	The Company's Interest (%)	Partners	Operator /Contractor	Issue Date	Expiry Date	Location	Status
SC53 (Onshore Mindoro)	81.480	Anglo Phil. Holdings Corp.	The Company	July 08, 2005	Under Force Majeure	Mindoro	Exploration
SC80 (Sulu Sea Block 1)	12.500	Triangle Energy (Global) Ltd. Sunda Energy PXP Energy	Triangle Energy	Sept. 24, 2025	Sept. 24, 2075	Sulu Sea	Exploration
SC81 (Sulu Sea Block 2)	12.500	Triangle Energy (Global) Ltd. Sunda Energy PXP Energy	Triangle Energy	Sept. 24, 2025	Sept. 24, 2075	Sulu Sea	Exploration
SC86 (Octon-Malajon Block)	72.1662	Anglo Phil. Holdings Corp. Forum Energy Phils.Corp. PXP Energy Corp.	The Company	Sept. 30, 2025	Sept. 30, 2075	Northwest Palawan	Exploration
DPPSC application	17.4546	Oriental Pet.& Minerals Corp	Nido Petroleum	Awaiting award		Northwest Palawan	Appraisal and

(formerly SC6B (Bonita)*		Nido Petroleum Phils. Pty Forum Energy Phils. Corp. Alcorn Gold Resources Corp					develop-ment
SC74 (Linapacan)**	25.000	PXP Energy Corp. PNOC-EC	PXP Energy	August 15, 2013	Relinquished July 12, 2024, DOE approved on October 22, 2025	Northwest Palawan	Exploration

** New SC (DP PSC) application being processed by the DOE.*
***PXP Energy as operator submitted the Notice of Surrender of SC to the DOE on December 13, 2023. The DOE approved the relinquishment in a letter dated July 12, 2024, subject to the settlement of the remaining scholarship commitment in the amount of $55,000. The amount was duly remitted to Palawan State University on October 22, 2025.*

Item 3: Legal Proceedings

a. All Labor cases filed by Mr. Navarro against TPC and its officers have been resolved and decided with finality against him. As of December 31, 2025, there are no pending or active labor cases against the Company.

b. Criminal Cases

TPC et al vs. Navarro
NPS Docket No. XV-06-INV-171-6152
DOJ Manila

This is a criminal complaint filed against Mr. Navarro for attempted estafa, in making false pretenses by repeatedly misrepresenting that he is entitled to a "special retirement pay" that was supposedly approved by Mr. Alfredo Ramos. In November 2017, the OCP-Mandaluyong dismissed the criminal complaint for lack of probable cause and insufficiency of evidence to establish deceit on the part of Mr. Navarro. In April 2018 the Company filed a Petition for Review with the DOJ and was subsequently dismissed on June 23, 2021. A Motion for Reconsideration was filed by the Company, which to date remains unresolved.

TPC and Nazarea vs. Navarro
NPS Docket No. XV-06-INV-171-6153
OCP- Mandaluyong

This complaint for 10 counts of perjury against Mr. Navarro was dismissed by the OCP-Mandaluyong, which instead found probable cause for unjust vexation. However, MTC of Mandaluyong dismissed the information for unjust vexation in November 2018, finding that Mr. Navarro lacked criminal intent to commit the crime. In light of the dismissal of the complaint for perjury, Company appealed to the OCP Resolution to the DOJ, which up to this date remains pending.

Navarro vs. Nazarea, Ramos, et.al.
NPS Docket No. XV-06-INV-17H-05689
DOJ- Manila

This is a complaint filed by Mr. Navarro against the directors and/or officers of the Company for violation of Sections 28 (Removal of Director) and 144 of the Corporation Code. This complaint was dismissed by the OCP-Mandaluyong for lack of probable cause. Mr. Navarro appealed the decision to the DOJ through a Petition for Review, to which the Company filed its opposition in February 2018 and was submitted for resolution in March 2018. Philodrill on November 30, 2023, filed a Motion for Early Resolution of the Petition filed by Mr. Navarro, which remains unresolved as of this date.

The Company maintains that Mr. Navarro's pending Petition for Review presents no new or substantial matter that will warrant the reversal of the Resolution of Asst. City Prosecutor Hernandez of the OCP Mandaluyong.

Item 4. Submission of Matters to a Vote of Security Holders

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholders Matters

(a) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

(1) Market Information

The Company's shares are listed and traded in the Philippine Stock Exchange (PSE). The high and low sales price of the Company's shares for each quarter during the last two (2) years 2025 and 2024 and the first quarter of the current year 2026, expressed in Philippine Peso, are as follows:

Stock Prices:		High	Low
2026	First Quarter	0.0094	0.0086
2025	First Quarter	0.0085	0.0070
	Second Quarter	0.0085	0.0077
	Third Quarter	0.0082	0.0076
	Fourth Quarter	0.0099	0.0078
2024	First Quarter	0.0097	0.0073
	Second Quarter	0.0089	0.0070
	Third Quarter	0.0083	0.0063
	Fourth Quarter	0.0093	0.0066

(2) Holders

There were 8,507 shareholders of record as of December 31, 2025. Common shares outstanding as of December 31, 2025, totaled 191,868,805,358 shares.

The Company's last offering was in 2008 when it offered all its shareholders the right to subscribe to one (1) offer share for every four (4) common shares held as of record date of October 16, 2008. The Company filed a Registration Statement on May 28, 2008, covering the offer shares, with the SEC and was approved by the SEC on September 18, 2008. The Company filed its application for the listing and trading of the offer shares with the PSE and approved the application on September 24, 2008. Additional information required is also contained in Note 14 to the Company's 2025 Audited Consolidated Financial Statements.

Top 20 Stockholders as of December 31, 2025

NAME	NO. OF SHARES HELD	% TO TOTAL
1. PCD NOMINEE CORPORATION FILIPINO	174,561,894,136	90.98%
2. PCD NOMINEE CORPORATION NON FILIPINO	1,677,945,162	00.87%
3. ALSONS CONSOLIDATED RESOURCES, INC	566,720,000	00.30%
4. MARGARET S. CHUA CHIACO	530,000,000	00.28%
5. TRAFALGAR HOLDINGS PHIL., INC	360,993,600	00.19%
6. ALBERTO MENDOZA &/OR JEANIE C. MENDOZA	317,910,514	00.17%
7. CHRISTINE C. CHUA	254,097,005	00.13%
8. RCBC TRUST ACCOUNT #32-314-4	190,900,000	00.10%
9. PHIL. REMNANTS CO., INC.	188,247,468	00.10%
10. AYALA CORPORATION	188,068,125	00.10%
11. CARMENCITA O. REYES	176,415,750	00.09%
12. INDEPENDENT REALTY CORPORATION	165,807,000	00.09%
13. ANSELMO C. ROQUE	150,000,000	00.08%
14. PAULINO G. PE	135,490,200	00.07%
15. MAUREEN ALEXANDRA S. RAMOS-PADILLA	115,023,892	00.06%
16. ANSALDO, GODINEZ & CO., INC.	112,188,084	00.06%
17. J.A. GONZALEZ	110,400,000	00.06%
18. ANGLO PHILIPPINE HOLDINGS CORPORATION	108,936,264	00.06%
19. LUCIO W. YAN &/OR CLARA Y. YAN	107,918,500	00.06%
20. PACIFIC RIM EXPORT & HOLDINGS CORP.	103,335,072	00.05%

(3) Dividends

As of the years 2025, 2024 and 2023, the Board has not approved any dividend declaration.

The Company's ability to declare and pay dividends is subject to the availability of funds and balance of the Retained Earnings.

(4) Recent Sales of Unregistered Securities

NO unregistered securities were sold during the past three (3) years. All the Company's issued and outstanding shares of stock are duly registered in accordance with the provisions of the Securities Regulation Code.

(a) Securities Sold - not applicable; NO securities were sold
(b) Underwriters and Other Purchases - not applicable; NO securities were sold
(c) Consideration - not applicable; NO securities were sold
(d) Exemption from Registration Claimed - not applicable; NO securities were sold

Item 6. Management's Discussion and Analysis or Plan of Operation.

(a) Management's Discussion and Analysis or Plan of Operation

Audited Consolidated Financial Statements for Years 2023 to 2025

(In thousands of Pesos)	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2023
Income Statement			
Petroleum Revenues	**159,387**	**211,756**	203,592
Operating Income (Loss)	**136,140**	**(1,936)**	(65,915)
Net Income (Loss)	**46,319**	**8,186**	(33,878)
Assets			
Current Assets	**740,666**	**747,418**	700,129
Non-Current Assets	**2,215,033**	**1,981,511**	2,013,710
Total Assets	**2,955,699**	**2,728,929**	2,713,839
Liabilities			
Current Liabilities	**70,300**	**54,287**	41,886
Non-Current Liabilities	**181,764**	**41,857**	31,937
Stockholders' Equity	**2,703,635**	**2,632,785**	2,640,016
Earnings (Loss) Per Share	**0.00024**	**0.00004**	(0.00018)

(1) Plan of Operation

(A) The Company expects to be able to satisfy its working capital requirements for the next twelve (12) months. Should the Company's cash position be not sufficient to meet current requirements, the Company may consider:

Issuing subscriptions call on the balance of the Subscriptions Receivable as of December 31, 2025; collecting a portion of Accounts Receivables as of December 31, 2025; Selling a portion of its existing investments and/or assets; and or Generating cash from loans and advances.

(B) The Company continues to consider farm-in proposals from local and foreign oil companies which have offered to undertake additional exploration/development work and implement production enhancement measures at no cost to the Filipino companies in exchange for equity in the projects that they will be involved in.

(C) The Company does not expect to make any significant purchase or sale of any plant and equipment within the next twelve (12) months.

(D) The Company does not expect any significant change in the number of its employees in the next twelve (12) months.

(2) Management's Discussion and Analysis

Financial highlights for the years 2025, 2024 and 2023 are presented below:

(in thousands of pesos)	2025	2024	2023
Petroleum Revenues	**159,387**	**211,756**	**203,592**
Investment Income (Loss)	**(19,353)**	**(7,826)**	**13,323**
Interest Income	**35,113**	**31,364**	**26,928**

Net Income (Loss)	**46,319**	**8,186**	**(33,878)**
Total Assets	**2,955,699**	**2,728,929**	**2,713,839**
Net Worth	**2,703,635**	**2,632,785**	**2,640,016**
Issued & Subscribed Capital	**1,918,688**	**1,918,688**	**1,918,688**

The key performance indicators of the Company are as follows:

	Dec. 31, 2025	**Dec. 31, 2024**	**Dec. 31, 2023**
Current Ratio	10.54:1	13.77:1	16.72:1
Current Assets	740,665,905	747,418,028	700,128,985
Current Liabilities	70,300,404	54,286,638	41,885,938
Debt to Equity Ratio	0.09:1	0.04:1	0.03:1
Total Liabilities	252,064,250	96,144,157	73,823,258
Stockholders' Equity	2,703,634,913	2,632,784,571	2,640,015,549
Equity to Debt Ratio	10.73:1	27.38:1	35.76:1
Stockholders' Equity	2,703,634,913	2,632,784,571	2,640,015,549
Total Liabilities	252,064,250	96,144,157	73,823,258
Book Value per Share	0.01409	0.01372	0.01376
Stockholders' Equity	2,703,634,913	2,632,784,571	2,640,015,549
Outstanding shares	191,868,805,358	191,868,805,358	191,868,805,358
Earnings (Loss) per Share	0.00024	0.00004	(0.00018)
Net Income (Loss)	46,319,105	8,185,921	(33,878,324)
Weighted Average shares outstanding	191,868,805,358	191,868,805,358	191,868,805,358

Current Ratio is 10.54:1 as of December 31, 2025; 13.77:1 as of December 31, 2024; and 16.72:1 as of December 31, 2023. As of December 31, 2025, December 31, 2024, and December 31, 2023, current assets exceeded the current liabilities by P670.4 million, P693.1 million, and P658.2 million, respectively. However, a portion of the "Investments" account in the statements of financial position consists mainly of shares of stock which are listed with the PSE and which could be sold to meet the Company's obligations as might be called for by future circumstances. These shares of stock have an aggregate market value of P70.7 million as of December 31, 2025, P43.2 million as of December 31, 2024, and P52.4 million as of December 31, 2023. If these shares would be considered part of Current Assets, the recomputed current ratio would be 11.54:1 as of December 31, 2025; 14.56:1 as of December 31, 2024; and 17.97:1 as of December 31, 2023.

The Company has a wholly owned subsidiary, Philodrill Power Corporation (PPC) (formerly Phoenix Gas & Oil Exploration Co., Inc.). The Company acquired 100% of PPC's capital stock in May 2007. Since PPC has NO operations, disclosures on performance indicators are as follows:

	December 31, 2025
Current Ratio	***174.9:1***
Current Assets	**8,228,826**
Current Liabilities	**47,040**
Debt to Equity Ratio	***0.0057:1***

Total Liabilities	**47,040**
Stockholders' Equity	**8,181,786**
Equity to Debt Ratio	***173.9:1***
Stockholders' Equity	**8,181,786**
Total Liabilities	**47,040**
Book Value per Share	***0.0007***
Stockholders' Equity	**8,181,786**
Average shares outstanding	**12,505,000,000**
Income per Share	***-0-***
Net Income (Loss)	**(62,943)**
Average shares outstanding	**12,505,000,000**

(i) Trends, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short-term or long-term liquidity, the information required by this item is contained in Note 22 to the Company's 2025 Audited Consolidated Financial Statements.

(ii) The Company's internal source of liquidity comes from revenues generated from operations. The Company's external sources of liquidity come from stock subscriptions, loans and advances.

(iii) The Company is expected to contribute its share in the exploration and development expenditure in the SCs. However, most of the funding for such expenditures is expected to be provided by operations, collection of subscriptions and other receivables, loans/financing from banks and potential farminees to these projects.

(iv) Trends, events or uncertainties that have had or reasonably expected to have a material impact on the revenues or income from continuing operations, the information required by this item is contained in Notes 11 and 22 to the Company's 2025 Audited Consolidated Financial Statements.

(v) There have been no material changes from period to period in one or more-line items of the Company's financial statements, except those discussed below:

a) Total assets increased by P226.8 million from P2.73 billion as of year-end 2024 to P2.96 billion as of year-end 2025.

- Cash decreased by P134.5 million from P395.6 million as of December 31, 2024, to P261.1 million as of December 31, 2025, mainly due to the advances made to a related party during the year.

- Receivables account increased by P133.6 million from P301.0 million as of December 31, 2024, to P434.6 million as of December 31, 2025, also mainly due to the advances made to a related party during the year.

- Crude oil inventory decreased by P5.8 million from P41.7 million as of December 31, 2024, to P35.9 million for the Company's share in inventory for the SC88 Galoc crude as of December 31, 2025. The decrease was due to lower volume and crude price at year-end 2025.

- Property and equipment increased by P12.4 million from its December 31, 2024, balance of P227.8 million to December 31, 2025, balance of P240.2 million. The increase was mainly due to the decommissioning asset and capital expenditures net of depletion and depreciation expenses booked during the year.

- Investments in associates decreased by P17.5 million from the year-end 2024 balance of P889.3 million to year-end 2025 balance of P871.8 million due to the equity share in associates' losses, adjustment in the other comprehensive income of associates booked during the period. Additional information is also contained in Note 9 of the Audited Consolidated Financial Statements for 2025.

- Financial assets at Fair Value through OCI increased by P23.3 million level from its 2024 balance of P47.5 million to year-end 2025 balance of P70.7 million. Additional information is also contained in Note 10 of the Audited Consolidated Financial Statements for 2025.

- Deferred oil exploration costs increased by P282.7 million from its year-end 2024 balance of P576.4 million to year-end 2025 balance of P859.1 million. The increase was mainly due to the reversal of allowance for unrecoverable costs of Octon/Malajon project under SC86. Additional information is also contained in Notes 7 and 11 of the Audited Consolidated Financial Statements for 2025.

- Deferred tax assets (DTA) decreased from its year-end 2024 balance of P240.6 million to P153.2 million as of year-end 2025 due to the DTA adjustments mainly on expired net operating loss carryover, reversal of provision for unrecoverable costs for Octon/Malajon project and write-off of provision for unrecoverable costs for SC74 Linapacan. Additional information is also contained in Note 20 of the Audited Consolidated Financial Statements for 2025.

b) Total liabilities increased from its balance of P96.1 million in 2024 to P252.1 million balance in 2025.

- Accounts payable and accrued liabilities increased by P16.0 million from its year-end 2024 balance of P21.1 million to year-end 2025 balance of P37.2 million. The increase was mainly due to project-related accounts accrued at year-end.

- Decommissioning liability increased by P141.2 million from P33.8 million as of year-end 2024 to P175.0 million as of year-end 2025. Decommissioning liability was accrued for the estimated share in decommissioning costs of West Linapacan oilfield amounting to P175.0 million. For the Galoc oilfield, the P33.8 million decommissioning liability was reversed following the company's full contribution on the estimated decommissioning costs under the Decommissioning Plan and Budget as approved by the DOE. Additional information is also contained in Note 13 of the Audited Consolidated Financial Statements for 2025.

- Retirement benefit liability decreased by P1.3 million from its year-end 2024 balance of P8.1 million to year-end 2025 balance of P6.8 million. The decrease was due to the adjustment in the recognized retirement benefit liability as of end of the period. Additional information is also contained in Note 19 of the Audited Consolidated Financial Statements for 2025.

c) Stockholders' equity increased by P70.8 million from its year-end 2024 balance of P2.632 billion to year-end 2025 balance of P2.703 billion.

- Capital stock balance remained at P1.743 billion for the years ending 2024 and 2025.

- The unrealized loss on the decline in value of financial assets at fair value through other comprehensive income decreased by P23.3 million from year-end 2024 balance of P63.2 million to year-end 2025 balance of P39.9 million. The decrease of P23.3 million was due to the fair value changes during the year. Additional information is also contained in Note 10 of the Audited Consolidated Financial Statements for 2025.

- Retained Earnings from year-end 2024 balance of P0.94 billion to year-end 2025 balance of P0.99 billion, reflected an increase of P46.3 million due to the net income booked during the period.

d) Petroleum revenues in 2025 totaled P159.4 million as compared to P211.8 million in 2024 and P203.6 million in 2023. For the year 2025, the decrease in revenues was mainly brought about by the decrease in liftings volume and crude price. Liftings made or sold crude oil for 2025 totaled to 414,124 barrels as compared to 498,168 barrels in 2024. Production volume decreased by 10% from its 2024 level of 0.45 million barrels to 0.40 million barrels in 2023. Combined average lifting prices for 2025 and 2024 were US$70.48 and US$79.06, respectively. For 2023, liftings totaled to 0.47 million barrels and average lifting price per barrel was US$80.47.

For 2025, P277.6 million provision for unrecoverable deferred oil exploration costs pertaining to the Octon/Malajon project was reversed following the award of the new SC, SC 86.

Equity in net losses of associates amounted to P19.4 million in 2025 as compared to equity in net earnings of P7.8 million in 2024. The increase of P11.5 million from year-end 2024 to year-end 2025 balance was due to losses incurred by affiliates. For 2023, equity in net earnings of associates amounted to P13.3 million.

Interest income totaled to P35.1 million in 2025, P31.4 million in 2024 and P26.9 million in 2023.

Foreign exchange gains amounted to P2.8 million for 2025, P18.3 million for 2024 and P0.8 million in 2023.

e) Total costs and expenses totaled P320.8 million in 2025, P256.9 million in 2024 and P311.8 million in 2023.

Share in production costs totaled P94.5 million in 2025, P155.7 million in 2024 and P138.7 million in 2023.

For 2025, P125.9 million provision for the share in estimated plug and abandonment costs for the West Linapacan oilfield was accrued at year-end.

Depletion costs amounted to P38.5 million in 2025, P43.2 million in 2024 and P52.7 million in 2023.

In 2023, provision for unrecoverable deferred oil exploration costs amounted to P57.3 million for the SC74 Linapacan project was booked. These costs were finally written off in 2025 following the fulfillment of the financial obligation related to the project.

General and administrative expenses totaled P59.8 million in 2025, P55.1 million in 2024 and P56.2 million in 2023.

Current provision for income taxes amounted to P2.0 million in 2025, P0.8 million in 2024 and benefit for income tax of P2.0 million in 2023. Recognition of deferred tax assets resulted to (provision for) benefit from income tax amounting to (P87.8) million in 2025, P10.9 million in 2024 and (P34.0) million in 2023.

(vi) There have been NO seasonal aspects that have material effect on the financial condition or results of operations of the Company

(vii) There are NO events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

(viii) There are NO material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

(3) Interim Periods

No interim financial statements are included in this report.

Item 7. Financial Statements

The 2025 Audited Consolidated Financial Statements of the Company are incorporated herein by reference. The schedules listed in the accompanying Index to Supplementary Schedules are filed as part of this Form 17-A.

Item 8. Information on Independent Accountant and other Related Matters

Information on Independent Accountant. The accounting firm of SyCip Gorres Velayo & Company (SGV) with address at 6760 Ayala Avenue, Makati City was appointed as the external auditor of the Company in the 2025, 2024 and 2023 annual stockholders' meetings.

External Audit Fees and Services. The fees of the external auditor in the past three (3) years for the Group are as follows:

Year	Audit & Audit Related Fees	Tax Fees	Other Fees
2025	**P1,220,000**	**-0-**	**-0-**
2024	P1,210,650	-0-	-0-
2023	P1,155,000	-0-	-0-

For the past three (3) years, the Company has engaged the services of SGV for the audit of the annual consolidated financial statements in connection with statutory and regulatory filings for years 2025, 2024 and 2023.The amounts under the caption "Audit and Audit Related Fees" for the years 2025, 2024 and 2023 pertain to these services.

The Audit Committee has an existing policy, which prohibits the Company from engaging the independent accountant to provide services that may adversely impact their independence, including those expressly prohibited by SEC regulations.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.
There have been NO changes in and disagreements with accountants on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.

The Company did NOT engage any new independent accountant, either as principal accountant to audit the Company's consolidated financial statements or as an independent accountant on whom the principal accountant has expressed or is expected to express reliance in its report regarding a significant subsidiary, during the two (2) most recent fiscal years or any subsequent interim period.

NO independent accountant engaged by the Company as principal accountant, or an independent accountant on whom the principal accountant has expressed or is expected to express reliance on its report regarding a significant subsidiary, has resigned, or has declined to stand for re-election after completion of the current audit, or was dismissed.

The Audit Committee reviews and recommends to the Board and stockholders the appointment of the external auditor and the fixing of the audit fees for the Company.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

(a) Directors, Executive Officers Promoters and Control Persons

(1) Identify Directors and Executive Officers

(A) Names and Ages of all Directors and Executive Officers

Name	Age	Citizenship	Position	Period of Service	
				From	**To**
Gerard Anton S. Ramos	51	Filipino	Director Chairman	Dec 16, 2015 Dec. 21, 2022	Present Present
Adrian Paulino S. Ramos	47	Filipino	Director	Jan 18, 2006	Present

			President	Dec. 21, 2022	Present
Presentacion S. Ramos	83	Filipino	Director	May 28, 1997	Present
Maureen Alexandra Ramos-Padilla	53	Filipino	Director	Jun 19, 2013	Present
Christopher M. Gotanco	76	Filipino	Director	Aug 17, 2005	Present
Reynaldo E. Nazarea	74	Filipino	Director Treasurer VP Administration	Jun 21, 2017 May 1, 2005 May 1, 1992	Present June 30, 2024 June 30, 2024
Vincent L. Tempongko	48	Filipino	Independent Director	June 21, 2023	Present
Allen L. Copok	47	Filipino	Independent Director	June 21, 2023	Present
John Peter C. Hager	56	Filipino	Independent Director	June 21, 2023	Present
J.E. Thomas P. Salustiano	40	Filipino	Treasurer VP-Administration	July 1, 2024 July 1, 2024	Present Present
Dennis V. Panganiban	63	Filipino	AVP Exploration and Production VP Exploration & Production	Sep 1, 2011 Sept. 1, 2022	Aug 31, 2022 Present
Adrian S. Arias	63	Filipino	Corporate Secretary	Dec 2, 1992	Present
Jennifer P. Tombaga	61	Filipino	AVP Finance	Jan 1, 2022	Present
Arturo B. Maulion	63	Filipino	AVP Exploration & Production	Nov.7, 2022	Present

The Company's Independent Directors are Messrs. Allen Copok, John Peter Hager and Vincent Tempongko.

(B) Positions and offices that each person named above held with the Company

Mr. Gerard Anton S. Ramos has been the Director of the Company since December 16, 2015. He was appointed as Chairman of the Board on December 21, 2022, after the demise of his father, the late Alfredo C. Ramos.

Mr. Adrian Paulino S. Ramos has been occupying the position of Director since January 18, 2006. He was appointed as President of Philodrill on December 21, 2022.

Ms. Presentacion S. Ramos has been a Director since May 28,1997.

Ms. Maureen Alexandra Ramos-Padilla has been serving as a Director of the Company since June 19, 2013.

Mr. Christopher M. Gotanco was elected Director of the Company on August 17, 2005.

Mr. Reynaldo E. Nazarea was appointed Vice President for Finance in 1987. He concurrently served as Vice President for Administration since 1992 and was Company Treasurer since May 1, 2005. On June 21, 2017, he was elected as Director of the Company. Mr. Nazarea served as Treasurer and VP for Admin until June 30, 2024.

Mr. Vincent L. Tempongko was elected Independent Director on June 21, 2023. Mr. Tempongko possesses all the qualifications and none of the disqualifications as Independent Director since his election in 2023.

Mr. Allen L. Copok was elected Independent Director on June 21, 2023. Mr. Copok has had all the qualifications and none of the disqualifications as an Independent Director since his election in 2023.

Mr. John Peter C. Hager was elected Independent Director on June 21, 2023. Mr. Hager possesses all the qualifications and none of the disqualifications as Independent Director since his election in 2023.

Mr. J.E. Thomas P. Salustiano joined the Company as Vice President Administration on July 1, 2024, and was appointed as Treasurer during the same year.

Mr. Dennis V. Panganiban has been with the Company since 2011 serving as Asst. Vice President for Exploration and Production. He was promoted to the position of Vice President for Exploration and Production effective September 1, 2022, after the retirement of Mr. Alessandro O. Sales.

Mr. Arturo B. Maulion was appointed Asst. Vice President for Exploration and Production on November 7, 2022.

Ms. Jennifer P. Tombaga was appointed Asst. Vice President for Finance on January 1, 2022. She served the Company as Accounting Manager for 13 years prior to her assumption as AVP.

Atty. Adrian S. Arias has been the Company's Corporate Secretary since December 2, 1992.

(C) Term of Office as Director and Period of Service

The Directors of the Company are elected at the Annual Stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified. Officers are appointed or elected annually by the Board of Directors during its organizational meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have qualified, in accordance with the Company's By Laws.

(D) Business experience of directors/officers during the past five (5) years

PRESENTACION S. RAMOS ***(83, Filipino)*** is a Member of the Board of **The Philodrill Corporation** since May 1997. Mrs. Ramos also serves as Member of the Board of Anglo Philippine Holdings Corporation (1984 to date), and Member of the Board of Governors of the Philippine Red Cross. Mrs. Ramos also serves as President of Peakpres Corporation, Vice-President of Abacus Book & Card Corp., National Book Store, Inc., NBS Express, Inc., Power Books, Inc., Alakor Corporation and Treasurer of Zenith Holdings Corporation.

GERARD ANTON S. RAMOS ***(51, Filipino)*** joined **The Philodrill Corporation** in December 2015. He is a member of the Board of Atlas Consolidated Mining & Development Corporation and Carmen Copper Corporation. He serves as Chairman and Executive Vice President for Investments at Anglo Philippine Holdings Corp.; Chairman at Alakor Corporation, Chairman of United Paragon Mining Corp., National Bookstore, Inc. and Abacus Book and Card Corporation.

ADRIAN PAULINO S. RAMOS ***(47, Filipino)*** Apart from being a member of the Board of The Philodrill Corporation, Mr. Adrian Ramos holds key positions in several listed companies: President &

CEO of Anglo Philippine Holdings Corporation; President of Atlas Consolidated Mining & Development Corp.; President and CEO of United Paragon Mining Corp. He is also the current President of Alakor Corporation, National Book Store, Inc. and Abacus Book and Card Corporation.

MAUREEN ALEXANDRA RAMOS-PADILLA ***(53, Filipino)*** joined the company as Director in June 2013. She also serves as Director of Anglo Philippine Holdings Corporation and as Corporate Secretary of Zenith Holdings Corporation. Her other business affiliations include Vice President, Corporate Secretary and Treasurer of National Book Store, Inc. and Abacus Book and Card Corporation. She is also the President of Anvil Publishing Corp.

CHRISTOPHER M. GOTANCO ***(76, Filipino)*** is a Director of The Philodrill Corporation from 2006 to date. He is currently a Senior Advisor and member of the Board of Directors of Anglo Philippine Holdings Corporation. Mr. Gotanco's current affiliations include: Vulcan Materials Corporation (Vice Chairman & Director from 2012 to date), Bataan Aggregates Corporation (Director from April 2017 to date), MRT Holdings, Inc. (Director from 1995 to date), MRT Development Corporation (Director from 1995 to date), United Paragon and Mining Corporation (Director from 2006 to date), Penta Capital Investment Corporation (Director, from 2007 to date; Vice-Chairman, 2007-2018; Chairman, 2018-2019); Penta Capital Finance Corporation (Director from 2007 to date; Chairman, 2007-2019), and Boulevard Holdings, Inc. (Director from 2007 to date).

REYNALDO E. NAZAREA ***(74, Filipino)*** joined the Company as Vice President for Finance in 1987. He was appointed Treasurer in 2005 and concurrently served as Vice President for Administration until his retirement in June 2024. Before joining the Company, Mr. Nazarea practiced public accounting under Sycip, Gorres, Velayo & Co. and held accounting, finance, controllership and administrative positions in Vulcan Industrial & Mining Corporation and Semirara Coal Corporation (now Semirara Mining Corporation). Mr. Nazarea also serves in the Board of Anglo Philippine Holdings Corporation, PentaCapital Investment Corporation, PentaCapital Finance Corporation and PentaCapital Holdings, Inc.

ALLEN L. COPOK ***(47, Filipino)*** He founded and co-created several entrepreneurial companies since 2003 which are engaged in the industries of financing and lending, real estate development and cold storage supply chain. Mr. Copok holds various positions in several corporations, President of Laguna AAA Prime Holdings and Blue Lagoon Holdings. He is currently the Corp. Sec. of ALC Empire Holdings. He is the Treasurer of Ice House Inc., and Nordic Strong Ice Inc.

VINCENT L. TEMPONGKO ***(48, Filipino)*** Over twenty (20) years of Technology Management experience across Program

Management, Strategic Planning, Network Investments, Business Development, Operations Management and Site Acquisition. A Transformational Leader with previous experience in Offshore and Global Operations. Mr. Tempongko serves as CEO and President of Yoma Micro Power Philippines at ACEN Corporation (2024-Present).

JOHN PETER C. HAGER ***(56, Filipino)*** For the past five (5) years, Mr. Hager has been working in various management capacities and serves as Managing Director for trading companies actively involved in: metals, minerals, pulp, paper, packaging, coconut oil and related products, security paper, security printing products, grains, feeds and countertrade. His business activities also include managing local interests of foreign principals and serving as commercial advisor to several international companies and local agents. Mr. Hager is currently the Independent Director of Alakor Securities Corp. and United Paragon Mining Corporation.

J.E. THOMAS P. SALUSTIANO ***(40, Filipino)*** joined the Company as Vice President for Finance and Administration in 2024 and was appointed as Treasurer during the same year. Before joining the Company, Mr. Salustiano was the Chief Financial Officer of Glacier Megafridge Group. He also worked in public practice under Sycip, Gorres, Velayo& Co. prior to holding accounting, finance and controllership positions in Filinvest Hospitality Corporation, Mimosa Cityscapes, Inc. and Glacier Megafridge Group.

DENNIS V. PANGANIBAN ***(63, Filipino)*** was appointed Vice President for Exploration and Production on September 1, 2022. Mr. Panganiban oversees the implementation of Philodrill's exploration and development programs. He has more than 38 years of experience in the upstream petroleum industry. Mr. Panganiban started his career with the Philippine National Oil Company-Exploration Corporation in 1985 and has since then held senior positions with Semirara Coal Corporation, the Office of the Energy Affairs (now the Philippines Department of Energy), E.F Durkee and Associates, Cophil Exploration Corporation and Coplex Energy Corporation. Before joining Philodrill in 2011, Mr. Panganiban was a Joint Venture and Assets Manager of Norasian Energy Ltd.

JENNIFER P. TOMBAGA ***(61, Filipino)*** was appointed Asst. Vice President for Finance on January 1, 2022. She served the Company as Accounting Manager for 13 years prior to her assumption as AVP.

ARTURO B. MAULION ***(63, Filipino)*** was appointed Asst. Vice President for Exploration and Production on November 7, 2022. He held various positions in Seafront Resources Corporation, Petro Energy Resources Corporation and Pitkin Petroleum Ltd. He is a geologist and a lawyer for more than 30 years.

ADRIAN S. ARIAS ***(63,*** **Filipino)** is the Company's Corporate Secretary. He has been in active corporate law practice for three (3) decades now and serves as a director of companies involved in investments holding (Anglo Philippine Holdings Corp.), financial services (Penta Capital Finance Corporation and Penta Capital Investment Corp.), and rail transport (Metro Rail Transit Corp.).

(E) Directors with directorship(s) held in reporting companies

Presentacion S. Ramos	Anglo Philippine Holdings Corporation
Gerard Anton S. Ramos	Anglo Philippine Holdings Corporation
	Atlas Consolidated Mining & Dev't. Corp.
	United Paragon Mining Corporation
	Alakor Corporation
Adrian Paulino S. Ramos	Anglo Philippine Holdings Corporation
	Atlas Consolidated Mining & Dev't. Corp.
	United Paragon Mining Corporation
	Vulcan Industrial & Mining Corporation
	Alakor Corporation
Maureen Alexandra Ramos-Padilla	Anglo Philippine Holdings Corporation
Christopher M. Gotanco	Anglo Philippine Holdings Corporation
	Boulevard Holdings, Inc.
	United Paragon Mining Corporation
Reynaldo E. Nazarea	Anglo Philippine Holdings Corporation
John Peter C. Hager	United Paragon Mining Corporation
Vincent L. Tempongko	-
Allen L. Copok	-

Significant Employees

Other than its executive officers, the Company has not engaged in the services of any person who is expected to make significant contribution to the business of the Company.

(3) Family Relationships

Messrs. Gerard Anton S. Ramos and Adrian Paulino S. Ramos together with Mrs. Maureen Alexandra Ramos-Padilla are siblings, they are children of the late Alfredo C. Ramos and Mrs. Presentacion S. Ramos.

(4) Involvement in Certain Legal Proceedings

- *Violation of Article 172 of the Revised Penal Code/Perjury Case against Mr. Nazarea and other Officers of Philodrill.*

  This criminal complaint for Falsification of Public Document (Art. 172, Rev. Pen. Code) filed by Mr. Francisco A. Navarro against Philodrill officers namely: Mr. Reynaldo E. Nazarea, Ms. Isabelita L. Matela, Ms. Grace D. Laurente, and Atty. Adrian S. Arias, and Pasig City Notary Public Atty. Leticia Amon was dismissed by the Office of the City Prosecutor of Mandaluyong City in August 2017 for lack of probable cause. Mr. Navarro moved for reconsideration, but this was denied in November 2017. He then appealed to the Department of Justice (DOJ) in January 2018, to which Philodrill filed its Comment in February 2021. Since then, the matter remains pending with the DOJ.

- *Violation of Article 183 of the Revised Penal Code/Perjury Case against Mr. Nazarea and 2 former employees and Philodrill.*

  There were two separate criminal complaints for perjury filed by Mr. Navarro against former Vice President for Finance Ms. Isabelita L. Matela and Personnel and Administrative Supervisor Ms. Grace Joy D. Laurente, alongside the Vice President for Administration and Treasurer Mr. Reynaldo E. Nazarea, in relation to certain statements they made in their respective affidavits in NPS Docket No. XV-06-INV-17B-00787 (for falsification of public documents), and both were dismissed by the OCP-Mandaluyong for lack of probable cause. In both cases, Mr. Navarro appealed to the DOJ. Philodrill opposed and the cases were submitted for resolution as of March 2018.

- *Violation of Sec. 28 in relation to Sec. 144 of the Corporation Code/Corporation Code Case against Mr. Nazarea, Mr. Alfredo C. Ramos, Ms. Presentacion S. Ramos, Mr. Gerard Anton S. Ramos, Mr. Christopher M. Gotanco, Mr. Maureen Alexandra R. Padilla, and Atty. Arias.*

  This is a complaint filed by Mr. Navarro against the directors and/or officers of the Company for violation of Sections 28 (Removal of Director) and 144 of the Corporation Code. This complaint was dismissed by the OCP-Mandaluyong for lack of probable cause. Mr. Navarro appealed the decision to the DOJ through a Petition for Review, to which the Company filed its opposition in February 2018 and was submitted for resolution in March 2018.

  Philodrill on November 30, 2023, filed a Motion for Early Resolution of the Petition filed by Mr. Navarro, which remains unresolved as of this date.

  The Company maintains that Mr. Navarro's pending Petitions for Review presents no new or substantial matter that will warrant the reversal of the Resolution of Asst. City Prosecutor Hernandez.

Other than the foregoing case, the company is not aware of:

(1) any bankruptcy petition filed by or against any business of which a director, person nominated to become a director, executive officer, promoter, or control person of the Company was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior that time.

(2) any conviction 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 of any director, person nominated to become a director, executive officer, promoter, or control person of the Company.

(3) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporary, or being subject to a pending criminal proceeding, domestic or foreign, excluding

traffic violations and other minor offenses of any director, executive officer, promoter or control person; and

(4) judgment against a director, person nominated to become a director, executive officer, promoter, or control person of the Company found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Item 10. Executive Compensation

(1) Summary Compensation Table

Information as to aggregate compensation paid or accrued during the last two (2) years and to be paid in the ensuing year to the Company's Chief Executive Officer and four other highly compensated officers as follows:

Name	Position *(as of Dec 31, 2025)*	Year	Salary	Bonus	Other annual Compensation
Adrian Paulino S. Ramos J.E. Thomas P. Salustiano Reynaldo E. Nazarea Dennis V. Panganiban Jennifer P. Tombaga	CEO/President Treasurer/VP-Finance & Administration *(from July 1, 2024)* Treasurer/VP-Finance & Administration *(until June 30, 2024)* VP-Exploration & Production AVP-Finance				
		2024	13,269,080	-0-	-0-
		2025	12,787,194		
		2026 (estimate)	12,774,084	-0-	-0-
All Officers and directors as a group unnamed					
		2024	18,976,703	-0-	400,000
		2025	17,059,390		540,000
		2026 (estimate)	17,473,500	-0-	560,000

(2) Compensation of Directors

(A) Standard Arrangement

For the most recently completed year, directors received a per diem of P10,000 per month to defray their expenses in attending board meetings, which will continue to be received in the ensuing year. There are no other arrangements for compensation of directors, as such, during the last year and for the ensuing year.

(B) Other Arrangements

Except for the entitlement to receive bonuses as determined by the management and to receive additional remuneration under the provisions of the Company's Stock Appreciation Rights Plan, there are no other arrangements for compensation of directors, as such, during the last year and ensuing year.

(3) Employment Contracts and Termination of Employment and Change-in-Control

The Company maintains standard employment contracts with Messrs. Adrian Paulino S. Ramos, Reynaldo E. Nazarea, Dennis V. Panganiban, J.E. Thomas P. Salustiano and Ms. Jennifer P. Tombaga, all of which provide for their respective compensation and benefits, including entitlement to health benefits, representation expenses and company car plan.

Other than what is provided under applicable labor laws, there are no compensatory plans or arrangements with executive officers entitling them to receive more than ₱2,500,000.00 because of their resignation, or any other termination of employment, or from change in control of the Company.

The Company maintains a retirement plan pursuant to which an eligible employee will receive an amount equal to a percentage of his final monthly salary for every year of credited service. Based on the policy, the retirement pay of some officers of the Company may exceed ₱2,500,000.00.

There are no warrants or options outstanding in favor of directors and officers of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

Owners of 5% or More. The following persons are known to the Company to be directly or indirectly the owner of more than 5% of the Company's voting securities as of December 31, 2025.

Class	Name/Address of Record Owner	Relationship With Issuer	Name of Beneficial Owner	Citizenship	No of Shares Held	Percentage Ownership
Common	PCD Nominee Corporation 37/F Tower 1 Enterprise Center 6766 Ayala Ave, Makati	Stockholder	Various clients (Notes A, B and C)	Filipino	75,489,680,619	39.34%
Common	Alakor Securities Corporation 5/F Quad Alpha Centrum 125 Pioneer, Mandaluyong	Stockholder	National Book Store Inc	Filipino	16,735,965,802	8.723%
Common	Alakor Securities Corporation 5/F Quad Alpha Centrum 125 Pioneer, Mandaluyong	Stockholder	Alakor Corporation	Filipino	16,735,965,801	8.722%
Common	Alakor Securities Corporation 5/F Quad Alpha Centrum 125 Pioneer, Mandaluyong	Stockholder	Anglo Philippine Holdings Corp.	Filipino	427,234,066	0.222%
Common	Alakor Securities Corporation 5/F Quad Alpha Centrum 125 Pioneer, Mandaluyong	Stockholder	Anglo Philippine Holdings Corp./Alakor Corporation	Filipino	30,388,193,010	15.838%
Common	BDO Securities Corporation	Stockholder	Anglo Philippine Holdings Corp.	Filipino	36,462,800,000	19.004%

	27th Floor, Tower 1 & Exchange Plaza, Ayala Ave., Makati City					
Common	Anglo Philippine Holdings Corp. 6/F Quad Alpha Centrum 125 Pioneer, Mandaluyong	Stockholder	Anglo Philippine Holdings Corp.	Filipino	108,936,264	0.056%

Note A: The number of shares held by PCD Nominee Corporation (PCD) is net of the 100,750,158,679 shares held by National Book Store Inc (NBS), Alakor Corporation (AC) and Anglo Philippine Holdings Corp. (Anglo).

Note B: Of the 75,489,680,619 shares held by PCD, 74,347,224,317 shares have been fully paid and issued, while 1,142,456,302 are subscribed. The 16,735,865,802 shares held by NBS and the 16,735,965,801 shares held by AC are all subscribed. Of the 66,904,763,340 shares held (directly and indirectly) by Anglo, 66,477,529,274 shares have been fully paid and issued, while 427,234,066 shares are subscribed.

Note C: The shares registered in the name of PCD are beneficially owned by its clients. Thus, PCD does not vote the number of shares registered in its name; instead, PCD issues a general proxy constituting and appointing each of its participants as PCD's proxy to vote for the number of shares owned by such participant in PCD's books as of Record Date. The proxies of NBS, AC and Anglo are appointed by their respective Boards of Directors, and the Company becomes aware of such proxies only when the appointments are received by the Company. Mr. Adrian Paulino S. Ramos was appointed proxy for NBS, Anglo and AC. Mr. Ramos has direct/indirect interest/shareholdings in NBS, AC and Anglo.

(2) Security Ownership of Management

The Company's directors (D), Chief Executive Officer (CEO), and four (4) most highly compensated executive officers (O) own the following number of voting shares as of December 31, 2025:

		Number/Nature of Beneficial Ownership			
		Issued			
Class	**Name of Beneficial Owner**	**Direct**	**Indirect**	**Citizenship**	**Ownership**
Common	Gerard Anton S. Ramos (Chairman)	100,000	0	Filipino	0.000%
Common	Adrian Paulino S. Ramos (D/CEO)	1,000,000	148,587,016	Filipino	0.080%
Common	Presentacion S. Ramos (D)	100,000	422,066,675	Filipino	0.220%
Common	Maureen Alexandra R. Padilla (D)	115,023,892	80,000	Filipino	0.060%
Common	Christopher M. Gotanco (D)	1,952,700	248,370,700	Filipino	0.130%
Common	Reynaldo E. Nazarea (D)	100,000	86,056,250	Filipino	0.045%
Common	Vincent L. Tempongko (ID)	0	1,000,000	Filipino	<0.001%
Common	Allen L. Copok (ID)	0	1,000,000	Filipino	<0.001%
Common	John Peter C. Hager (ID)	0	5,000,000	Filipino	<0.003%
Common	Dennis V. Panganiban (O)	0	1,000,000	Filipino	<0.001%
Common	Adrian S. Arias (O)	65,217	9,569,119	Filipino	0.01%
Common	Jennifer P. Tombaga (O)	0	6,000,000	Filipino	<0.003%

As of December 31, 2025, the aggregate number of shares owned by the Company's directors, Chief Executive Officer, four (4) most highly compensated officers and nominees is 1,047,071,569 shares or approximately 0.546% of the Company's outstanding capital stock. Except for shares appearing on record in the names of the directors and officers above, the Company is not aware of any other shares which said persons may have the right to acquire beneficial ownership.

(3) Voting Trust Holders of 5% or More

To the extent known to the Company, there is NO PERSON holding more than 5% of any class of the Company's securities under a voting trust or similar agreement.

(4) Changes in Control

To the extent known to the Company, there are no arrangements, which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

Related Party Transactions. There had been NO transaction during the last two (2) years to which the Company was or is to be a party in which any director or executive officer of the Company, or nominee for election as director, or owner of more than 10% of the Company's voting stock, or voting trust holder of 10% or more of the Company's shares, or any member of the immediate family (including spouse, parents, siblings, and in-laws) of any of these persons, had or is to have a direct or indirect material interest.

In the ordinary and regular course of business, the Company had transactions with related parties (i.e. companies with shareholders common with the Company) during the last two (2) years consisting principally of advances to related parties. The identities of these related parties, including the amounts and details of the transactions, are disclosed in Note 16 to the Company's 2025 Audited Consolidated Financial Statements, a copy of which is included in this Annual Report.

(a) Business purpose of the arrangement. The business purpose of related party transactions is to address immediate working capital requirements of related parties (in case of advances to related parties).

(b) Identification of the related parties' transaction business with the registrant and nature of the relationship. See Note 16 to the Company's 2025 Audited Consolidated Financial Statements.

(c) How transaction prices were determined by parties. All transactions with related parties are based on prevailing market/commercial rates at the time of the transaction.

(d) If disclosures represent that transactions have been evaluated for fairness, a description of how the evaluation was made. There are NO disclosures representing that the transactions with related parties have been evaluated for fairness inasmuch as the bases of all transactions with related parties were the prevailing market/commercial rates at the time of the transaction, or a valuation study conducted by a third party consultant over which neither the Company nor the related parties have control or influence whatsoever.

(e) Any on-going contractual or other commitments because of the arrangement. NONE, other than the repayment of money lent or advanced.

(f) There were NO transactions with parties that fall outside the definition of "related parties" under SFAS/IAS No. 24. Neither were there any transactions with persons with whom the Company or its related parties have a relationship that enabled the parties to negotiate terms of material transaction that may not be available from other, more clearly independent parties on an arms' length basis.

PART IV – CORPORATE GOVERNANCE

(a) The Company uses the evaluation system established by the SEC in its Memorandum Circular No. 5 series of 2003, including the accompanying Corporate Governance Self Rating Form (CG-SRF) to measure or determine the level of compliance of the Board of Directors and top-level management with the Company's Corporate Governance Manual.

(b) The Company undertakes a self-evaluation process regularly in accordance with its Revised Manual on Corporate Governance (May 2017) and any deviation from the Company's corporate Governance Manual is reported to the Management and the Board together with the proposed measures to achieve compliance.

(c) The Company is in full compliance with global best practices on good corporate governance, applicable to it, as embodied in its Revised Manual on Corporate Governance (May 2017).

1. The Company has adopted a Code of Conduct for the Board and its employees and is being assessed regularly to cope with the dynamics of the business. The Company has existing policies and procedures that can identify and resolve potential conflicts of interest.

2. Employees and officers undergo professional development programs subject to meeting the criteria set by the Company. The Corporate Governance & Nominations Committee (CG&NC) is engaged, together with the Management Committee, in the Succession Planning of the Executive officers, including the President. In the latter case, the CG&NC coordinates closely with the Chairman all activities involved in planning for the President's succession.

(d) The Company shall adopt improvement measures on its corporate governance as the exigencies of its business will require from time to time.

PART V - EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

(a) Exhibits - see Index to Financial Statements and Supplementary Schedules
(b) Reports on SEC Form 17-C – see List

THE PHILODRILL CORPORATION
LIST OF ITEMS REPORTED UNDER SEC FORM 17C

Date of Report	Description
January 14, 2025	List of Top 100 Stockholders as of December 31, 2024
February 18, 2025	Setting of 2025 Annual Stockholders Meeting
March 7, 2025	Annual Verification of the Department of Energy 2025
March 24, 2025	List of Stockholders as of Record Date (March 19, 2025)
March 25, 2025	Approval of the 2024 Audited Financial Statements
April 11, 2025	List of Top 100 Stockholders as of March 31, 2025
July 8, 2025	List of Top 100 Stockholders as of June 30, 2025
October 8, 2025	New Petroleum Service Contracts signed by the President of the Republic of the Philippines in favor of The Philodrill Corporation (Philodrill) and other Joint Venture Partners
October 16, 2025	List of Top 100 Stockholders as of September 30, 2025
December 16, 2025	Extension of Subscription Payment 2025
December 17, 2025	Expiration of Service Contract 14C2 (West Linapacan Block)

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on April __, 2026.

By:

ADRIAN PAULINO S. RAMOS
Principal Executive Officer/
Principal Operating Officer

J.E. THOMAS P. SALUSTIANO
Principal Financial Officer/
Comptroller

ADRIAN S. ARIAS
Corporate Secretary

JENNIFER P. TOMBAGA
Principal Accounting Officer

SUBSCRIBED AND SWORN to before me this 14 APR 2026 day of April 2026 affiants exhibiting to me their Passports or Driver's license, as follows:

Names	**Passport/DL no.**	Expiration Date	**Place of Issue**
ADRIAN PAULINO S. RAMOS	P6368801B	02-22-2031	DFA NCR East
J.E. THOMAS P. SALUSTIANO	N04-05-518674	10-31-2026	
ADRIAN S. ARIAS	P9176511A	10-15-2028	DFA NCR East
JENNIFER P. TOMBAGA	N26-10-017887	07-31-2034	

Notary Public

ATTY. JOSEPHINE Q. LAFIGUERA - ILAS
NOTARY PUBLIC / CITY OF MANDALUYONG
APPT. NO. 0644-25 UNTIL 12-31-2026
QUAD ALPHA CENTRUM, 125 PIONEER STREET
MANDALUYONG CITY 1550
PTR NO. 6045671 / MANDALUYONG CITY / 01-09-2026
IBP NO. 585377 / 01-04-2026 / RSM CHAPTER
MCLE COMPLIANCE NO. VIII-0016124 / 11-20-2024
ROLL NO. 44784

DOC. NO. 279
PAGE NO. 57
BOOK NO. II
SERIES OF 2026

THE PHILODRILL CORPORATION
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FORM 17-A, Item 7

Gmail

Jennifer Tombaga <tombagajp@philodrill.com>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>
To: JPTOMBAGA@philodrill.com
Cc: JPTOMBAGA@philodrill.com

Wed, Apr 15, 2026 at 4:07 PM

Hi THE PHILODRILL CORPORATION,

Valid files

- EAFS000315612OTHTY122025.pdf
- EAFS000315612ITRTY122025.pdf
- EAFS000315612AFSTY122025.pdf
- EAFS000315612RPTTY122025.pdf

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- <None>

Transaction Code: **AFS-0-N1ZQ1NWW06GHC9JA6PQYPRTZW0NYMSMWXY**
Submission Date/Time: **Apr 15, 2026 04:07 PM**
Company TIN: **000-315-612**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

THE PHILODRILL CORPORATION
QUAD ALPHA CENTRUM, 125 PIONEER, MANDALUYONG CITY, PHILIPPINES
TEL. NOS. 8631-1801 TO 05 ; 8631-8151/52 ; WEBSITE: www.philodrill.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of The Philodrill Corporation and Subsidiary is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

SyCip, Gorres, Velayo & Co., the independent auditor appointed by the stockholders for the periods December 31, 2025 and 2024 has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

GERARD ANTON S. RAMOS
Chairman of the Board

ADRIAN PAULINO S. RAMOS
Chief Executive Officer/President

J.E. THOMAS P. SALUSTIANO
Chief Financial Officer

Signed this 24th day of March 2026

SUBSCRIBED AND SWORN to before me this 0 7 APR 2026 day of ______ 2026 affiants exhibiting to me their Passport/Driver's license, as follows:

NAMES	PASSPORT / DL NO.	EXPIRATION DATE	PLACE OF ISSUE
Gerard Anton S. Ramos	P7752563A	June 29, 2028	DFA NCR South
Adrian Paulino S. Ramos	P6368801B	February 22, 2031	DFA NCR East
J.E. Thomas P. Salustiano	P6400560C	January 31, 2034	DFA Manila

Doc. No. 266
Page No. 55
Book No. II
Series of 2026.

ATTY. JOSEPHINE C. LAFIGUERA - ILAS
NOTARY PUBLIC - CITY OF MANDALUYONG
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MCLE COMPLIANCE NO. VIII-0016124 / 11-20-2024
ROLL NO. 44734

DOCUMENTARY
STAMP TAX
PAID
0 7 APR 2026

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

3	8	6	8	3						

COMPANY NAME

THE PHILODRILL CORPORATION AND SUBSIDIARY

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

8th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@philodrill.com	(632) 8631-8151	N / A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
8,507	06/18	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
Mr. J.E. Thomas P. Salustiano	jpsalustiano@philodrill.com	(632) 8631-8151	N / A

CONTACT PERSON's ADDRESS

8th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong 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.*
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*

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
The Philodrill Corporation
8th Floor, Quad Alpha Centrum
125 Pioneer St., Mandaluyong City

Opinion

We have audited the consolidated financial statements of The Philodrill Corporation and Subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, 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 consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). 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 (the Code of Ethics), as applicable to the audits of the Consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of the consolidated financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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. For the matters below, our description of how our audit addressed the matters is provided in that context.

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 this matter. 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.

Recoverability of Deferred Oil and Gas Exploration Costs and Property and Equipment of Negotiated DP-3 (West Linapacan)

As at December 31, 2025, the carrying value of the Group's deferred oil and gas exploration costs and wells, platforms, and other facilities of West Linapacan under property and equipment amounted to ₱859.1 million and ₱178.3 million, respectively. The assessment of whether these assets are recoverable requires significant judgment, particularly in identifying impairment indicators and in estimating recoverable amounts. Key input and assumptions include reserve estimates, oil and gas prices, discount rates and inflation rates. Given the magnitude of these balances and the level of estimation involved, these matters are considered a key audit matter.

Disclosures related to these assets are presented in Notes 3, 8, and 11 to the consolidated financial statements.

Audit Response
We evaluated management's assessment of impairment indicators for exploration and evaluation assets and property and equipment of West Linapacan. This included reviewing the status of exploration projects, inspecting service contracts to confirm the validity and expected renewal of exploration rights, and inquiring about areas planned for abandonment or discontinuation.

For projects with identified impairment indicators, we assessed management's financial projections and the key assumptions applied. We involved our internal specialist in evaluating the methodologies and discount rates used. We compared significant inputs and assumptions such as reserve estimates, oil and gas prices, discount rates and inflation rates against relevant internal and external data.

We also reviewed the Group's related disclosures in the consolidated financial statements, particularly those relating to assumptions that have the most significant impact on the recoverable amount.

Estimation of Plug and Abandonment Costs of Negotiated DP-3 (West Linapacan)

The Group has recognized provisions for plug and abandonment costs of West Linapacan totaling ₱175.0 million as of December 31, 2025. This matter is important to our audit because the amounts involved are material and the estimation of the provisions requires significant management judgment in the use of assumptions, which are subject to higher level of estimation uncertainty. The estimation of provisions for plug and abandonment costs, which are primarily in respect of upstream assets, requires significant management judgement because of the inherent complexity in estimating future costs. The estimation of provisions for plug and abandonment costs involves specialists who consider the current/existing laws and regulations, the provisions of the service contracts and planned approach to plug and abandon. The Group recognizes its share on the estimated plug and abandonment costs based on its participating interests in the joint operations and considers the discount rate and effect of foreign exchange rate.

The Group's disclosures about plug and abandonment are included in Notes 3 and 13 to the consolidated financial statements.

Audit Response

We evaluated the competence, capabilities and objectivity of Group's specialist by considering their qualifications, experience and reporting responsibilities. We obtained an understanding from the specialist about their bases for identifying and estimating the costs for various decommissioning activities. We performed recalculation of the Group's share based on its participating interest in the service contracts. We tested the assumptions used by the management (i.e., discount rate and inflation rate) by comparing these against available market data. We also reviewed disclosures relating to estimated plug and abandonment costs in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, 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.

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 PSAs 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 PSAs, 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming 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 communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and material audit findings, including any material deficiencies in internal control that we identify during our audit.

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 period 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 Marco Rene A. Barredo.

SYCIP GORRES VELAYO & CO.

Marco Rene A. Barredo
Partner
CPA Certificate No. 116783
Tax Identification No. 214-999-478
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 116783-SEC (Group A)
Valid to cover audit of 2025 to 2029 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-160-2025, December 18, 2024, valid until December 17, 2027
PTR No. 10765015, January 2, 2026, Makati City

March 24, 2026

THE PHILODRILL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱261,094,610**	₱395,644,061
Receivables (Note 5)	**434,591,860**	301,007,109
Crude oil inventory (Notes 6 and 7)	**35,910,115**	41,683,874
Other current assets	**9,069,320**	9,082,984
Total Current Assets	**740,665,905**	747,418,028
Noncurrent Assets		
Investments in associates (Note 9)	**871,806,016**	889,296,301
Deferred oil and gas exploration costs (Note 11)	**859,079,703**	576,367,250
Property and equipment (Note 8)	**240,206,016**	227,807,881
Deferred income tax assets - net (Note 20)	**153,193,247**	240,569,636
Financial assets at fair value through other comprehensive income (FVOCI) (Note 10)	**70,748,276**	47,469,632
Other noncurrent financial asset (Note 4)	**20,000,000**	–
Total Noncurrent Assets	**2,215,033,258**	1,981,510,700
TOTAL ASSETS	**₱2,955,699,163**	₱2,728,928,728
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 12)	**₱37,197,086**	₱21,164,788
Dividends payable (Note 14)	**33,103,318**	33,121,850
Total Current Liabilities	**70,300,404**	54,286,638
Noncurrent Liabilities		
Provisions for plug and abandonment costs (Notes 7 and 13)	**175,002,868**	33,786,422
Retirement benefit liability (Note 19)	**6,760,978**	8,071,097
Total Noncurrent Liabilities	**181,763,846**	41,857,519
Total Liabilities	**252,064,250**	96,144,157
Equity		
Capital stock (Note 14)	**1,743,479,943**	1,743,479,943
Additional paid-in capital from sale of treasury shares (Note 23)	**1,624,012**	1,624,012
Share in other comprehensive income of associates (Note 23)	**55,179,014**	53,316,288
Net unrealized loss on decline in value of financial assets at FVOCI (Note 10)	**(39,898,374)**	(63,177,018)
Remeasurement loss on retirement benefit liability (Note 19)	**(47,170,366)**	(46,560,234)
Retained earnings	**990,420,684**	944,101,580
Total Equity	**2,703,634,913**	2,632,784,571
TOTAL LIABILITIES AND EQUITY	**₱2,955,699,163**	₱2,728,928,728

See accompanying Notes to Consolidated Financial Statements.

THE PHILODRILL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2025	2024	2023
SHARE IN PETROLEUM REVENUE (Note 7)	**₱159,386,884**	₱211,756,468	₱203,591,907
COSTS AND EXPENSES			
Share in costs and operating expenses (Notes 7 and 17)	**92,927,486**	155,682,610	138,678,431
General and administrative expenses (Note 18)	**59,770,843**	55,126,139	56,200,188
Depletion expense (Note 8)	**38,523,298**	43,240,423	52,675,739
	191,221,627	254,049,172	247,554,358
OTHER INCOME (CHARGES) – net			
(Provision for) Reversal of impairment losses on:			
Deferred oil and gas exploration costs (Note 11)	**277,620,492**	–	(57,302,287)
Investment in associate (Note 9)	**–**	–	(4,173,138)
Provision for plug and abandonment costs (Note 13)	**(125,857,946)**	–	–
Interest income (Notes 4 and 16)	**35,112,747**	31,364,009	26,927,701
Share in net income (loss) of associates (Note 9)	**(19,353,011)**	(7,826,215)	13,323,123
Foreign exchange gains - net (Notes 13 and 22)	**2,849,386**	18,341,009	757,610
Interest expense (Notes 13 and 19)	**(1,591,419)**	(1,922,568)	(2,053,168)
Loss on write-off of advances (Notes 5 and 16)	**(1,376,801)**	–	–
Dividend income (Note 10)	**1,285,889**	1,288,913	1,288,859
Others - net	**(714,937)**	(888,329)	(721,116)
	167,974,400	40,356,819	(21,952,416)
INCOME (LOSS) BEFORE INCOME TAX	**136,139,657**	(1,935,885)	(65,914,867)
(PROVISION FOR) BENEFIT FROM INCOME TAX (Note 20)			
Current	**(2,240,787)**	(806,508)	(1,979,824)
Deferred	**(87,579,766)**	10,928,314	34,016,367
	(89,820,553)	10,121,806	32,036,543
NET INCOME (LOSS)	**₱46,319,104**	₱8,185,921	(₱33,878,324)
EARNINGS (LOSS) PER SHARE (Note 15)			
Basic/Diluted	**₱0.00024**	₱0.00004	(₱0.00018)

See accompanying Notes to Consolidated Financial Statements.

THE PHILODRILL CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
NET INCOME (LOSS)	**₱46,319,104**	₱8,185,921	(₱33,878,324)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss in subsequent periods:			
Unrealized gains (losses) on financial assets at FVOCI (Note 10)	**23,278,644**	(9,160,008)	(13,002,408)
Share in other comprehensive income (loss) of associates (Note 9)	**1,862,726**	(2,609,020)	428,192
Remeasurement loss on retirement benefit liability (Note 19)	**(813,509)**	(4,863,828)	(530,069)
Income tax effect	**203,377**	1,215,957	132,517
	(610,132)	(3,647,871)	(397,552)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**24,531,238**	(15,416,899)	(12,971,768)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱70,850,342**	(₱7,230,978)	(₱46,850,092)

See accompanying Notes to Consolidated Financial Statements.

THE PHILODRILL CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

	Capital Stock (Note 14)	Paid-in Capital from Sale of Treasury Shares	Share in Other Comprehensive Income (Loss) of Associates (Note 9)	Net Unrealized Income (Loss) on Decline in Value of Financial Assets at FVOCI (Note 10)	Remeasurement Loss on Retirement Benefit Liability (Note 19)	Retained Earnings	Total
Balances at January 1, 2023	**₱1,743,479,943**	**₱1,624,012**	**₱55,497,116**	**(₱41,014,602)**	**(₱42,514,811)**	**₱969,793,983**	**₱2,686,865,641**
Net loss	–	–	–	–	–	(33,878,324)	(33,878,324)
Other comprehensive income (loss)	–	–	428,192	(13,002,408)	(397,552)	–	(12,971,768)
Total comprehensive income (loss)	–	–	428,192	(13,002,408)	(397,552)	(33,878,324)	(46,850,092)
Balances at December 31, 2023	**₱1,743,479,943**	**₱1,624,012**	**₱55,925,308**	**(₱54,017,010)**	**(₱42,912,363)**	**₱935,915,659**	**₱2,640,015,549**
Net income	–	–	–	–	–	8,185,921	8,185,921
Other comprehensive income (loss)	–	–	(2,609,020)	(9,160,008)	(3,647,871)	–	(15,416,899)
Total comprehensive income (loss)	–	–	(2,609,020)	(9,160,008)	(3,647,871)	8,185,921	(7,230,978)
Balances at December 31, 2024	**₱1,743,479,943**	**₱1,624,012**	**₱53,316,288**	**(₱63,177,018)**	**(₱46,560,234)**	**₱944,101,580**	**₱2,632,784,571**
Net income	–	–	–	–	–	46,319,104	46,319,104
Other comprehensive income (loss)	–	–	1,862,726	23,278,644	(610,132)	–	24,531,238
Total comprehensive income (loss)	–	–	1,862,726	23,278,644	(610,132)	46,319,104	70,850,342
Balances at December 31, 2025	**₱1,743,479,943**	**₱1,624,012**	**₱55,179,014**	**(₱39,898,374)**	**(₱47,170,366)**	**₱990,420,684**	**₱2,703,634,913**

See accompanying Notes to Consolidated Financial Statements.

THE PHILODRILL CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱136,139,657**	(₱1,935,885)	(₱65,914,867)
Adjustments for:			
Provision for (reversal of) unrecoverable deferred oil and gas exploration costs (Note 11)	**(277,620,492)**	–	57,302,287
Provision for plug and abandonment costs (Note 13)	**125,857,946**	–	–
Depletion and depreciation expense (Note 8)	**42,294,963**	46,309,011	53,441,168
Derecognition of plug and abandonment costs (Note 13)	**(35,355,448)**	–	–
Interest income (Notes 4 and 16)	**(35,112,747)**	(31,364,009)	(26,927,701)
Share in net loss (income) of associates (Note 9)	**19,353,011**	7,826,215	(9,149,983)
Unrealized foreign exchange gains - net	**(2,831,787)**	(5,819,665)	(757,610)
Movement in retirement benefit liability (Note 19)	**(2,123,628)**	2,018,901	(1,163,841)
Accretion expense (Note 13)	**1,569,026**	1,919,723	2,000,342
Dividend income (Note 10)	**(1,285,889)**	(1,288,913)	(1,288,859)
Working capital changes:			
Decrease (increase) in:			
Receivables	**(2,602,560)**	3,907,870	4,148,829
Crude oil inventory	**5,773,759**	18,180,302	(2,634,708)
Other currents assets	**13,664**	(1,857,697)	7,885,031
Increase (decrease) in accounts payable and accrued liabilities	**16,032,298**	12,405,460	(3,972,944)
Net cash flows generated from (used in) operations	**(9,898,227)**	50,301,313	12,967,144
Interest received	**25,073,824**	30,369,276	26,927,701
Dividends received	**1,285,889**	5,149,512	6,610,058
Income taxes paid, including creditable taxes applied	**(2,240,787)**	(806,508)	(1,979,824)
Net cash flows from operating activities	**14,220,699**	85,013,593	44,525,079
CASH FLOWS USED IN INVESTING ACTIVITIES			
Advances to a related party	**(120,000,000)**	(60,000,000)	–
Increase in other noncurrent financial assets (Note 4)	**(20,000,000)**	–	–
Additions to:			
Property and equipment (Note 8)	**(5,548,176)**	(12,192,223)	(9,701,549)
Deferred oil and gas exploration costs (Note 11)	**(5,091,961)**	(13,229,237)	(16,156,965)
Cash flows used in investing activities	**(150,640,137)**	(85,421,460)	(25,858,514)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Payments of dividends (Note 22)	**(18,532)**	(4,760)	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(136,437,970)**	(412,627)	18,666,565
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**1,888,519**	511,470	(4,860,744)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**395,644,061**	395,545,218	381,739,397
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱261,094,610**	₱395,644,061	₱395,545,218

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information and Authorization for Issuance of Financial Statements

Corporate Information
The Philodrill Corporation (the "Parent Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on June 26, 1969.

The Parent Company and Philodrill Power Corp. (PPC, a wholly owned subsidiary incorporated in the Philippines) (collectively referred to as "the Group") are primarily engaged in oil exploration and production and the development, exploitation, and processing of energy resources. PPC has not yet started commercial operations. The Parent Company is the ultimate parent company within the Group. The Parent Company is also an investment holding company with investments in financial services and mining. The Parent Company's shares are listed and are currently traded at the Philippine Stock Exchange (PSE).

The registered business address of the Group is 8th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City.

The Parent Company, which is operating in two (2) business segments, has two (2) associates engaged in financial services and one associate which has significant holdings in mineral resources in the Philippines. The Parent Company and its associates have no geographical segments as they were incorporated and are operating within the Philippines. Financial information regarding these associates as at and for the years ended December 31, 2025 and 2024 are presented in Note 9.

Group Information
The Parent Company's subsidiary, associates and joint operations are as follows:

	Principal Activities	Country of Incorporation	% Equity/ Participating Interest
Subsidiary			
Philodrill Power Corporation (PPC)	Oil exploration and production	Philippines	100.00
Associates (Note 9)			
Atlas Consolidated Mining Development Corporation (ACMDC)	Mining	Philippines	0.53
Penta Capital & Investment Corporation (PCIC)	Finance, investments and brokerage	Philippines	40.00
Penta Capital Holdings, Inc. (PCHI)	Real estate, financial and securities transactions	Philippines	13.21 *11.82

**Indirect ownership through PCIC*

Information on the Participating interests of the Group in Joint operations is provided in Note 7.

Authorization for Issuance of Financial Statements
The accompanying consolidated financial statements of the Group as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 were authorized for issue by the Board of Directors (BOD) on March 24, 2026.

2. Basis of Preparation and Summary of Material Accounting Policies

Basis of Preparation
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The consolidated financial statements have been prepared on a historical cost basis, except for crude oil inventory which is valued at net realizable value (NRV) and financial assets at FVOCI which are measured at fair value. The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's and its subsidiary's functional and presentation currency, rounded off to the nearest peso, except when otherwise indicated.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as at December 31 of each year. The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company using consistent accounting policies.

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of Amendments to PAS 21, *Lack of exchangeability*, which became effective on January 1, 2025. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The adoption of the amendments did not have an impact on the financial statements of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Unless otherwise indicated, adoption of these pronouncements is not expected to have a significant impact on the Group financial statements.

Effective beginning on or after January 1, 2026
- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards—Volume 11
    - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
    - Amendments to PFRS 7, *Gain or Loss on Derecognition*
    - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
    - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
    - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027
- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statement*

Based on the Group's initial assessment, the impact is expected to be limited to presentation and disclosure changes, including the reclassification of income and expenses into operating, investing, and financing categories and the reclassification of dividends received from joint ventures and associates to cash flows from investing activities. PFRS 18 does not affect recognition and measurement.

PFRS 18 will apply retrospectively. The Group will be conducting an impact assessment of PFRS 18 and is set to apply any changes to the accounting system to be able to comply with PFRS 18 once the standard takes effect.

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

Deferred effectivity

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

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient, the Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient are measured at the transaction price as determined under *PFRS 15, Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four (4) categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

The Group's financial assets include financial assets at amortized cost and FVOCI.

- Financial assets at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

  The Group's financial assets at amortized cost include cash and cash equivalents, receivables and other noncurrent financial assets.

- Financial assets designated at FVOCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32 *Financial Instruments: Presentation a*nd are not held for trading. The classification is determined on an instrument-by-instrument basis.

  Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right to payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

Impairment
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and refundable deposits, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. The Group recognizes an allowance based on 12-month ECLs. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

For other financial instruments such as financial assets at FVOCI, the Group applies the general approach where the Group track changes in credit risk at every reporting date.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Staging assessment
PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been an SICR of a financial asset. Three (3) stages then determine the amount of impairment to be recognized.

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced SICR since initial recognition. Entities are required to recognize 12-month ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of default occurring on the financial instrument as at the reporting date, with the risk of default occurring on the financial instrument at the date of initial recognition.
- Stage 2 is comprised of all non-financial instruments which have experienced SICR since initial recognition. Entities are required to recognized lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.
- Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39 for impaired financial instruments.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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 rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

b. Financial Liabilities

Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities at amortized cost include trade and other payables, advances from a related party and lease liabilities. The Group did not have financial liabilities at FVPL as at December 31, 2025 and 2024.

Subsequent Measurement
After initial recognition, financial liabilities at amortized cost which include interest-bearing loans and borrowings, are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Crude Oil Inventory
Crude oil inventory is carried at NRV at the time of production. NRV is the estimated selling price less cost to sell. The estimated selling price is the market value of crude oil inventory based on Platt's Dubai monthly average of the mid-day crude oil prices for the reporting month plus the arithmetic average of Upper Zakkum and Murban and is adjusted taking into account fluctuations of price directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

Estimated cost to sell is the cost incurred necessary to complete the sale (e.g., freight charges, transportation costs, etc.).

Property and Equipment
Property and equipment are stated at cost less accumulated depletion and depreciation, and any impairment in value.

Wells, platforms, and other facilities are depleted on a field basis under the unit-of-production (UOP) method based upon estimates of proved developed reserves except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. The depletion base includes the exploration and development cost of producing oil fields.

Wells, platforms, and other facilities include the capitalize p&a cost for which the Group is constructively liable.

Depreciation of property and equipment, other than wells, platforms, and other facilities, is computed using the straight-line method over the estimated useful lives of the assets as follows:

Category	Number of Years
Office condominium units and improvements	20
Transportation equipment	5
Furniture and fixtures	5
Office equipment	3

Investments in Associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investment in its associates is accounted for using the equity method. Under the equity method, the investment in associates is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

The statement of profit or loss reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associates, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity.

The aggregate of the Group's share of profit or loss of its associates is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax. The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, and then recognizes the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Deferred Oil and Gas Exploration Costs

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with exploration are capitalized under “Deferred oil and gas exploration costs” account. The Group’s deferred oil and gas exploration costs are specifically identified of each Service Contract (SC) area. All oil and gas exploration costs relating to each SC are deferred pending the determination of whether the contract area contains oil reserves in commercial quantities. Capitalized expenditures include costs of license acquisition, technical services and studies, exploration drilling and testing, and appropriate technical and administrative expenses. General overhead or costs incurred prior to having obtained the legal rights to explore an area are recognized as expense in the consolidated statement of income when incurred.

If no potentially commercial hydrocarbons are discovered, the deferred oil and gas exploration asset is written off through the consolidated statement of income. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried under deferred oil and gas exploration costs account while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as deferred oil and gas exploration costs.

All such capitalized costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the statement of profit or loss and other comprehensive income.

At the completion of the exploration phase, if technical feasibility is demonstrated and commercial reserves are discovered, then, following the decision to continue into the development phase, the oil and gas exploration costs relating to the SC, where oil and gas in commercial quantities are discovered, is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to “Wells, platforms, and other facilities” account shown under the “Property and equipment” account in the consolidated statement of financial position.

Deferred oil and gas exploration costs are assessed at each reporting period for possible indications of impairment. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case or is considered as areas permanently abandoned, the costs are written off through the consolidated statement of income. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development. When proved reserves of oil and gas are identified and development is sanctioned by management, the relevant capitalized expenditure is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to oil and gas properties. Other than license costs, no amortization is charged during the exploration and evaluation phase. For exchanges/swaps or parts of exchanges/swaps that involve only exploration and evaluation assets, the exchange is accounted for at the carrying value of the asset given up and no gain or loss is recognized.

The recoverability of deferred oil and gas exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

A valuation allowance is provided for unrecoverable deferred oil and gas exploration costs based on the Group's assessment of the future prospects of the exploration project.

Revenue Recognition

Revenue from Contracts with Customers

Revenue from sale of petroleum is recognized at a point in time when the control of the goods has transferred from the Consortium Operator of the joint arrangement to the customer (i.e. lifting), which is typically upon delivery of the petroleum products to the customers. Revenue is measured at amount that reflects the consideration to which the Group is entitled in exchange of those goods, which is the fair value of the consideration received, excluding discounts and other sales taxes or duty. The Group has generally concluded that it is the principal in its revenue arrangements.

Under the terms of the relevant joint operating agreements, the Group is entitled to its participating share in the sale of petroleum products based on the Group's participating interest. The revenue recognized from the sale of petroleum products pertains to the Group's share in revenue from the joint operations. The revenue sharing is accounted for in accordance with PFRS 11, *Joint Arrangements*.

Share in Costs and Operating Expenses

Share in costs and operating expenses include production costs of SC 88 and transportation costs per lifting and ending inventory which is recognized upon the allocation of the amounts mentioned by the SC. Allocation is done by the use of the Group's participating interest in the SC.

Provision for Plug & Abandonment (P&A) costs

The Group recognizes P&A liability where it has a present legal or constructive obligation as a result of past events, and it is possible that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes dismantling and removing structures, rehabilitating wells and platforms, and dismantling operating facilities. The obligation generally arises when the asset is installed or the environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related oil assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of income under "Accretion expense". Additional disturbances or changes in P&A costs will be recognized as additions or charges to the corresponding assets and P&A liability when they occur.

Where P&A is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous decommissioning work at each end of the reporting period and the cost is charged to the consolidated income statement. For closed oil fields, changes to estimated costs are recognized immediately in the consolidated statement of income.

The ultimate cost of P&A is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience. The expected timing of expenditure can also change, for example in response to changes in oil reserves or production rates. As a result, there could be material adjustments to the provision for P&A, which would affect future financial results.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax

Deferred income tax is provided using the balance sheet liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused tax losses, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period 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 end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Material Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of income and expenses during the year. The judgments, estimates and assumptions used in the preparation of the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Future events may occur which can cause the assumptions used in arriving at those judgments and estimates to change. The effects will be reflected in the consolidated financial statements as they become reasonably determined.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Determining Future Economic Benefits from Deferred Oil and Gas Exploration Costs

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is, in itself, an estimation process that involves varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalized amount is written off in the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

Determining and Classifying a Joint Arrangement

Judgment is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement.

Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement - whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
  - The legal form of the separate vehicle
  - The terms of the contractual arrangement
  - Other facts and circumstances (when relevant)

This assessment often requires material judgment, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting treatment for each assessment.

The Group is a member in various joint arrangement operations in oil drilling. These arrangements are entered into with the Philippine Government through SCs. As at December 31, 2025 and 2024, the Group's joint arrangements are in the form of joint operations (see Note 7).

Determining Whether Significant Influence Exists
The Group has investments in associates. These are shares purchased not for the purpose of trading. The Group considers that it has a significant influence in Atlas Consolidated Mining and Development (ACMDC), one of its the associates, as the Group is represented in the governance of the associates. In assessing whether significant influence still exists, the Group considered not only its percentage ownership but other factors such as the Board seat representations it has in the associate's governing body. Significant influence in the associate is also established by virtue of the agreement entered.

As at December 31, 2025 and 2024, the Group has significant influence over ACMDC (see Note 9).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are discussed below:

Assessing Recoverability of Deferred Oil and Gas Exploration Costs
The Group assesses impairment on deferred oil and gas exploration costs when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Deferred oil and gas exploration costs are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources*, are as follows:

- The period for which the Group has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed in full from successful development or by sale.

Key inputs and assumptions used in the assessment are as follows:

- Estimated reserves - which are based on oil resources reports based on the information gathered from seismic and geological data, analyses and evaluation activities;
- Pre-tax discount rate of 17.8% in 2025 and 19.5% in 2024 - which represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is derived from the Group's weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU and to determine pre-tax rate. The WACC takes into account both debt and equity. Adjustments to discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate;
- Oil prices of \$70/bbl and \$76/bbl in 2025 and 2024, respectively - which are estimated with reference to external market forecasts of Brent crude prices;

- Inflation rates - which are estimated with reference to external market forecasts for long-term inflation rate.

The Group used a weighted average scenario probability in its calculation of value in use.

Information on the carrying values of deferred oil and gas exploration costs and allowance for unrecoverable deferred oil and gas exploration costs is provided in Note 11.

Assessing Recoverability of Deferred Income Tax Assets
The Group reviews the carrying amount of deferred income tax assets at each end of the reporting period and is adjusted accordingly to the extent that it is probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of subsequent reporting periods. The forecast is based on past results and future expectations on revenues and expenses as well as future tax planning strategies.

Information on the Group's unrecognized deferred income tax assets is provided in Note 20.

Estimating Depletion Based on UOP
Wells, platforms, and other facilities are depleted using the UOP method over the total proved and probable reserves. This results in amortization charge proportional to the depletion of the anticipated remaining production from the field.

Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depletion could be impacted to the extent that actual production in the future is different from current forecasted production based on total proved and probable reserves, or future capital expenditure estimate changes. Changes to prove and probable reserves could arise due to changes in the assumptions used in estimating the reserves. Changes are accounted for prospectively.

The depletion rates used in 2025 and 2024 are ₱852.64 per barrel and ₱852.64 per barrel, respectively.

Estimating Provision for P&A Costs
Significant estimates and assumptions are made in determining the provision for P&A. Factors affecting the ultimate amount of liability include estimates of the extent and costs of P&A activities, technological changes, regulatory changes, cost increases, and changes in discount and foreign exchange rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

The provision at the end of each reporting period represents management best estimate of the present value of the future decommissioning cost required. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual P&A costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the oil field ceases to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

Information on the Group's recognized provision for P&A costs is provided in Notes 7 and 13.

4. **Financial Assets**

Cash and Cash Equivalent

	2025	2024
Cash on hand and in banks	**₱25,176,505**	₱19,446,778
Short-term investments	**235,918,105**	376,197,283
	₱261,094,610	₱395,644,061

Cash in banks earn interest at prevailing bank deposit rates. Short-term investments are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group, and earn interest at respective short-term investment rates.

Interest earned from cash in banks and short-term investments in 2025, 2024 and 2023 amounted to ₱18.7 million, ₱16.0 million and ₱16.8 million, respectively.

Other Noncurrent Financial Asset
The Group has a bonds peso placement amounting to ₱20 million as at December 31, 2025 with a maturity of 2 years and an interest rate of 5.9%. Interest income from the bonds peso placement amounted to ₱0.2 million in 2025.

5. **Receivables**

	2025	2024
Advances to related parties (Note 16)	**₱407,790,000**	₱288,221,802
Accrued interest	**22,131,250**	12,092,327
Accounts with partners (Note 7)	**4,121,247**	262,573
Others	**549,363**	430,407
	₱434,591,860	₱301,007,109

Receivables are generally collectible on demand. These are non-interest bearing except for advances to related parties (see Note 16).

In 2025, the Group written off advances to a related party amounting to ₱1.4 million.

Accrued interests are earned from advances to related parties, bank placements and short-term investments.

The Group makes advances for the operating expenses of the consortiums wherein it is the operator. The Group records this under the "accounts with partners" account which represent receivables from these consortium members.

6. **Crude oil inventory**

The crude oil inventories carried at NRV amounted to ₱35.9 million and ₱41.7 million as at December 31, 2025, and 2024, respectively (see Note 7). The cost of petroleum inventories recognized as expense and included in “share in costs and operating expenses” amounted to ₱92.4 million, ₱154.8 million and ₱137.9 million in 2025, 2024, and 2023, respectively (see Note 17).

7. **Interest in Joint Operations**

The Group’s participating interests (in percentage) in the different SCs as at December 31, 2025 and 2024 are as follows:

		Participating Interest (In percentage)	
Area	Location	2025	2024
SC 88 - Galoc Block	Northwest Palawan	*15.00000	10.17782
SC 53 - Mindoro Block	Mindoro Island	81.48000	81.48000
SC 80 - Sulu Sea Block 1	Sulu Sea	12.50000	15.00000
SC 81 - Sulu Sea Block 2	Sulu Sea	12.50000	25.00000
SC 86 - Octon-Malajon Block	Northwest Palawan	72.16620	72.16620
Negotiated DP-1 (formerly SC 6B Bonita)	Northwest Palawan	17.45460	17.45460
Negotiated DP-3 (formerly SC 14C-2 West Linapacan)	Northwest Palawan	28.07000	28.07000

*With the non-participation of Oriental Petroleum and Minerals Corporation (OPMC) in the SC 88 which was signed by the President of the Republic of the Philippines on December 18, 2025, the Parent Company’s participating interest was increased to maintain the Filipino Participation Incentive Allowance.

<u>SC 88 - Galoc Block (formerly SC 14C-1)</u>
Award of a new Development and Production Petroleum Service Contract (DPPSC).
SC 14C-1 expired on December 17, 2025 and was replaced by SC 88, a Development and Production Petroleum Service Contract (DPPSC) effective December 18, 2025 to ensure continuity of operations in the Galoc Field. The consortium remains substantially unchanged, except for the withdrawal of OPMC. NPG Pty. Ltd. (NPG) remains the operator.

Joint Venture Members	Participating Interest (%)
NPG	80.30826
Philodrill	15.00000
Forum Energy Phils. (Forum)	4.69174
Total	100.00000

Following the award of SC 88, key agreements including the Joint Operating Agreement, Joint Marketing Agreement, Lifting Agreement, and the Galoc Offtake Agreement with Trafigura Pte. Ltd. were updated and executed to reflect the new contract.

To the extent practicable, the terms remain consistent with those under SC 14C-1, with revisions limited to:

- Updating references from SC 14C1 to SC 88
- Removing references to the Block C Agreement
- Reflecting the revised consortium and participating interests
- Incorporating necessary changes to affect the transition to SC 88

Operations update
As of December 31, 2025, cumulative production from the Galoc Field reached 25,333,168 barrels of oil. Three (3) oil liftings (Cargoes #80, #81, and #82) were completed, totaling approximately 398,580 stock tank barrels (stb). NPG continued to operate the remaining production wells (G5 and G6) in accordance with the End-of-Field Life (EOFL) strategy.

On January 30, 2026, NPG issued the Competent Person's Report as of December 31, 2025, prepared by Three60 Energy. The estimated remaining Developed Producing Oil Reserves from the field are as follows:

These estimates assume cessation at the earlier of the economic limit or the expiry of SC 88 in April 2029.

NPG projects production operation to maintain approximately 99% plant uptime through 2026, with a forecast production decline of 10% as reflected in the 2026 Work Program and Budget (WP&B). Three (3) cargoes of approximately 120,000 barrels per lifting are scheduled in 2026.

The proposed 2026 budget for Galoc operations comprises a firm allocation of US$20.04 million and a contingent amount of US$0.10 million, which the DOE subsequently approved in early 2026.

The DOE has been notified of the planned cessation of production by March 17, 2027. This timing aligns decommissioning activities with the typically calm weather window from March to May. NPG also noted that, given the low-pressure nature of the reservoir, failure or shutdown of either producing well could immediately render continued operations uneconomic.

Negotiated DP-3 - West Linapacan Block (formerly SC 14C-2)
In 2025, the Group conducted a Reservoir Engineering Study (RES) of the West Linapacan A (WLA) structure. The study identified up to two infill wells as the optimal development strategy for the southeastern block, which contains most of the remaining movable oil. In the best-case scenario, incremental recovery was estimated at 4.53 MMSTB, increasing to 5.31 MMSTB with pre-production acidization stimulation.

A subsequent Plan of Development assessed the standalone redevelopment viability of WLA. The results indicated that the project remains marginal to sub-marginal commercially, even assuming the use of the in-country FPSO and applying Galoc Field operating cost assumptions. The study concluded that additional reserves are required to improve project economics.

Before the expiry of SC 14C-2 on December 17, 2025, the Joint Venture (excluding PetroEnergy Resources Corporation, which opted out) agreed to apply for a new DP PSC over the area. A notice of intent was submitted to the DOE on the same date, and the Group has since continued preparing the required documentation for the application.

Under the DP PSC, the JV intends to undertake appraisal work and studies to identify additional resources to augment the existing West Linapacan reserves and support more viable development options.

The Group's interest in the joint arrangements in the various SCs and any assets and liabilities incurred jointly with the other partners, as well as the related revenues and expenses of the joint operation, which are included in the consolidated financial statements, are as follows:

	2025	2024
Current assets:		
Receivables:		
Accounts with partners (Note 5)	**₱4,121,247**	₱262,573
Crude oil inventory (Note 6)	**35,910,115**	41,683,874
	40,031,362	41,946,447
Noncurrent assets:		
Wells and platforms (Note 8)	**227,439,968**	211,526,270
Deferred oil and gas exploration costs (Note 11)	**859,079,703**	576,367,250
	1,086,519,671	787,893,520
Current liabilities:		
Accounts with partners (Note 12)	**(28,436,960)**	(19,504,994)
Noncurrent liability:		
Provision for P&A costs (Note 13)	**(175,002,868)**	(33,786,422)
	(₱203,439,828)	(₱53,291,416)

	2025	2024	2023
Revenue:			
Share in petroleum revenue	**₱159,386,884**	₱211,756,468	₱203,591,907
Cost of petroleum operations:			
Share in costs and operating expenses (Note 17)	**(92,927,486)**	(155,682,610)	(138,678,431)
Depletion (Note 8)	**(38,523,298)**	(43,240,423)	(52,675,739)
Foreign exchange gains - net	**27,319**	3,137,062	5,002,474
	₱27,963,419	₱15,970,497	₱17,240,211

8. Property and Equipment

December 31, 2025	**Wells, Platforms, and other Facilities (see Note 7)**	**Office Condominium Units and Improvements**	**Transportation Equipment**	**Office Furniture, Fixtures and Equipment**	**Total**
Cost:					
Beginning of year	**₱1,154,071,108**	**₱18,961,929**	**₱15,748,200**	**₱9,376,629**	**₱1,198,157,866**
Additions	**5,292,074**	**–**	**–**	**256,102**	**5,548,176**
Recognition of P&A asset (Note 13)	**49,144,922**	**–**	**–**	**–**	**49,144,922**
Derecognition (Note 13)	**(26,290,363)**	**–**	**–**	**–**	**(26,290,363)**
Disposals/adjustment	**–**	**–**	**–**	**(1,188,256)**	**(1,188,256)**
End of year	**1,182,217,741**	**18,961,929**	**15,748,200**	**8,444,475**	**1,225,372,345**
Accumulated depletion and depreciation:					
Beginning of year	**942,544,838**	**15,394,183**	**3,886,425**	**8,524,539**	**970,349,985**
Depletion (Note 7)	**38,523,298**	**–**	**–**	**–**	**38,523,298**
Depreciation (Note 18)	**–**	**547,109**	**2,797,980**	**426,576**	**3,771,665**
Derecognition	**(26,290,363)**	**–**	**–**	**–**	**(26,290,363)**
Disposals/adjustment	**–**	**–**	**–**	**(1,188,256)**	**(1,188,256)**
End of year	**954,777,773**	**15,941,292**	**6,684,405**	**7,762,859**	**985,166,329**
Net book values	**₱227,439,968**	**₱3,020,637**	**₱9,063,795**	**₱681,616**	**₱240,206,016**

December 31, 2024	Wells, Platforms, and other Facilities (see Note 7)	Office Condominium Units and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost:					
Beginning of year	₱1,150,454,282	₱18,961,929	₱14,919,200	₱8,711,232	₱1,193,046,643
Additions	3,616,826	–	7,910,000	665,397	12,192,223
Disposals	–	–	(7,081,000)	–	(7,081,000)
End of year	1,154,071,108	18,961,929	15,748,200	9,376,629	1,198,157,866
Accumulated depletion and depreciation:					
Beginning of year	₱899,304,415	₱14,847,074	₱8,856,612	₱8,113,873	₱931,121,974
Depletion (Note 7)	43,240,423	–	–	–	43,240,423
Disposal	–	–	(7,081,000)	–	(7,081,000)
Depreciation (Note 18)	–	547,109	2,110,813	410,666	3,068,588
End of year	942,544,838	15,394,183	3,886,425	8,524,539	970,349,985
Net book values	₱211,526,270	₱3,567,746	₱11,861,775	₱852,090	₱227,807,881

For SC 88 Galoc, depletion rates used in 2025, 2024 and 2023 are ₱852.64 per barrel, ₱852.64 per barrel and ₱857.2 per barrel, respectively.

In 2025, the Group recognized P&A asset of Negotiated DP-3 West Linapacan and derecognized P&A asset of SC 88 Galoc amounting to ₱49.1 million and ₱26.3 million, respectively (see Note 13). As at December 31, 2025 and 2024, the carrying values of P&A asset included in Wells, Platforms, and other Facilities amounted to ₱49.1 million and ₱3.8 million, respectively.

As at December 31, 2025 and 2024, the Group continues to utilize fully depreciated and depleted property and equipment with an aggregate acquisition cost of ₱16.7 million and ₱19.4 million, respectively.

9. Investments in Associates

The cost of investments in associates are as follows:

	2025	2024
ACMDC	**₱478,857,789**	₱477,566,116
Penta Capital Investment Corporation (PCIC)	**336,979,489**	342,240,032
Penta Capital Holdings, Inc. (PCHI)	**60,141,876**	73,663,291
	875,979,154	893,469,439
Less: allowance for impairment loss	**(4,173,138)**	(4,173,138)
	₱871,806,016	₱889,296,301

In 2023, the Group recognized an impairment loss on investments in ACMDC amounting to ₱4.2 million.

The Group's associates include PCIC, PCHI, and ACMDC, companies incorporated in the Philippines, where the Parent Company holds 40.00%, 13.21%, and 0.53% ownership interest, respectively. PCIC also has 29.54% ownership interest in PCHI, making the Parent Company's effective ownership in PCHI at 25.03%. These investments are accounted for using the cost accounting method.

On December 18, 2015, the Group entered into a Joint Voting Agreement with Alakor Corporation (Alakor), National Book Store, Inc. (NBS) and Anglo Philippine Holdings Corporation (APHC), collectively known as the "Ramos Group", to jointly vote their shares in ACMDC on all matters affecting their rights as stockholders effective January 1, 2015. The combined interest of the parties to the agreement represents 31.8538% interest in ACMDC as of December 31, 2025. By virtue of this agreement, significant influence in the associate is established.

The details of investments in associates carried under the equity method follow:

	2025	2024
Acquisition costs	**₱633,485,090**	₱633,485,090
Accumulated equity in net earnings:		
Beginning of year	**202,494,923**	214,181,737
Share in net income (loss)	**(19,353,011)**	(7,826,215)
Dividends received	**–**	(3,860,599)
End of year	**183,141,912**	202,494,923
Accumulated share in OCI:		
Beginning of year	**53,316,288**	55,925,308
Share in OCI (OCL) of associates	**1,862,726**	(2,609,020)
End of year	**55,179,014**	53,316,288
Carrying value	**₱871,806,016**	₱889,296,301

Summarized financial statement information of ACMDC, PCIC and PCHI, based on their PFRS Accounting Standards financial statements, and a reconciliation with the carrying amount of the investment in the group's consolidated financial statements as at and for the years ended December 31, 2025, 2024, and 2023 (in thousands) are set out below:

	2025			2024			2023		
	ACMDC	**PCIC**	**PCHI**	ACMDC	PCIC	PCHI	ACMDC	PCIC	PCHI
Revenue from contract with customers	**₱17,192,348**	**₱ 99,167**	**₱–**	₱18,634,220	₱92,443	₱10,822	₱18,865,013	₱109,765	₱57,703
Costs and expenses	**(16,503,300)**	**(96,464)**	**(19,075)**	(18,508,243)	(99,942)	(105,138)	(16,620,105)	(85,892)	(21,015)
Other income (charges)	**(765,458)**	**–**	**2,786**	(313,047)	–	–	(541,801)	–	(36,807)
Provision for (benefit from) income tax	**(169,808)**	**(1,697)**	**(590)**	(44,003)	(5,105)	(1,159)	(585,551)	(5,439)	–
Net income (loss)	**(246,218)**	**1,006**	**(16,879)**	(231,073)	(12,604)	(95,475)	1,117,556	18,434	(119)
Group's share in net income	**(₱1,314)**	**₱402**	**(₱2,230)**	(₱1,233)	(₱5,042)	(₱12,614)	₱5,965	₱2,435	(₱16)
Other comprehensive income (loss)	**₱490,137**	**(₱22,241)**	**₱–**	₱1,169,723	(₱22,241)	₱–	₱414,142	(₱4,457)	₱–
Group's share in OCI	**₱2,616**	**(₱8,896)**	**₱–**	₱6,244	(₱8,896)	₱–	₱2,211	(₱1,783)	₱–

	2025			2024		
	ACMDC	**PCIC**	**PCHI**	ACMDC	PCIC	PCHI
Total current assets	**₱6,907,701**	**₱879,878**	**₱261,495**	₱5,927,632	₱974,681	₱279,784
Total noncurrent assets	**61,465,124**	**292,274**	**126,446**	63,931,654	378,703	150,346
Total current liabilities	**(19,318,409)**	**–**	**(53,661)**	(5,112,311)	(441,574)	(416)
Total noncurrent liabilities	**(2,527,657)**	**(290,514)**	**–**	(18,464,135)	(465,586)	–
Total equity	**46,526,759**	**881,638**	**334,280**	46,282,840	446,224	429,714
Proportion of net assets	**248,350**	**352,655**	**352,655**	247,048	178,490	56,774
Carrying amount of the investment	**474,685**	**336,979**	**60,142**	473,393	342,240	73,663

The difference between the Group's proportion of net assets and the carrying amount of the investment represents goodwill or surplus.

The financial statements of the associates are prepared under the same reporting period as the Group.

The associates have no material contingent liabilities and capital commitments as at December 31, 2025 and 2024.

10. **Financial Assets at FVOCI**

	2025	2024
Quoted shares of stock	**₱110,646,650**	₱110,646,650
Net unrealized loss	**(39,898,374)**	(63,177,018)
	₱70,748,276	₱47,469,632

The Group received cash dividends from OPMC and Shang Properties totaling to ₱1.3 million each in 2025 and 2024.

The following table illustrates the movement of the "Net unrealized loss on decline in value of financial assets at FVOCI" account in the equity section of the consolidated statements of financial position:

	2025	2024
Beginning of year	**₱63,177,018**	₱54,017,010
Fair value changes during the year	**(23,278,644)**	9,160,008
End of year	**₱39,898,374**	₱63,177,018

11. **Deferred Oil and Gas Exploration Costs**

The following table illustrates the movements in the deferred oil and gas exploration costs account:

	2025	2024
Cost:		
Beginning	**₱911,290,029**	₱898,060,792
Additions	**5,091,961**	13,229,237
Write-off	**(57,302,287)**	–
Ending	**859,079,703**	911,290,029
Accumulated impairment losses:		
Beginning	**(334,922,779)**	(334,922,779)
Reversal of impairment	**277,620,492**	–
Write-off	**57,302,287**	–
Ending	**–**	(334,922,779)
Net book value	**₱859,079,703**	₱576,367,250

The full recovery of deferred oil and gas exploration costs incurred in connection with the Group's participation in the acquisition and exploration of petroleum concessions is dependent upon the discovery of oil in commercial quantities from the respective petroleum concessions and the success of future development thereof.

Under the SCs entered into with the DOE covering certain petroleum contract areas in various locations in the Philippines, the participating oil companies (collectively known as Contractors) are obliged to provide, at their sole risk, the services, technology and financing necessary in the performance of their obligations under these contracts. The Contractors are also obliged to spend specified amounts indicated in the contract in direct proportion to their work obligations. However, if the Contractors fail to comply with their work obligations, they shall pay the government the amount they should have spent in direct proportion to their work obligations.

The Contractors have Operating Agreements among themselves which govern their rights and obligations under these contracts.

The Contractors entered into several SCs with the Philippine Government, through the DOE, for the exploration, development and exploitation of the contract areas situated mostly in offshore Palawan where oil discoveries were made. The Group's present petroleum revenues and production costs and related expenses are from SC 88 Galoc.

The aforementioned SC provide for certain minimum work expenditure obligations and the drilling of a specified number of wells and are covered by operating agreements which set forth the participating interests, rights and obligations of the Contractor. The Group's share in the jointly controlled assets of the aforementioned SC is included principally under the "Receivables", "Crude oil inventory", "Wells and Platforms", "Deferred oil and gas exploration costs" and "Payables" accounts in the consolidated statements of financial position (see Note 7).

SC 53 - Mindoro Block

The Certificate of Non-Coverage (CNC) for the Progreso Drilling Project was issued by the DENR - Environmental Management Bureau (EMB) on April 28, 2023.

The Group also continued engagement with the National Commission on Indigenous Peoples (NCIP) for the Certification Precondition (CP) application covering the Cambayan Project. As the project area straddles Occidental and Oriental Mindoro, coordination has been undertaken with both NCIP offices:

Occidental Mindoro: The Group and the DOE are coordinating with NCIP for the inclusion of the CP application in a Commission En Banc meeting.

Oriental Mindoro: To avoid further delays, the Parent Company filed an amended Certificate of Non-Overlap (CNO) application through the DOE's Energy Virtual One-Stop Shop (EVOSS) platform. The CNO was subsequently issued on May 22, 2025 (Control No. CNO R4B-2025-013).

Reservoir remapping of the Progreso Prospect using the 2023 reprocessed seismic data was completed under the approved 2024 WP&B. The improved subsurface imaging enabled better delineation of structural closures across multiple reservoir levels, resulting in an uplift in estimated resources.

As of December 31,2025, a technical report incorporating the updated seismic interpretation, mapping, and revised resource estimates is being finalized for submission to the Joint Venture (JV) partners and the DOE.

An initial well plan and design for Progreso-2, developed in collaboration with CWT Consultancy (CWT), has also been completed. A final drilling program will be prepared upon a decision to proceed. Based on current well objectives, drilling to a proposed total depth of 1,600 meters is estimated to require 21 days, with an estimated cost of $6.139 million.

In 2025, the Parent Company entered into a Farm-in Agreement (FIA) with Gas2Grid Ltd., followed by the execution of a Deed of Assignment, which still needs formal approval from DOE. Upon approval, the Parent Company's participating interest will be reduced from 81.48% to 40.74%, effectively mitigating its exposure to exploration risk associated with the two commitment wells under the service contract.

SC 80 - Sulu Sea Block 1 and SC 81 -Sulu Sea Block 2
The Service Contracts was duly approved and awarded by the Office of the President on September 30, 2025. The Parent Company subsequently acquired its current participating interest following extensive discussions and the corresponding agreement among the JV partners.

At present, the Joint Operating Agreement (JOA) among the JV partners is in the process of finalization and is targeted for execution in April 2026. Further, the 2026 Proposed Work Program and Budget (WP&B), inclusive of expenditures for the period October to December 2025, in the total amount of $897,182 and $853,681 for SC 80 and SC 81, respectively, was submitted to the DOE on December 23, 2025 and was thereafter duly approved by the Department.

SC 86 Octon - Malajon Block (formerly SC 6A)
Following the JV's proactive decision to relinquish SC 6, the DOE approved a new service contract over the area. The new contract, SC 86, covering approximately 160,000 hectares, was signed by the President of the Republic of the Philippines on September 30, 2025.

In 2025, the Group recognized a reversal of allowance of deferred oil and gas exploration costs amounting to ₱277.6 million that was recognized in 2022 upon grant of SC 86.

The members of the JV under the new service contract are as follows:

JV Members	Participating Interest (%)
Philodrill	72.1662
APHC	14.1460
Forum	6.8439
PXP Energy Corporation (PXP)	6.8439
Total	100.0000

The Group remains the operator of the block.

Under the terms of the new service contract, the Group will continue to mature exploration prospects in the northern block to drillable status. Work will focus on de-risking and high-grading identified prospects, with particular emphasis on the older syn-rift sections, which remain prospective for additional exploration targets.

In the southern portion of the block, efforts will continue to evaluate and define a commercially viable development concept for the marginal Octon discovery. This will include further technical and economic assessment to determine the most appropriate development strategy, given the current resource base and subsurface uncertainty.

Negotiated DP-1 - Cadlao Block (formerly SC 6B)
In February 2022, Nido Petroleum Philippines Pty Ltd. (Nido) entered into a FIA with the JV to increase its equity in the service contract. Under the agreement, Nido acquired an additional 63.637% participating interest, raising its total equity to 72.727%. In return, Nido committed to fund 100% of the costs and assume operatorship of the phased redevelopment of the Cadlao oil field.

The redevelopment is planned in two phases: Phase 1 involves the drilling and Extended Well Test (EWT) of Cadlao-4, while Phase 2 covers full-field redevelopment, including additional infill wells and installation of permanent production facilities. Following the FIA, Philodrill retained a 17.4546% participating interest.

	Participating Interest	
JV Member	Pre-FIA	Post-FIA
Philodrill	58.1820%	17.4546%
Nido	9.0900%	72.7270%
Oriental	16.3640%	4.9092%
Alcorn	8.1820%	2.4546%
Forum	8.1820%	2.4546%
Total	100.0000%	100.0000%

The Deed of Assignment (DOA) was approved by DOE on December 19, 2022, formalizing the transfer of operatorship to Nido. A new JOA reflecting the revised participating interests was executed in July 2023.

Ahead of the expiry of SC 6B on February 6, 2024, the JV executed an Amendment to the FIA on January 11, 2024 to ensure that its terms remain in effect under the proposed DPPSC.

On January 26, 2024, Nido submitted all required documentation for the DPPSC application. The DOE has completed its evaluation and confirmed that the consortium is legally, technically, and financially qualified. The pre-signed service contract has been endorsed to the Office of the President and is currently awaiting approval.

For the Cadlao-4 drilling and EWT, Nido continues to consider the Deep Venture drillship, owned and operated by Saba Drilling. In parallel, preparations are ongoing to ensure readiness upon DPPSC award, including securing the Environmental Compliance Certificate (ECC) and the Certificate of Non-Overlap from the NCIP. Long-lead drilling items have already been procured and are currently stored in Mabini, Batangas.

SC 74 Linapacan Block

On December 13, 2023, PXP, as the contractor and on behalf of the joint venture, submitted to the DOE the Notice of Surrender of the SC. In relation to this, the Group recognized an allowance for impairment loss amounting to ₱57.3 million in 2023.

In a letter dated March 18, 2024, the DOE confirmed that PXP's consolidated submission of all data was in order and credited it as complete fulfillment of all technical work commitments under SC 74.

The DOE approved the relinquishment of the Service Contract, subject to the settlement of the remaining scholarship commitment amounting to US$55,000, to be remitted to Palawan State University as the designated beneficiary under SC 74. The amount was duly remitted to Palawan State University on October 22, 2025. Therefore, in 2025, the Group written off the recognized allowance for impairment loss in 2023 amounting to ₱57.3 million.

12. **Accounts Payable and Accrued Liabilities**

	2025	2024
Accounts with partners (see Note 7)	**₱28,436,960**	₱19,504,994
Accrued liabilities	**8,034,419**	855,902
Withholding taxes	**567,362**	702,556
Others	**158,345**	101,336
	₱37,197,086	₱21,164,788

Accounts with partners represent payables arising from transactions of the consortium and varies in timing with regards to settlement. The Group sends out its billing within 30 days.

Accrued liabilities include accrual for professional fees, bonus, salaries, and other employee benefits are usually settled within 30 days.

Withholding taxes are payable within 14 days after the close of the month.

Others include payroll-related liabilities which are expected to be settled within 30 days.

13. **Provisions for Plug and Abandonment Costs**

	2025	2024
Beginning of year	**₱33,786,422**	₱30,748,952
Recognition of P&A for West Linapacan	**175,002,868**	–
Derecognition of P&A for Galoc	**(35,355,448)**	–
Accretion of interest	**1,569,026**	1,919,723
Effect of translation adjustment	**–**	1,117,747
End of year	**₱175,002,868**	₱33,786,422

Beginning October 1, 2016, the Group makes full provision for the future cost of P&A for SC 88 (formerly SC14C1) Galoc oil field on a discounted basis. The provision represents the present value of plug and abandonment costs, which are expected to be incurred up to 2025. This provision has been created based on the estimates and assumptions stated in the Revised Decommissioning Plan and Budget of the Galoc Oil field approved by the DOE on October 3, 2016. Assumptions, based on the current economic environment, have been made which management believes, are reasonable basis upon which to estimate the future liability.

The final P&A costs are uncertain and cost estimates can vary in response to many factors, including estimates of the extent and costs of decommissioning activities, technological changes, regulatory changes and changes in discount rates of 6.07% and 5.94% as at December 31, 2025 and 2024, respectively. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, material estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be material adjustments to the provision established, which could affect future financial results.

In 2025, the Group derecognized the P&A for SC 88 Galoc oil field amounting to ₱35.4 million, as the decommissioning liability was already fully funded based on the latest Galoc's Decommissioning Plan for Plug and Abandonment.

In 2025, the Group recognized a decommissioning liability amounting to ₱175 million. The recognition of the provision was required as part of the DPPSC application process, which includes the submission of a Decommissioning and Plug and Abandonment Plan. The amount of the provision was determined based on a detailed technical and cost study completed during the year, which served as the benchmark for estimating the Group's P&A obligations.

The provision represents the accrual of future P&A and decommissioning activities of the three wells of West Linapacan field. For two out of the three wells, a provision for P&A costs was recognized in the profit or loss amounting to ₱125.9 million based on the assessment that these fields have significantly deteriorated due to the prolonged shut-in period of nearly three decades of the oil field. For the remaining well, a provision for P&A asset was recognized amounting to ₱49.1 million based on the assessment that the remaining well continues to be evaluated for potential redevelopment under a new DPPSC.

14. Equity

Capital Stock

	Number of Shares	Amount
Capital stock - ₱0.01 par value		
Authorized - 200,000,000,000 shares		
Issued and subscribed	**191,868,805,358**	**₱1,918,688,053**
Subscription receivable	**(17,520,811,006)**	**(175,208,110)**
	174,347,994,352	**₱1,743,479,943**

On December 16, 2025, the BOD approved that the 50% balance on subscriptions to the Parent Company's 2009 stock rights offering shall be called for payment by the BOD no later than December 31, 2026 instead of December 31, 2025.

On August 6, 1969, the Group's common shares were listed and traded on the PSE at an initial offer price of ₱0.01 per share. Subsequent listing of shares were made by the Group as follows:

Type of Shares	Number of shares registered	Number of shares licensed	Issue Price/ Par value	Date of Approval
	2,500,000,000	2,000,000,000	₱0.01	August 6, 1969
	7,500,000,000	5,295,151,100	0.01	February 2, 1971
Class A shares	7,032,105,679	7,032,105,679	0.01	December 8, 1987
Class B shares	2,967,894,321	2,967,894,321	0.01	December 8, 1987
Class A shares	21,096,317,037	20,012,278,687	0.01	August 15, 1988
Class B shares	8,903,682,963	–	0.01	August 15, 1988
Class A shares	28,000,000,000	21,000,000,000	0.01	May 30, 1989
Class B shares	12,000,000,000	9,000,000,000	0.01	May 30, 1989
Class A shares	7,000,000,000	7,000,000,000	0.01	June 26, 1991
Class B shares	3,000,000,000	3,000,000,000	0.01	June 26, 1991
Class A shares	33,000,000,000	14,690,079,374	0.01	March 9, 1994
Class B shares	22,000,000,000	22,692,570,213	0.01	March 9, 1994
	–	42,367,016,498	0.01	December 9, 1994
	45,000,000,000	38,373,761,071	0.01	September 18, 2008

As at December 31, 2025, the Group has 8,507 shareholders.

Retained Earnings
As at December 31, 2025, 2024, and 2023, undistributed earnings of associates amounting to ₱187,315,053, ₱206,668,050, and ₱218,354,874, respectively, are not available for dividend declaration until the actual declaration of the subsidiaries, associates, and joint operations.

As at December 31, 2025 and 2024, the Group has unpaid dividends amounting to ₱33.1 million.

15. Earnings (Loss) Per Share

	2025	2024	2023
Net income (loss)	**₱46,319,104**	₱8,185,921	(₱33,878,324)
Weighted average number of common shares issued and outstanding during the year (see Note 14)	**191,868,805,358**	191,868,805,358	191,868,805,358
Basic/Diluted income (loss) per share	**₱0.00024**	₱0.00004	(₱0.00018)

There were no dilutive shares as at December 31, 2025 and 2024.

There have been no other transactions involving common shares between the end of the financial reporting period and the date of authorization of the consolidated financial statements.

16. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

As at December 31, 2025 and 2024, the Group's advances to related parties and the corresponding interest income from these advances are as follows:

Related Party		Volume	Advances to related parties	Accrued interest receivable	Terms	Condition
Stockholder						
Alakor	**2025**	**₱–**	**₱169,000,000**	**₱15,671,352**	To be settled in cash; collectible on demand; 4.75% interest per annum	Unsecured, no impairment; not guaranteed
	2024	₱–	169,000,000	₱7,647,922		
Under common stockholders						
Abacus Book and Card Corporation (Abacus)	**2025**	**178,790,000**	**238,790,000**	**4,693,563**	To be settled in cash with interest rates ranging from 3.5% to 8.5% per annum.	Unsecured, no impairment; not guaranteed
	2024	60,000,000	60,000,000	750,833		
National Bookstore, Inc. (NBS)	**2025**	**–**	**–**	**–**	To be settled in cash; collectible on June 30, 2025; 3.5% interest per annum	Unsecured, no impairment; not guaranteed
	2024	–	57,845,000	879,181		
United Paragon Mining Corporation (UPMC)	**2025**	**–**	**–**	**–**	To be settled in cash collectible on demand; non-interest bearing	Unsecured, no impairment; not guaranteed.
	2024	–	1,376,802	–		
Total (Note 5)	**2025**	**₱178,790,000**	**₱407,790,000**	**₱20,364,915**		
	2024	₱60,000,000	₱288,221,802	₱9,277,936		

The Group has ₱169 million advances to Alakor which bear interest rate of 4.75% per annum, fixed until full payment of the loan. The term of the loans are collectible upon demand.

In 2024, the Group has $1.0 million (₱57.85 million) advances to NBS with an interest rate of 3.5% per annum, fixed until the full payment of loan. The maturity date of the loan is on June 30, 2025. In 2025, NBS's rights, interests and obligations under the promissory note was assigned and transferred to Abacus.

In 2025, the Group has made advances to Abacus amounting to ₱120 million with an interest rate of 7.5% per annum, fixed until the full payment of loan. The maturity date of the loan is on May 18, 2026.

In 2025, the Group written off advances to UPMC amounting to ₱1.4 million.

As at December 31, 2025 and 2024, intercompany receivables and payables eliminated during consolidation amounted to ₱8.2 million and ₱8.3 million, respectively. This pertains to non-interest-bearing advances made by the Parent Company to PPC, its wholly owned subsidiary.

a. The interest income earned by the Group from its advances to related parties follow:

	2025	2024	2023
Alakor	**₱8,138,993**	₱8,161,292	₱8,138,993
Abacus	**8,099,880**	5,143,333	–
NBS	–	2,042,176	1,971,562
	₱16,238,873	₱15,346,801	₱10,110,555

b. The compensation of key management personnel are as follows:

	2025	2024	2023
Short-term employee benefits	**₱14,919,390**	₱16,856,703	₱13,806,552
Post-employment benefits	**1,063,505**	3,779,726	1,159,670
	₱15,982,895	₱20,636,429	₱14,966,222

Key management personnel are those individuals having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, including any directors (whether executive or otherwise) of the Group.

c. Material related party transactions refer to any related party transaction/s, either individually or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of the Group's total consolidated assets based on its latest audited financial statements.

All individual material related party transactions shall be endorsed by the Related Party Transactions Committee for approval by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured the material related party transactions may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital.

Aggregate related party transactions within a 12-month period that breaches the materiality threshold shall require endorsement by the same committee for approval of the BOD.

17. Share in Costs and Operating Expenses

	2025	2024	2023
Petroleum operations (Note 6)	**₱92,419,978**	₱154,848,708	₱137,890,255
Personnel costs	**507,508**	833,902	788,176
	₱92,927,486	₱155,682,610	₱138,678,431

Share in petroleum operations consist of the Group's share in the production costs, lifting and marketing fees, and other operating expenses of the SC 88 Galoc oil fields for 2025, 2024 and 2023, respectively.

Personnel costs are time charges of the exploration group for work done of the fields mentioned above.

18. General and Administrative Expenses

	2025	2024	2023
Personnel costs	**₱36,555,792**	₱29,216,771	₱32,460,310
Entertainment, amusement and recreation	**4,235,073**	5,677,091	5,725,606
Outside services	**3,921,467**	4,120,411	2,769,151
Depreciation (see Note 8)	**3,771,665**	3,068,588	765,430
Transportation and travel	**3,153,792**	4,299,793	4,332,887
Supplies	**1,889,206**	2,606,891	2,651,764
Dues and subscriptions	**1,645,142**	1,529,747	1,701,065
Insurance	**1,262,700**	1,479,272	1,373,320
Utilities	**1,147,340**	1,544,237	1,516,509
Software licenses and maintenance fees	**1,018,583**	328,858	1,582,186
Repairs and maintenance	**408,402**	422,126	497,311
Taxes and licenses	**246,527**	243,667	255,640
Others	**515,154**	588,687	569,009
	₱59,770,843	₱55,126,139	₱56,200,188

Personnel costs include the following:

	2025	2024	2023
Salaries, allowances and bonuses	**₱21,697,607**	₱21,913,719	₱20,731,104
Provision for year-end expense	**7,168,558**	–	–
Employee facilities and benefit	**4,328,754**	4,337,158	4,103,206
Pension expenses (Note 19)	**2,353,979**	2,016,056	6,783,334
SSS, Med. and HDMF Premium	**1,006,894**	949,838	842,666
	₱36,555,792	₱29,216,771	₱32,460,310

19. Retirement Benefit Liability

The Group has a funded, non-contributory defined benefit retirement plan covering its regular permanent employees. Retirement benefit expenses are based on each employees' number of years of service and final covered compensation.

Republic Act (RA) No. 7641 ("Retirement Pay Law") an Act amending Article 287 of Presidential Decree No. 442 ("Labor Code of the Philippines"), requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Changes in the net defined benefit liability in 2025 and 2024 follow:

2025

		Net Benefit Cost in Profit or Loss				Remeasurements in Other Comprehensive Income				
	January 1, 2025	Current Service Cost	Net interest Cost (Income)	Subtotal	Benefits Paid	Actuarial Gain on Defined Benefit Obligation	Remeasurement Loss on Plan Asset	Subtotal	Contributions	December 31, 2025 Net interest Cost (Income)
Present value of defined benefit obligation	**₱42,250,869**	**₱2,353,979**	**₱2,078,262**	**₱4,432,241**	**(₱5,454,000)**	**₱758,206**	**₱–**	**₱758,206**	**₱–**	**₱41,987,316**
Fair value of plan asset	**(34,179,772)**	**–**	**(2,055,869)**	**(2,055,869)**	**5,454,000**	**–**	**55,303**	**55,303**	**(4,500,000)**	**(35,226,338)**
Net defined benefit obligation	**₱8,071,097**	**₱2,353,979**	**₱22,393**	**₱2,376,372**	**₱–**	**₱758,206**	**₱55,303**	**₱813,509**	**(₱4,500,000)**	**₱6,760,978**

2024

		Net Benefit Cost in Profit or Loss				Remeasurements in Other Comprehensive Income				
	January 1, 2024	Current Service Cost	Net interest Cost (Income)	Subtotal	Benefits Paid	Actuarial Gain on Defined Benefit Obligation	Remeasurement Loss on Plan Asset	Subtotal	Contributions	December 31, 2024 Net interest Cost (Income)
Present value of defined benefit obligation	₱34,098,781	₱2,016,056	₱2,010,922	₱4,026,978	₱–	₱4,125,110	₱–	₱4,125,110	₱–	₱42,250,869
Fair value of plan asset	(32,910,413)	–	(2,008,077)	(2,008,077)	–	–	738,718	738,718	–	(34,179,772)
Net defined benefit obligation	₱1,188,368	₱2,016,056	₱2,845	₱2,018,901	₱–	₱4,125,110	₱738,718	₱4,863,828	₱–	₱8,071,097

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions. The trustee has no specific matching strategy between the plan assets and the retirement obligation. The Group is not required to pre-fund the defined benefit obligation before they become due. The amount and timing of contributions to the retirement fund are at the Group's discretion.

The Group's plan is a noncontributory defined benefit plan covering all regular and permanent employees. Benefits are based on the employee's final plan salary and years of service.

The fund is administered by a trustee bank under the supervision of the Retirement Committee of the plan. The Committee is responsible for the investment strategy of the plan.

The carrying value and fair value of plan assets by each class as at the end of the reporting period are as follow:

	2025	2024
Cash	**₱1,022**	₱2,332
Fixed income securities:		
Corporate bonds	**1,965,309**	1,914,663
Government securities	**31,778,965**	29,957,553
Mutual funds	**948,837**	1,797,897
Equity securities	**70,000**	70,000
Accrued income receivables	**503,424**	478,257
Liabilities	**(41,219)**	(40,930)
	₱35,226,338	₱34,179,772

The plan assets have diverse investments in equity and debt securities, and do not have any concentration risk.

The principal assumptions used in determining retirement benefits costs and retirement benefit liability for defined benefit plan shown below.

	2025	2024
Discount rate	**6.30%**	6.10%
Salary increase rate	**4.00%**	3.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined retirement benefits liability as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	**2025**	2024	2023
Discount rates	+1%	**₱39,895,787**	₱40,303,805	₱32,377,705
	-1%	**44,341,576**	44,427,120	36,018,067
Salary increase rate	+1%	**44,532,843**	44,618,543	36,199,525
	-1%	**39,688,044**	40,099,899	32,188,355

The Group contributed ₱4.5 million to the defined benefit pension plan in 2025 and is expected to contribute ₱4.0 million in 2026.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2025:

Within the next 12 months	₱1,977,505
Between 1 and 5 years	36,581,439
Between 5 and 10 years	13,351,778
Between 10 and 15 years	20,388,332
Between 15 and 20 years	16,677,233
More than 20 years	41,494,562
Total expected payments	₱130,470,849

The average duration of the defined retirement benefits liability as at December 31, 2025 and 2024 are 8.51 years and 8.08 years, respectively.

Remeasurement Loss
Remeasurement loss on retirement benefit liability are recognized immediately in the consolidated statements of financial position as part of equity. Details of the remeasurement follow:

	2025	2024	2023
Balance at beginning of year	**(₱46,560,234)**	(₱42,912,363)	(₱42,514,811)
Remeasurement losses	**(813,509)**	(4,863,828)	(530,069)
Income tax effects	**203,377**	1,215,957	132,517
Balance at end of year	**(₱47,170,366)**	(₱46,560,234)	(₱42,912,363)

20. **Income Taxes**

Current income tax
The details of provision for current income tax are as follows:

	2025	2024	2023
MCIT	**₱378,831**	₱173,769	₱130,006
Final taxes	**1,861,956**	632,739	1,849,818
	₱2,240,787	₱806,508	₱1,979,824

The reconciliation of provision for (benefit from) income tax computed using the statutory income tax rate with provision for (benefit from) income tax in the consolidated statements of income is as follows:

	2025	2024	2023
(Provision for) benefit from income tax computed at the statutory income tax rate	**(₱38,888,903)**	₱483,971	₱16,478,717
Add (deduct) tax effect of:			
Expired net operating loss carry-over (NOLCO)	**(52,509,562)**	–	–
Nontaxable income	**2,879,803**	12,450,670	19,807,485
Income subjected to final tax	**2,350,411**	1,324,388	2,601,629
Final taxes	**(1,861,956)**	(632,739)	(1,849,818)
Nondeductible expenses	**(1,295,225)**	(3,397,677)	(4,790,346)
Expired portion of excess MCIT over RCIT	**(495,121)**	(106,807)	(211,123)
Movement in unrecognized deferred tax assets	**–**	–	(64,073,087)
(Provision for) benefit from income tax	**(₱89,820,553)**	₱10,121,806	₱32,036,543

Deferred income tax

Net deferred income tax assets represent the following:

	2025	2024
Deferred income tax assets on:		
NOLCO	**₱112,486,744**	₱142,069,665
Provision for P&A costs	**43,750,717**	8,446,605
Unamortized past service cost	**5,784,975**	6,214,846
Provision for year-end expenses	**1,792,139**	–
Retirement benefits	**1,690,244**	2,017,774
Excess of MCIT over RCIT	**682,606**	798,896
Provision for impairment on deferred oil and gas exploration cost	**–**	83,730,695
	166,187,425	243,278,481
Deferred income tax liabilities on:		
Unrealized forex gain	**(707,947)**	(1,734,353)
Decommissioning asset	**(12,286,231)**	(974,492)
	(12,994,178)	(2,708,845)
	₱153,193,247	₱240,569,636

Details of the Group’s NOLCO and excess MCIT over RCIT that can be claimed as deduction from future taxable income and future income tax due are as follows:

	NOLCO		Excess MCIT over RCIT	
Year incurred	Year of Expiry	Amount	Year of Expiry	Amount
2020	2025	₱195,497,024	2023	₱–
2021	2026	90,194,455	2024	–
2022	2025	14,541,223	2025	495,121
2023	2026	189,257,849	2026	130,006
2024	2027	78,788,110	2027	173,769
2025	2028	91,706,562	2028	378,831
		₱659,985,223		₱1,177,727
Expired during the year		(210,038,247)		(495,121)
		₱449,946,976		₱682,606

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover as One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

In 2025 and 2024, the Group did not recognize deferred tax assets on NOLCO amounting to ₱0.06 million and ₱0.08 million, respectively.

21. **Fair Value Measurement**

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm’s-length transaction, other than in forced or liquidation sale.

The carrying amounts of financial assets (except financial assets at FVOCI and advances to a related party) and financial liabilities approximate their fair values because of their short-term nature. Financial assets at FVOCI are carried at fair value based on the quoted values of the securities. Advances to a related party are long-term and interest-bearing, thus, fair value is equal to the carrying value.

Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy as follows:

2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Asset measured at fair value:				
Financial assets at FVOCI	**₱ 70,748,276**	**P–**	**₱–**	**₱70,748,276**

2024	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Financial assets at FVOCI	₱43,219,632	₱4,250,000	₱–	₱47,469,632

As at December 31, 2025 and 2024, there were no transfers between Level 1, Level 2, and Level 3 fair value measurement.

22. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are comprised mainly of cash and cash equivalents, receivables, financial assets at FVOCI, other noncurrent financial assets, accounts payable and accrued liabilities (except withholding taxes) and dividends payable. The main purpose of these financial instruments is to provide financing for the Group's operations and capital-intensive projects. The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risks. The market risks exposure of the Group can be further classified to foreign currency risk and equity price risk. The BOD reviews and approves the policies for managing some of these risks and they are summarized as follows:

Foreign Currency Risk

Foreign currency risk is the risk that the value of the Group's financial instruments will fluctuate because of changes in foreign exchange rates. The Group's transactional currency exposures arise from cash and cash equivalents and receivables. The Group's foreign currency-denominated monetary assets as at December 31, 2025 and 2024 follow:

	2025		2024	
	US$	**Peso Equivalent**	US$	Peso Equivalent
Cash and cash equivalents	**$1,377,831**	**₱81,002,684**	$590,402	₱34,151,804
Receivables	**1,000,000**	**58,790,000**	1,000,000	57,845,000
Accounts with partners	**(483,492)**	**(28,424,474)**	(213,112)	(12,726,476)
Monetary assets	**$1,894,339**	**₱111,368,210**	$1,377,290	₱79,270,328

In translating the foreign currency-denominated financial instruments into Philippine peso amounts, the exchange rates used are US $1.0 to ₱58.790 and US $1.0 to ₱57.845 as at December 31, 2025 and 2024, respectively.

The Group recognized net foreign exchange gain amounting to ₱2.85 million and ₱19.46 million in 2025 and 2024, respectively.

The following table demonstrates the sensitivity of the Group's income before income tax (solely from foreign currency revaluation) to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Group's income before income tax due to changes in the carrying value of financial assets and liabilities. The sensitivity range is based on the historical volatility of the foreign exchange rate for the past year. The analysis is based on the assumption that last year's foreign currency rate volatility will be the same in the following year.

	Movement in Foreign Exchange Rate Increase (Decrease)	Effect on Income Before Income Tax
2025	**1.07%**	**₱ 2,022,207**
	(0.73%)	**(1,387,604)**
2024	1.09%	₱1,493,727
	(1.16%)	(1,589,655)

Foreign currency risk has no other impact on the Group's equity other than through profit or loss.

Credit Risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations. With respect to credit risk arising from the financial assets of the Group, which comprise of cash in banks, short-term investments, receivables, financial assets at FVOCI, advances to related parties and other noncurrent financial assets, the Group's exposure to credit risk could arise from default of the counterparty.

The Group trades only with recognized, creditworthy third parties. However, the Group's credit risk exposure is concentrated on a few counterparties as inherent in the oil exploration and production business.

The table below summarizes the Group's gross maximum credit risk exposure from its financial instruments. These amounts are gross of collateral and credit enhancements, but net of any amounts offset and allowance for impairment losses:

	2025	2024
Amortized costs:		
Cash in banks and cash equivalents	**₱261,072,846**	₱395,621,748
Receivables	**434,591,860**	301,007,109
Other noncurrent financial assets	**20,000,000**	–
Financial assets at FVOCI	**70,748,276**	47,469,632
	₱786,412,982	₱744,098,489

In determining the credit risk exposure, the Group has established probability of default rates based on available credit ratings published by third-party credit rating agencies. The credit ratings already considered the forward-looking information. When a counterparty does not have published credit ratings, the Group benchmarks the credit ratings of comparable companies, adjusted to account for the difference in size and other relevant metrics.

While these financial assets are also subject to the impairment requirements of PFRS 9, the identified impairment loss was immaterial.

	2025					
		Days Past Due				
	Current	**60 Days**	**180 Days**	**More than 180 Days**	**ECL**	**Total**
Cash and cash equivalents*	**₱261,072,846**	**₱–**	**₱–**	**₱–**	**₱–**	**₱261,072,846**
Receivables:						
Advances to related parties	**407,790,000**	**–**	**–**	**–**	**–**	**407,790,000**
Accrued interest	**6,459,897**	**681,627**	**1,340,955**	**13,648,771**	**–**	**22,131,250**
Accounts with partners	**4,121,247**	**–**	**–**	**–**	**–**	**4,121,247**
Others	**184,288**	**–**	**–**	**365,075**	**–**	**549,363**
Other noncurrent financial assets	**20,000,000**	**–**	**–**	**–**	**–**	**20,000,000**
Financial assets at FVOCI	**70,748,276**	**–**	**–**	**–**	**–**	**70,748,276**
	₱770,376,554	**₱681,627**	**₱1,340,955**	**₱14,013,846**	**₱–**	**₱786,412,982**

**Excluding cash on hand of ₱21,764*

	2024					
		Days Past Due				
	Current	60 Days	180 Days	More than 180 Days	ECL	Total
Cash and cash equivalents*	₱395,621,748	₱–	₱–	₱–	₱–	₱395,621,748
Receivables:						
Advances to related parties	286,845,000	–	–	1,376,802	–	288,221,802
Accrued interest	4,444,406	681,627	1,340,955	5,625,339	–	12,092,327
Others	327,904	–	–	365,076	–	692,980
Financial assets at FVOCI	47,469,632	–	–	–	–	47,469,632
	₱734,708,690	₱681,627	₱1,340,955	₱7,367,217	₱–	₱744,098,489

**Excluding cash on hand of ₱22,313.*

The table below shows the credit quality of the Group's financial assets based on their historical experience with the corresponding debtors.

Credit risk under general approach

	2025			
	General Approach			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents*	**₱261,072,846**	**₱–**	**₱–**	**₱261,072,846**
Receivables:				
Advances to related parties	**407,790,000**	**–**	**–**	**407,790,000**
Accrued interest	**22,131,250**	**–**	**–**	**22,131,250**
Accounts with partners	**4,121,247**	**–**	**–**	**4,121,247**
Others	**549,363**	**–**	**–**	**549,363**
Other noncurrent financial assets	**20,000,000**	**–**	**–**	**20,000,000**
Financial assets at FVOCI	**70,748,276**	**–**	**–**	**70,748,276**
	₱786,412,982	**₱–**	**₱-**	**₱786,412,982**

**Excluding cash on hand of ₱21,764*

	2024			
	General Approach			
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents*	₱395,621,748	₱–	₱–	₱395,621,748
Receivables:				
Advances to related parties	288,221,802	–	–	288,221,802
Accrued interest	12,092,327	–	–	12,092,327
Accounts with partners	262,573	–	–	262,573
Others	430,407	–	–	430,407
Financial assets at FVOCI	47,469,632	–	–	47,469,632
	₱744,098,489	₱–	₱–	₱744,098,489

**Excluding cash on hand of ₱22,313*

Liquidity Risk
Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and operating cash flows. The Group addresses liquidity concerns primarily through cash flows from operations and short-term borrowings.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

2025	**Less than three months**	**Three to twelve months**	**More than twelve months**	**Total**
Financial liabilities				
Accounts payable and accrued liabilities*	**(₱36,629,724)**	**₱–**	**₱–**	**(₱36,629,724)**
Dividends payable	**(33,103,318)**	**–**	**–**	**(33,103,318)**
	(₱69,733,042)	**₱–**	**₱–**	**(₱69,733,042)**

**Excluding government payables of ₱567,362*

2024	Less than three months	Three to twelve months	More than twelve months	Total
Financial liabilities				
Accounts payable and accrued liabilities*	(₱20,462,232)	₱–	₱–	(₱20,462,232)
Dividends payable	(33,121,850)	–	–	(33,121,850)
	(₱53,584,082)	₱–	₱–	(₱53,584,082)

**Excluding government payables of ₱702,556*

Changes in liabilities arising from financing activities

	2025			
	January 1	**Cash flows**	**Others**	**December 31**
Dividends	**₱33,121,850**	**(₱18,532)**	**₱–**	**₱33,103,318**

	2024			
	January 1	Cash flows	Others	December 31
Dividends	₱33,126,610	(₱4,760)	₱–	₱33,121,850

	2023			
	January 1	Cash flows	Others	December 31
Dividends	₱33,126,610	₱–	₱–	₱33,126,610

Market Risk
Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in foreign currency exchanges rates and equity price.

Equity Price Risk
Equity price risk is the risk that the fair values of investments in quoted equity securities could decrease as a result of changes in the prices of equity indices and the value of individual stocks. The Group is exposed to equity securities price risk because of investments held by the Group, which are classified in the consolidated statements of financial position as financial assets at FVOCI.

The following table shows the sensitivity of the Group's equity (through OCI) from changes in the carrying value of the Group's financial assets at FVOCI due to reasonably possible changes in the Philippine Stock Exchange index (PSEi), with all other variables held constant, of the Group's equity (through OCI) due to changes in the carrying value of the Group's financial assets at FVOCI. The analysis links PSEi changes, which proxies for general market movements, to individual stock prices through the adjusted betas of each individual stock. Betas are coefficients depicting the sensitivity of individual prices to market movements.

The sensitivity range is based on the historical volatility of the PSEi for the past year. The analysis is based on the assumption that last year's PSEi volatility will be the same in the following year.

	Percentage Change in PSEi	Effect on Equity
2025	**+16.75%**	**₱ 9,628,819**
	-16.75%	**(9,628,819)**
2024	+15.30%	₱10,151,996
	-15.30%	(10,151,996)

The impact of equity price risk on the Group's equity excludes the impact on transactions affecting profit or loss.

23. Capital Management

The Group maintains a capital base to cover risks inherent in the business. The primary objective of the Group's capital management is to optimize the use and the earnings potential of the Group's resources, ensuring that the Group complies with externally imposed, legal or contractual, capital requirements, if any, and considering changes in economic conditions and the risk characteristics of the Group's activities.

No significant changes have been made in the objectives, policies and processes of the Group from the previous years. In addition, there were no restrictions as to the capital of the Group.

The following table summarizes the total capital considered by the Group:

	2025	2024
Capital stock	**₱1,743,479,943**	₱1,743,479,943
Additional paid-in capital from sale of treasury shares	**1,624,012**	1,624,012
Net unrealized loss on decline in value of available-for-sale financial assets	**(39,898,374)**	(63,177,018)
Share in other comprehensive income of associate	**55,179,014**	53,316,288
Remeasurement of retirement in OCI	**(47,170,366)**	(46,560,234)
Retained earnings	**990,420,684**	944,101,580
	₱2,703,634,913	₱2,632,784,571

The Company monitors capital on the basis of the debt-to-equity ratio and makes adjustments to it in light of changes in economic conditions and its financial position. This ratio is calculated as total debt divided by total equity. Debt pertains to accounts payable and other current liabilities. Equity comprises all components of equity.

The Group's debt-to-equity ratios are as follows:

	2025	2024
Total liabilities	**₱252,064,250**	₱96,144,157
Equity	**2,703,634,913**	2,632,784,571
Debt-to-Equity Ratio	**₱0.09:1**	₱0.04:1

24. **Segment Information**

Currently, the Group has 2 business segments. The Parent Company is primarily involved in oil exploration and production while PPC, pre-operating segment, is primarily engaged in production, supply, trading and generation of electric power using various energy sources. Revenue generated consists solely of revenue from petroleum operations. Other income is derived from equity in net earnings of associates. PPC has not yet started commercial operation since its incorporation therefore, expenses were only incurred during the year.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President and Chairman of the Parent Company who makes strategic decisions.

	2025			
	Oil and Gas	**Power**	**Elimination**	**Total**
Consolidated revenue				
External customers	**₱159,386,884**	**₱–**	**₱–**	**₱159,386,884**
Share in costs and operating expenses	**(92,927,486)**	**–**	**–**	**(92,927,486)**
General and administrative expenses	**(59,708,971)**	**(61,872)**	**–**	**(59,770,843)**
	6,750,427	**(61,872)**	**–**	**6,688,555**
Reversal of unrecoverable def costs	**277,620,492**			**277,620,492**
Provision for plug and abandonment	**(125,857,946)**			**(125,857,946)**
Share in net income of associates	**(19,353,011)**	**–**	**–**	**(19,353,011)**
Dividend income	**1,285,889**	**–**	**–**	**1,285,889**
Foreign exchange gains - net	**2,849,386**	**–**	**–**	**2,849,386**
Loss on write off of advance	**(1,376,801)**			**(1,376,801)**
Other charges – net	**(713,867)**	**(1,070)**	**–**	**(714,937)**
Income (loss) before interest, taxes, depreciation and depletion	**141,204,569**	**(62,942)**	**–**	**141,141,627**
Interest income	**35,112,747**	**–**	**–**	**35,112,747**
Interest expense	**(1,591,419)**	**–**	**–**	**(1,591,419)**
Depreciation and depletion	**(38,523,298)**	**–**	**–**	**(38,523,298)**
Income (loss) before income tax	**136,202,599**	**(62,942)**	**–**	**136,139,657**
(Provision for) Benefit from income tax	**(89,820,553)**	**–**	**–**	**(89,820,553)**
Net income (loss)	**₱46,382,046**	**(₱62,942)**	**₱–**	**₱46,319,104**
Segment assets	**₱2,964,634,237**	**₱8,228,826**	**(₱17,163,901)**	**₱2,955,699,162**
Segment liabilities	**(₱260,246,035)**	**(₱47,040)**	**₱8,228,826**	**(₱252,064,249)**
Depreciation, depletion, and amortization	**₱38,523,298**	**₱–**	**₱–**	**₱38,523,298**
Other disclosures:				
Investment in associates	**₱871,806,016**	**₱–**	**₱–**	**₱871,806,016**
Capital expenditure	**₱10,640,137**	**₱–**	**₱–**	**₱10,640,137**

	2024			
	Oil and Gas	Power	Elimination	Total
Consolidated revenue				
External customers	₱211,756,468	₱–	₱–	₱211,756,468
Share in costs and operating expenses	(155,682,610)	–	–	(155,682,610)
General and administrative expenses	(55,056,256)	(69,883)	–	(55,126,139)
	(210,738,866)	(69,883)	–	(210,808,749)
Provision for impairment loss on:				
Deferred oil and gas exploration costs	–	–	–	–
Investment in Associate	–	–	–	–
Share in net income of associates	(7,826,215)	–	–	(7,826,215)
Dividend income	1,288,913	–	–	1,288,913
Foreign exchange gains – net	18,341,009	–	–	18,341,009
Other charges – net	(876,899)	(11,430)	–	(888,329)
ssLoss before interest, taxes, depreciation, and depletion	11,944,410	(81,313)	–	11,863,097
Interest income	31,364,009	–	–	31,364,009
Interest expense	(1,922,568)	–	–	(1,922,568)
Depreciation and depletion	(43,240,423)	–	–	(43,240,423)
Income (Loss) before income tax	(1,854,572)	(81,313)	–	(1,935,882)
Provision for income tax	10,121,806	–	–	10,121,806
Net income (loss)	₱8,267,234	(₱81,313)	₱–	₱8,185,924
Segment assets	₱2,739,513,802	₱8,268,249	(₱17,203,323)	₱2,728,928,728
Segment liabilities	(₱104,388,886)	(₱23,520)	₱8,268,249	(₱97,144,157)
Depreciation, depletion, and amortization	₱43,240,423	₱–	₱–	₱43,240,423
Other disclosures:				
Investment in associates	₱889,296,301	₱–	₱–	₱889,296,301
Capital expenditure	₱25,421,460	₱–	₱–	₱25,421,460

SyCip Gorres Velayo & Co.
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1226 Makati City
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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
The Philodrill Corporation
8th Floor, Quad Alpha Centrum
125 Pioneer St., Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of The Philodrill Corporation and Subsidiary (The Group) as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025 and have issued our report thereon dated March 24, 2026. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules listed in the Index to Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Marco Rene A. Barredo

Marco Rene A. Barredo
Partner
CPA Certificate No. 116783
Tax Identification No. 214-999-478
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 116783-SEC (Group A)
Valid to cover audit of 2025 to 2029 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-160-2025, December 18, 2024, valid until December 17, 2027
PTR No. 10765015, January 2, 2026, Makati City

March 24, 2026

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
The Philodrill Corporation
8th Floor, Quad Alpha Centrum
125 Pioneer St., Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of The Philodrill Corporation and Subsidiary (The Group) as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025 and have issued our report thereon dated March 24, 2026. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Marco Rene A. Barredo

Marco Rene A. Barredo
Partner
CPA Certificate No. 116783
Tax Identification No. 214-999-478
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
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Valid to cover audit of 2025 to 2029 financial statements
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Valid to cover audit of 2021 to 2025 financial statements
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PTR No. 10765015, January 2, 2026, Makati City

March 24, 2026

THE PHILODRILL CORPORATION AND SUBSIDIARY
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

ANNEX I

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2025

THE PHILODRILL CORPORATION
8th Floor, Quad Alpha Centrum, 125 Pioneer St. Mandaluyong City

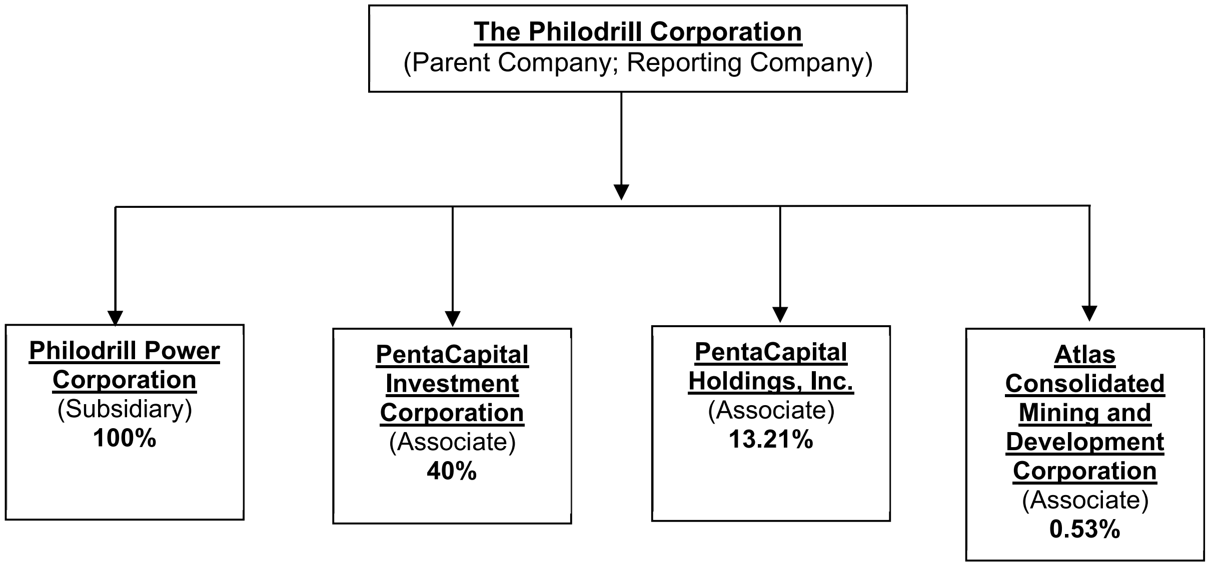
Unappropriated Retained Earnings, *beginning of the year*		₱502,653,983
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Reversal of Retained Earnings Appropriation	–	
Effect of restatements or prio-period adjustments	–	
		–
Less: Category B: Items that are directly debited to unappropriated retained earnings		
Dividend declaration during the year	–	
Retained Earnings appropriated during the year	–	
Effect of restatements or prior-period adjustments	–	
		–
Unappropriated Retained Earnings, *as adjusted*		502,653,983
Add: Net income for the year		65,735,051
Less: Category C.1: Unrealized income recognized in profit or loss during the reporting period (net of tax)		
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	–	
Subtotal		–
Add: Category C.2: Unrealized income recognized in the profit or loss in prior period reporting periods but realized in the current reporting period (net if tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	3,519,887	
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	–	
Subtotal		3,519,887
Add: Category C.3: Unrealized income recognized in the profit or loss in prior period reporting periods but reversed in the current reporting period (net of tax)		
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 realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Subtotal		–
Adjusted Net Income		69,254,938
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares	–	

Net movement of deferred tax asset not considered in the reconciling items under the previous categories	111,572,139	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction	(23,992,373)	
Adjustment due to deviation from PFRS/GAAP – gain (loss)	–	
Subtotal		87,579,766
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND DECLARATION		**₱659,488,687**

ANNEX II

THE PHILODRILL CORPORATION AND SUBSIDIARY
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2025

A map showing the relationship between and among the companies and its ultimate parent, middle parent subsidiaries or co-subsidiaries and associates:



ANNEX III – A

THE PHILODRILL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PERSUANT TO THE REVISED SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2025

SCHEDULE A. FINANCIAL ASSETS

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amounts of Bonds and Notes	Amount shown in the Statements of financial position	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Cash				
Cash in banks and cash equivalents	N/A	₱261,094,610	₱261,094,610	₱18,843,804
Receivables				
Advances to related parties	N/A	407,790,000	407,790,000	–
Accrued interest	N/A	22,131,250	22,131,250	16,238,873
Others	N/A	4,670,610	4,670,610	–
Financial assets at FVOCI				
East Coast Vulcan Corporation	3,100,000 shares	837,000	837,000	–
United Paragon Mining Corporation	6,839,068,254 shares	39,666,596	39,666,596	–
Camp John Hay Golf Club	17 shares	4,250,000	4,250,000	–
Oriental Petroleum and Minerals Corporation	2,460,800,000 shares	29,529,600	29,529,600	–
Shang Properties, Inc.	202,000 shares	715,080	715,080	–
TOTAL	**9,303,170,271 shares**	**₱770,684,746**	**₱770,684,746**	**₱35,082,678**

ANNEX III – B

THE PHILODRILL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PERSUANT TO THE REVISED SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2025

SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

Name and Designation of debtor	Balance at Beginning Period	Additions	Amounts Collected	Amounts Written off	Translation Adjustment	Balance at End of Period		
						Current	Noncurrent	Balance at end of period 2025
Advances to related parties								
Alakor Corporation	₱169,000,000	₱–	₱–	₱–	₱–	₱169,000,000	₱–	₱169,000,000
Abacus Book and Card Corporation	60,000,000	178,790,000	–	–	–	238,790,000	–	238,790,000
United Paragon Minerals Corporation	1,376,802	–	–	(1,376,802)	–	–	–	–
National Bookstore	57,845,000		[1](58,790,000)	–	945,000	–	–	–
TOTAL	₱288,221,802	₱178,790,000	(₱58,790,000)	(₱1,376,802)	₱945,000	₱407,790,000	₱–	₱407,790,000

1 - The amount in the amount collected column in relation to National Bookstore pertains to those receivables transferred to Abacus Book and Card Corporation.

ANNEX III – C

THE PHILODRILL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PERSUANT TO THE REVISED SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2025

SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

Name and Designation of Debtor	Balance of beginning of period	Additions	Amounts collected	Amounts written off	Current	Non current	Balance at end of period
Philodrill Power Corp. (Wholly-owned subsidiary)	**₱8,268,249**	**₱–**	**(₱39,422)**	**₱–**	**₱–**	**₱8,228,827**	**₱8,228,827**
TOTAL	**₱8,268,249**	**₱–**	**(₱39,422)**	**₱–**	**₱–**	**₱8,228,827**	**₱8,228,827**

<u>**ANNEX III – D**</u>

THE PHILODRILL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PERSUANT TO THE REVISED SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2025

SCHEDULE D. LONG TERM DEBT

Title of Issue and type of obligation	Amount authorized by: indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long Term borrowings- net of current portion" in related balance sheet
-NONE TO REPORT-			

ANNEX III – E

THE PHILODRILL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PERSUANT TO THE REVISED SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2025

SCHEDULE E. INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

Name of Related Party	Balance at beginning of period	Balance at end of period
-NONE TO REPORT-		

<u>ANNEX III – F</u>

THE PHILODRILL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PERSUANT TO THE REVISED SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2025

SCHEDULE F. GUARANTEES OF SECURITIES OF OTHER ISSUERS

Name of issuing entity of securities guaranteed by the Group for which this 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 filed	Nature of Guarantee
-NONE TO REPORT-				

ANNEX III – G

THE PHILODRILL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PERSUANT TO THE REVISED SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2025

SCHEDULE G. CAPITAL STOCK

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial condition caption	Number of shares reserved for option, warrants, conversions and other rights	No. of shares held by		
				Affiliates	Directors and Officers	Others
Common shares	200,000,000	191,868,805,358	–	100,859,094,943	1,047,071,569	89,962,638,846

THE PHILODRILL CORPORATION AND SUBSIDIARY
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS
PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED
DECEMBER 31, 2025

Below are the financial ratios that are relevant to the Group for the year ended December 31, 2025 and 2024:

	Formula	2025	2024	2023
Profitability Ratios:				
Return on assets	Net income/(loss) Total assets 46,319,104 2,955,699,163	1.57%	0.30%	(1.25%)
Return on equity	Net income/(loss) Total equity 46,319,104 2,703,634,913	1.71%	0.31%	(1.28%)
Gross profit margin	Gross Profit: (Share in petroleum revenue– share in costs and operating expenses – depletion expense) Share in petroleum revenue 27,936,100 159,386,884	17.53%%	6.06%	6.01%
Net profit margin	Income (loss) before income tax Share in petroleum revenue 136,139,657 159,386,884	85.41%	-0.91%	(32.38) %
Liquidity Ratios:				
Current ratio	Current assets Current liabilities 740,665,905 70,300,404	10.54:1.00	13.77:1.00	16.72:1.00
Quick ratio	Cash and cash equivalents + receivables Current liabilities 695,686,470 70,300,404	9.90:100	12.83:1.00	15.11. :1.00

Financial Leverage Ratios:				
Asset to equity ratio	Total assets Total equity 2,955,699,163 2,703,634,913	1.09:1.00	1.04:1.00	1.03:1.00
Debt to equity ratio	Total liabilities Total equity 252,064,250 2,703,634,913	0.09:1.00	0.04:1.00	0.03:1.00

The Philodrill Corporation and Subsidiary
Supplementary Schedule of External Auditor Fee-Related Information
December 31, 2025

	2025	2024
Total Audit Fees	**₱1,220,000**	₱1,210,650
Total Non-audit services fees:		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
Total Non-audit Fees	–	–
Total Fees	**₱1,220,000**	₱1,210,650

Gmail

Jennifer Tombaga <tombagajp@philodrill.com>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>
To: JPTOMBAGA@philodrill.com
Cc: JPTOMBAGA@philodrill.com

Wed, Apr 15, 2026 at 4:07 PM

Hi THE PHILODRILL CORPORATION,

Valid files

- EAFS000315612OTHTY122025.pdf
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Transaction Code: **AFS-0-N1ZQ1NWW06GHC9JA6PQYPRTZW0NYMSMWXY**
Submission Date/Time: **Apr 15, 2026 04:07 PM**
Company TIN: **000-315-612**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

THE PHILODRILL CORPORATION
QUAD ALPHA CENTRUM, 125 PIONEER, MANDALUYONG CITY, PHILIPPINES
TEL. NOS. 8631-1801 TO 05 ; 8631-8151/52 ; WEBSITE: www.philodrill.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of The Philodrill Corporation is responsible for the preparation and fair presentation of the parent company financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

SyCip, Gorres, Velayo & Co., the independent auditor appointed by the stockholders for the periods December 31, 2025 and 2024, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

GERARD ANTON S. RAMOS
Chairman of the Board

ADRIAN PAULINO S. RAMOS
Chief Executive Officer/President

J.E. THOMAS P. SALUSTIANO
Chief Financial Officer

Signed this 24th day of March 2026

SUBSCRIBED AND SWORN to before me this 0 7 APR 2026 day of ______ 2026 affiants exhibiting to me their Passport/Driver's license, as follows:

NAMES	PASSPORT / DL NO.	EXPIRATION DATE	PLACE OF ISSUE
Gerard Anton S. Ramos	P7752563A	June 29, 2028	DFA NCR South
Adrian Paulino S. Ramos	P6368801B	February 22, 2031	DFA NCR East
J.E. Thomas P. Salustiano	P6400560C	January 31, 2034	DFA Manila

ATTY. JOSEPHINE C. LAFIGUERA - ILAS
NOTARY PUBLIC / CITY OF MANDALUYONG
APPT. NO. 0644-25 UNTIL 12-31-2026
QUAD ALPHA CENTRUM, 125 PIONEER STREET
MANDALUYONG CITY 1550
PTR NO. 6045671 / MANDALUYONG CITY / 01-09-2026
IBP NO. 585377 / 01-04-2026 / RSM CHAPTER
MCLE COMPLIANCE NO. VIII-0016124 / 11-20-2024
ROLL NO. 44784

Doc. No. 265
Page No. 54
Book No. II
Series of 2026.

DOCUMENTARY
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0 7 APR 2026

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

3 8 6 8 3

C O M P A N Y N A M E

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

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

8 t h   F l o o r ,   Q u a d   A l p h a   C e n t r u m ,
1 2 5   P i o n e e r   S t . ,   M a n d a l u y o n g
C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A P F S	C R M D	N / A

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
info@philodrill.com	(632) 8631-8151	N / A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
8,507	06/18	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
Mr. J.E. Thomas P. Salustiano	jpsalustiano@philodrill.com	(632) 8631-8151	N / A

CONTACT PERSON's ADDRESS

8th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong 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.*

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.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
The Philodrill Corporation
8th Floor, Quad Alpha Centrum
125 Pioneer St., Mandaluyong City

Opinion

We have audited the Parent Company financial statements of The Philodrill Corporation (the Parent Company), which comprise the Parent Company statements of financial position as at December 31, 2025 and 2024, and the Parent Company statements of income, Parent Company statements of comprehensive income, Parent Company statements of changes in equity and Parent Company statements of cash flows for the years then ended, and notes to the Parent Company financial statements, including material accounting policy information.

In our opinion, the accompanying Parent Company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company 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 PSAs 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 Parent Company financial statements.

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

- Identify and assess the risks of material misstatement of the Parent Company 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 Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Parent Company 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 Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Parent Company financial statements, including the disclosures, and whether the Parent Company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the Parent Company financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 24 to the Parent Company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of The Philodrill Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Marco Rene A. Barredo

Marco Rene A. Barredo
Partner
CPA Certificate No. 116783
Tax Identification No. 214-999-478
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 116783-SEC (Group A)
Valid to cover audit of 2025 to 2029 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-160-2025, December 18, 2024, valid until December 17, 2027
PTR No. 10765015, January 2, 2026, Makati City

March 24, 2026

THE PHILODRILL CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱261,094,610**	₱395,644,061
Receivables (Note 5)	**434,332,942**	300,748,196
Crude oil inventory (Notes 6 and 7)	**35,910,115**	41,683,874
Other current assets	**9,069,320**	9,082,984
Total Current Assets	**740,406,987**	747,159,115
Noncurrent Assets		
Investments in associates and subsidiary (Note 9)	**631,605,502**	631,605,502
Deferred oil exploration costs (Note 11)	**859,079,703**	576,367,250
Property and equipment (Note 8)	**240,206,016**	227,807,881
Deferred income tax assets - net (Note 20)	**153,193,247**	240,569,636
Financial assets at fair value through other comprehensive income (FVOCI) (Note 10)	**70,748,276**	47,469,632
Other noncurrent financial asset (Note 4)	**20,000,000**	–
Total Noncurrent Assets	**1,974,832,744**	1,723,819,901
TOTAL ASSETS	**₱2,715,239,731**	₱2,470,979,016
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 12)	**₱45,378,873**	₱29,409,516
Dividends payable (Note 14)	**33,103,318**	33,121,850
Total Current Liabilities	**78,482,191**	62,531,366
Noncurrent Liabilities		
Provisions for plug and abandonment costs (Notes 7 and 13)	**175,002,868**	33,786,422
Retirement benefit liability (Note 19)	**6,760,978**	8,071,097
Total Noncurrent Liabilities	**181,763,846**	41,857,519
Total Liabilities	**260,246,037**	104,388,885
Equity		
Capital stock (Notes 14 and 23)	**1,743,479,943**	1,743,479,943
Additional Paid-in capital from sale of treasury shares (Note 23)	**1,624,012**	1,624,012
Net unrealized loss on decline in value of financial assets at FVOCI (Note 10)	**(39,898,374)**	(63,177,018)
Remeasurement loss on retirement benefit liability (Note 19)	**(47,170,366)**	(46,560,234)
Retained earnings	**796,958,479**	731,223,428
Total Equity	**2,454,993,694**	2,366,590,131
TOTAL LIABILITIES AND EQUITY	**₱2,715,239,731**	₱2,470,979,016

See accompanying Notes to Parent Company Financial Statements.

THE PHILODRILL CORPORATION
PARENT COMPANY STATEMENTS OF INCOME

	Years Ended December 31	
	2025	2024
SHARE IN PETROLEUM REVENUE (Note 7)	**₱159,386,884**	₱211,756,468
COSTS AND EXPENSES		
Share in costs and operating expenses (Notes 7 and 17)	**92,927,486**	155,682,610
General and administrative expenses (Note 18)	**59,708,972**	55,056,256
Depletion expense (Notes 7 and 8)	**38,523,298**	43,240,423
	191,159,756	253,979,289
OTHER INCOME – net		
Reversal of unrecoverable deferred oil and gas exploration costs (Note 11)	**277,620,492**	–
Provisions for plug and abandonment costs (Note 13)	**(125,857,946)**	–
Interest income (Notes 4 and 16)	**35,112,747**	31,364,009
Foreign exchange gains - net (Notes 13 and 22)	**2,849,386**	18,341,009
Interest expense (Notes 13 and 19)	**(1,591,419)**	(1,922,568)
Loss on write-off of advances (Notes 5 and 16)	**(1,376,801)**	–
Dividend income (Notes 9 and 10)	**1,285,889**	5,149,512
Others - net	**(713,872)**	(876,899)
	187,328,476	52,055,063
INCOME BEFORE INCOME TAX	**155,555,604**	9,832,242
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 20)		
Current	**2,240,787**	806,508
Deferred	**87,579,766**	(10,928,314)
	89,820,553	(10,121,806)
NET INCOME	**₱65,735,051**	₱19,954,048
EARNINGS PER SHARE (Note 15)		
Basic/Diluted	**₱0.00034**	₱0.00010

See accompanying Notes to Parent Company Financial Statements.

THE PHILODRILL CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2025	2024
NET INCOME	**₱65,735,051**	₱19,954,048
OTHER COMPREHENSIVE INCOME (LOSS)		
Item not to be reclassified to profit or loss in subsequent periods:		
Unrealized gain (loss) on financial assets at FVOCI (Note 10)	**23,278,644**	(9,160,008)
Remeasurement loss on retirement benefit liability, net of tax (Note 19)	**(813,509)**	(4,863,828)
Income tax effects	**203,377**	1,215,957
	(610,132)	(3,647,871)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**22,668,512**	(12,807,879)
TOTAL COMPREHENSIVE INCOME	**₱88,403,563**	₱7,146,169

See accompanying Notes to Parent Company Financial Statements.

THE PHILODRILL CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Capital Stock (Note 14)	Paid-in Capital from Sale of Treasury Shares	Net Unrealized Income (Loss) on Decline in Value of Financial Assets at FVOCI (Note 10)	Reserve Remeasurement Loss on Retirement Benefit Liability (Note 19)	Retained Earnings	Total
Balances at January 1, 2024	**₱1,743,479,943**	**₱1,624,012**	**(₱54,017,010)**	**(₱42,912,363)**	**₱711,269,380**	**₱2,359,443,962**
Net income	–	–	–	–	19,954,048	19,954,048
Other comprehensive loss	–	–	(9,160,008)	(3,647,871)	–	(12,807,879)
Total comprehensive income (loss)	–	–	(9,160,008)	(3,647,871)	19,954,048	7,146,169
Balances at December 31, 2024	**₱1,743,479,943**	**₱1,624,012**	**(₱63,177,018)**	**(₱46,560,234)**	**₱731,223,428**	**₱2,366,590,131**
Net income	–	–	–	–	65,735,051	65,735,051
Other comprehensive income (loss)	–	–	23,278,644	(610,132)	–	22,668,512
Total comprehensive income (loss)	–	–	23,278,644	(610,132)	65,735,051	88,403,563
Balances at December 31, 2025	**₱1,743,479,943**	**₱1,624,012**	**(₱39,898,374)**	**(₱47,170,366)**	**₱796,958,479**	**₱2,454,993,694**

See accompanying Notes to Financial Statements.

THE PHILODRILL CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱155,555,604**	₱9,832,242
Adjustments for:		
Reversal of allowance for unrecoverable deferred oil and gas exploration costs (Note 11)	**(277,620,492)**	–
Provision for plug and abandonment costs (Note 13)	**125,857,946**	–
Depletion and depreciation expense (Notes 7 and 8)	**42,294,963**	46,309,011
Derecognition of plug and abandonment costs (Note 13)	**(35,355,448)**	–
Interest income (Notes 4 and 16)	**(35,112,747)**	(31,364,009)
Unrealized foreign exchange gains - net	**(2,831,787)**	(5,819,665)
Retirement benefit expense (income) (Note 19)	**(2,123,628)**	2,018,901
Accretion expense (Note 13)	**1,569,026**	1,919,723
Dividend income (Notes 9 and 10)	**(1,285,889)**	(5,149,512)
Working capital changes:		
Decrease (increase) in:		
Receivables	**(2,602,555)**	3,907,870
Crude oil inventory	**5,773,759**	18,180,302
Other current and non-current assets	**13,664**	(1,857,697)
Increase in accounts payable and accrued liabilities	**15,969,357**	12,324,147
Net cash flow generated (used) from operations	**(9,898,227)**	50,301,313
Interest received	**25,073,824**	30,369,276
Dividends received	**1,285,889**	5,149,512
Income taxes paid including creditable taxes applied	**(2,240,787)**	(806,508)
Net cash flows from operating activities	**14,220,699**	85,013,593
CASH FLOWS USED IN INVESTING ACTIVITIES		
Advances to related party	**(120,000,000)**	(60,000,000)
Increase in noncurrent financial assets	**(20,000,000)**	–
Additions to:		
Property and equipment (Note 8)	**(5,548,176)**	(12,192,223)
Deferred oil and gas exploration costs (Note 11)	**(5,091,961)**	(13,229,237)
Net cash flows used in investing activities	**(150,640,137)**	(85,421,460)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Payments of dividends (Note 22)	**(18,532)**	(4,760)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(136,437,970)**	(412,627)
NET EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**1,888,519**	511,470
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**395,644,061**	395,545,218
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱261,094,610**	₱395,644,061

See accompanying Notes to Parent Company Financial Statements.

THE PHILODRILL CORPORATION
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of Financial Statements

Corporate Information
The Philodrill Corporation (the "Parent Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on June 26, 1969.

The Parent Company and Philodrill Power Corp. (PPC, a wholly owned subsidiary, incorporated in the Philippines and has not yet started commercial operations), are primarily engaged in oil exploration and production and the development, exploitation, and processing of energy resources. PPC has not yet started commercial operations. The Parent Company is the ultimate parent company within the Group. The Parent Company is also an investment holding company with investments in financial services and mining. The Parent Company's shares are listed and are currently traded at the Philippine Stock Exchange (PSE).

The registered business address of the Parent Company is 8th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City.

The Parent Company, which is operating in two (2) business segments, has two (2) associates engaged in financial services and one associate which has significant holdings in mineral resources in the Philippines. The Parent Company and its associates have no geographical segments as they were incorporated and are operating within the Philippines. Financial information regarding these associates as at and for the years ended December 31, 2025 and 2024 is presented in Note 9.

Authorization for Issuance of Financial Statements
The accompanying financial statements of the Parent Company as at and for the years ended December 31, 2025 and 2024 were authorized for issue by the Board of Directors (BOD) on March 24, 2026.

2. Basis of Preparation and Material Accounting Policy Information

Basis of Preparation
The parent company financial statements have been prepared in compliance with Philippines Financial Reporting Standard (PFRS) Accounting Standards.

The parent company financial statements have been prepared on a historical cost basis, except for crude oil inventory which is valued at net realizable value (NRV) and financial assets at FVOCI which are measured at fair value. The parent company financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency, rounded off to the nearest peso, except when otherwise indicated.

The Parent Company has prepared the parent company financial statements on the basis that it will continue to operate as a going concern.

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of Amendments to PAS 21, *Lack of exchangeability*, which became effective on January 1, 2025. The amendments specify how an entity should assess whether a currency is

exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The adoption of the amendments did not have an impact on the financial statements of the Parent Company.

The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Unless otherwise indicated, adoption of these pronouncements is not expected to have a significant impact on the Company financial statements.

Effective beginning on or after January 1, 2026
- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027
- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*

  Based on the Parent Company's initial assessment, the impact is expected to be limited to presentation and disclosure changes, including the reclassification of income and expenses into operating, investing, and financing categories and the reclassification of dividends received from joint ventures and associates to cash flows from investing activities. PFRS 18 does not affect recognition and measurement.

  PFRS 18 will apply retrospectively. The Parent Company will be conducting an impact assessment of PFRS 18 and is set to apply any changes to the accounting system to be able to comply with PFRS 18 once the standard takes effect.

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

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

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one (1) entity and a financial liability or equity instrument of another entity.

a. Financial Assets

Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient, the Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient are measured at the transaction price as determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four (4) categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

The Parent Company's financial assets include financial assets at amortized cost and other noncurrent financial assets.

- Financial assets at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

  The Parent Company's financial assets at amortized cost include cash and cash equivalents, receivables and other financial assets at FVOCI.

- Financial assets designated at FVOCI (equity instruments). Upon initial recognition, the Parent Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

  Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of income when the right to payment has been established, except when the Parent Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment. The Parent Company elected to classify irrevocably its quoted equity investments under this category.

Impairment
The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and refundable deposits, the Parent Company applies a simplified approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash, the Parent Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. The Parent Company recognizes an allowance based on 12-month ECLs. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

For other financial instruments such as financial assets at FVOCI, the Parent Company applies the general approach where the Parent Company track changes in credit risk at every reporting date.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Staging assessment
PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been an SICR of a financial asset. Three (3) stages then determine the amount of impairment to be recognized.

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced SICR since initial recognition. Entities are required to recognize 12-month ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of default occurring on the financial instrument as at the reporting date, with the risk of default occurring on the financial instrument at the date of initial recognition.
- Stage 2 is comprised of all non-financial instruments which have experienced SICR since initial recognition. Entities are required to recognized lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.
- Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39 for impaired financial instruments.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Parent Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Parent Company has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Parent Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Parent Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Parent Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

b. Financial Liabilities

Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Parent Company's financial liabilities at amortized cost include trade and other payables, advances from a related party and dividends payable.

Subsequent Measurement
After initial recognition, financial liabilities at amortized cost which include interest-bearing loans and borrowings, are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Crude Oil Inventory
Crude oil inventory is carried at NRV at the time of production. NRV is the estimated selling price less cost to sell. The estimated selling price is the market value of crude oil inventory based on Platt's Dubai monthly average of the mid-day crude oil prices for the reporting month plus the arithmetic average of Upper Zakkum and Murban and is adjusted taking into account fluctuations of price directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

Estimated cost to sell is the cost incurred necessary to complete the sale (e.g., freight charges, transportation costs, etc.).

Property and Equipment
Property and equipment are stated at cost less accumulated depletion and depreciation, and any impairment in value.

Wells, platforms, and other facilities including P&A costs are depleted on a field basis under the unit-of-production (UOP) method based upon estimates of proved developed reserves except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. The depletion base includes the exploration and development cost of producing oil fields.

Wells, platforms, and other facilities include the capitalize p&a cost for which the Parent Company is constructively liable.

Depreciation of property and equipment, other than wells, platforms, and other facilities, is computed using the straight-line method over the estimated useful lives of the assets as follows:

Category	Number of Years
Office condominium units and improvements	20
Transportation equipment	5
Furniture and fixtures	5
Office equipment	3

Investments in Associates

An associate is an entity over which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Parent Company's investment in its associates is accounted for using the equity method. Under the equity method, the investment in associates is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Parent Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

The statement of profit or loss reflects the Parent Company's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Parent Company's OCI. In addition, when there has been a change recognized directly in the equity of the associates, the Parent Company recognizes its share of any changes, when applicable, in the statement of changes in equity.

The aggregate of the Parent Company's share of profit or loss of its associates is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax. The financial statements of the associates are prepared for the same reporting period as the Parent Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Parent Company.

After application of the equity method, the Parent Company determines whether it is necessary to recognize an impairment loss on its investment in its associates. At each reporting date, the Parent Company determines whether there is objective evidence that the investment in the associates is impaired. If there is such evidence, the Parent Company calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, and then recognizes the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Deferred Oil and Gas Exploration Costs
Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with exploration are capitalized under "Deferred oil and gas exploration costs" account. The Parent Company's deferred oil and gas exploration costs are specifically identified of each Service Contract (SC) area. All oil and gas exploration costs relating to each SC are deferred pending the determination of whether the contract area contains oil reserves in commercial quantities. Capitalized expenditures include costs of license acquisition, technical services and studies, exploration drilling and testing, and appropriate technical and administrative expenses. General overhead or costs incurred prior to having obtained the legal rights to explore an area are recognized as expense in the consolidated statement of income when incurred.

If no potentially commercial hydrocarbons are discovered, the deferred oil and gas exploration asset is written off through the consolidated statement of income. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried under deferred oil and gas exploration costs account while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as deferred oil and gas exploration costs.

All such capitalized costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the statement of income and other comprehensive income.

At the completion of the exploration phase, if technical feasibility is demonstrated and commercial reserves are discovered, then, following the decision to continue into the development phase, the oil and gas exploration costs relating to the SC, where oil and gas in commercial quantities are discovered, is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to "Wells, platforms, and other facilities" account shown under the "Property and equipment" account in the Parent Company's statement of financial position.

Deferred oil and gas exploration costs are assessed at each reporting period for possible indications of impairment. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case or is considered as areas permanently abandoned, the costs are written off through the consolidated statement of income. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development. When reserves of oil and gas are identified and development is sanctioned by management, the relevant capitalized expenditure is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to oil and gas properties. Other than license costs, no amortization is charged during the exploration and evaluation phase. For exchanges/swaps or parts of exchanges/swaps that involve only exploration and evaluation assets, the exchange is accounted for at the carrying value of the asset given up and no gain or loss is recognized.

The recoverability of deferred oil and gas exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

A valuation allowance is provided for unrecoverable deferred oil and gas exploration costs based on the Company's assessment of the future prospects of the exploration project.

Revenue Recognition

Revenue from Contracts with Customers

Revenue from sale of petroleum is recognized at a point in time when the control of the goods has transferred from the Consortium Operator of the joint arrangement to the customer (i.e. lifting), which is typically upon delivery of the petroleum products to the customers. Revenue is measured at amount that reflects the consideration to which the Parent Company is entitled in exchange of those goods, which is the fair value of the consideration received, excluding discounts and other sales taxes or duty. The Parent Company has generally concluded that it is the principal in its revenue arrangements.

Under the terms of the relevant joint operating agreements, the Parent Company is entitled to its participating share in the sale of petroleum products based on the Parent Company's participating interest. The revenue recognized from the sale of petroleum products pertains to the Parent Company's share in revenue from the joint operations. The revenue sharing is accounted for in accordance with PFRS 11, *Joint Arrangements*.

Share in Costs and Operating Expenses

Share in costs and operating expenses include production costs of SC 88 and transportation costs per lifting and ending inventory which is recognized upon the allocation of the amounts mentioned by the SC. Allocation is done by the use of the Parent Company's participating interest in the SC.

Provision for Plug & Abandonment (P&A) costs

The Parent Company recognized a P&A liability where it has a present legal or constructive obligation as a result of past events, and it is possible that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes dismantling and removing structures, rehabilitating wells and platforms, and dismantling operating facilities. The obligation generally arises when the asset is installed or the environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related oil assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of income under "Accretion expense". Additional disturbances or changes in P&A costs will be recognized as additions or charges to the corresponding assets and P&A liability when they occur.

Where P&A is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous decommissioning work at each end of the reporting period and the cost is charged to the Parent Company's income statement. For closed oil fields, changes to estimated costs are recognized immediately in the consolidated statement of income.

The ultimate cost of P&A is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience. The expected timing of expenditure can also change, for example in response to changes in oil reserves or production rates. As a result, there could be material adjustments to the provision for P&A, which would affect future financial results.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax

Deferred income tax is provided using the balance sheet liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused tax losses, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period 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 end of the reporting period.

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3. Material Judgments, Accounting Estimates and Assumptions

The preparation of the parent company financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of income and expenses during the year. The judgments, estimates and assumptions used in the preparation of the parent company financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the parent company financial statements. Future events may occur which can cause the assumptions used in arriving at those judgments and estimates to change. The effects will be reflected in the parent company financial statements as they become reasonably determined.

Judgments
In the process of applying the Parent Company's accounting policies, management has made the following judgments, apart from those involving estimations and assumptions, which have the most significant effect on the amounts recognized in the parent company financial statements.

Determining Future Economic Benefits from Deferred Exploration Costs
The application of the Parent Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is, in itself, an estimation process that involves varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Parent Company defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalized amount is written off in the statement of income and statement other comprehensive income in the period when the new information becomes available.

Determining and Classifying a Joint Arrangement
Judgment is required to determine when the Parent Company has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Parent Company has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement.

Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Parent Company to assess their rights and obligations arising from the arrangement. Specifically, the Parent Company considers:

- The structure of the joint arrangement - whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Parent Company also considers the rights and obligations arising from:
  - The legal form of the separate vehicle
  - The terms of the contractual arrangement
  - Other facts and circumstances (when relevant)

This assessment often requires material judgment, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting treatment for each assessment.

The Parent Company is a member in various joint arrangement operations in oil and gas drilling. These arrangements are entered into with the Philippine Government through SCs. As at December 31, 2025 and 2024, the Parent Company's joint arrangements are in the form of joint operations (see Note 7).

Determining Whether Significant Influence Exists
The Parent Company has investments in associates. These are shares purchased not for the purpose of trading. The Parent Company considers that it has a significant influence in Atlas Consolidated Mining and Development (ACMDC), one of its the associates, as the Parent Company is represented in the governance of the associates. In assessing whether significant influence still exists, the Parent Company considered not only its percentage ownership but other factors such as the Board seat representations it

has in the associate's governing body. Significant influence in the associate is also established by virtue of the agreement entered.

As at December 31, 2025 and 2024, the Parent Company has significant influence over ACMDC (see Note 9).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are discussed below:

Assessing Recoverability of Deferred Oil and Gas Exploration Costs

The Parent Company assesses impairment on deferred oil and gas exploration costs when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Deferred oil and gas exploration costs are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources*, are as follows:

- The period for which the Parent Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed in full from successful development or by sale.

Key inputs and assumptions used in the assessment are as follows:

- Estimated reserves - which are based on oil resources reports based on the information gathered from seismic and geological data, analyses and evaluation activities;
- Pre-tax discount rate of 17.8% in 2025 and 19.5% in 2024 - which represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is derived from the Company's weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU and to determine pre-tax rate. The WACC takes into account both debt and equity. Adjustments to discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate; and
- Oil prices of $70/bbl and $76/bbl in 2025 and 2024, respectively - which are estimated with reference to external market forecasts of Brent crude prices.
- Inflation rates - which are estimated with reference to external market forecasts for long-term inflation rate.

The Parent Company used a weighted average scenario probability in its calculation of value in use.

Information on the carrying values of deferred oil and gas exploration costs and allowance for unrecoverable deferred oil and gas exploration costs is provided in Note 11.

Assessing Recoverability of Deferred Income Tax Assets
The Parent Company reviews the carrying amount of deferred income tax assets at each end of the reporting period and is adjusted accordingly to the extent that it is probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Parent Company's assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of subsequent reporting periods. The forecast is based on past results and future expectations on revenues and expenses as well as future tax planning strategies.

Information on the Parent Company's unrecognized deferred income tax assets is provided in Note 20.

Estimating Depletion Based on UOP
Wells, platforms, and other facilities are depleted using the UOP method over the total proved and probable developed reserves. This results in amortization charge proportional to the depletion of the anticipated remaining production from the field.

Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depletion could be impacted to the extent that actual production in the future is different from current forecasted production based on total proved and probable reserves, or future capital expenditure estimate changes. Changes to prove and probable reserves could arise due to changes in the assumptions used in estimating the reserves. Changes are accounted for prospectively.

The depletion rates used in 2025 and 2024 are ₱852.64 per barrel and ₱852.64 per barrel, respectively.

Estimating Provision for P&A Costs
Significant estimates and assumptions are made in determining the provision for P&A. Factors affecting the ultimate amount of liability include estimates of the extent and costs of P&A activities, technological changes, regulatory changes, cost increases, and changes in discount and foreign exchange rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

The provision at the end of each reporting period represents management best estimate of the present value of the future decommissioning cost required. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual P&A costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the oil field ceases to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

Information on the Parent Company's recognized provision for P&A costs is provided in Note 7 and 13.

4. **Financial Assets**

Cash and Cash Equivalent

	2025	2024
Cash on hand and in banks	**₱25,176,505**	₱19,446,778
Short-term investments	**235,918,105**	376,197,283
	₱261,094,610	₱395,644,061

Cash in banks earn interest at prevailing bank deposit rates. Short-term investments are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Parent Company and earn interest at the respective short-term investment rates.

Interest earned from cash in banks and short-term investments in 2025 and 2024 amounted to ₱18.7 million and ₱16.1 million, respectively.

Other Noncurrent Financial Asset
The Parent Company has a bonds peso placement amounting to ₱20 million as at December 31, 2025 with a maturity of 2 years and an interest rate of 5.9%. Interest income from the bonds peso placement amounted to ₱0.2 million in 2025.

5. **Receivables**

	2025	2024
Advances to related parties (Note 16)	**₱407,790,000**	₱288,221,802
Accrued interest	**22,131,250**	12,092,327
Accounts with partners (Note 7)	**4,121,247**	262,573
Others	**290,445**	171,494
	₱434,332,942	₱300,748,196

Receivables are generally payable on demand. These are also non-interest bearing except for advances to related parties (see Note 16).

In 2025, the Parent Company written off advances to a related party amounting to ₱1.4 million.

Accrued interest is earned from advances to related parties, bank placements and short-term investments.

The Parent Company makes advances for the operating expenses of the consortiums wherein it is the operator. The Parent Company records this under the "accounts with partners" account which represent receivables from these consortiums' members.

6. **Crude oil inventory**

The crude oil inventories carried at NRV amounted to ₱35.9 million and ₱41.7 million as at December 31, 2025 and 2024, respectively (see Note 7). The cost of petroleum inventories recognized as expense and included in "share in costs and operating expenses" amounted to ₱92.4 million and ₱154.8 million in 2025 and 2024, respectively (see Note 17).

7. **Interest in Joint Operations**

The Parent Company's participating interests (in percentage) in the different SCs as at December 31, 2025 and 2024 are as follows:

Area	Location	Participating Interest (In percentage) 2025	2024
SC 88 – Galoc Block	Northwest Palawan	***15.0000**	10.17782
SC 53 – Mindoro Block	Mindoro Island	**81.48000**	81.48000
SC 80 – Sulu Sea Block 1	Sulu Sea	**12.50000**	15.00000
SC 81 – Sulu Sea Block 2	Sulu Sea	**12.50000**	25.00000
SC 86 – Octon-Malajon Block	Northwest Palawan	**72.16620**	72.16620
Negotiated DP-1 (formerly SC 6B Bonita)	Northwest Palawan	**17.45460**	17.45460
Negotiated DP-3 (formerly SC 14C-2 West Linapacan)	Northwest Palawan	**28.07000**	28.07000

*With the non-participation of Oriental Petroleum and Minerals Corporation (OPMC) in the SC 88 which was signed by the President of the Republic of the Philippines on December 18, 2025, Parent Company's participating interest was increased to maintain the Filipino Participation Incentive Allowance

SC 88 - Galoc Block (formerly SC 14C-1)

Award of a new Development and Production Petroleum Service Contract (DPPSC)

SC 14C-1 expired on December 17,2025 and was replaced by SC 88, a Development and Production Petroleum Service Contract (DPPSC) effective December 18, 2025 to ensure continuity of operations in the Galoc Field. The consortium remains substantially unchanged, except for the withdrawal of OPMC. NPG Pty. Ltd. (NPG) remains the operator.

Joint Venture Members	Participating Interest (%)
NPG	80.30826
Philodrill	15.00000
Forum Energy Phils. (Forum)	4.69174
Total	100.00000

Following the award of SC 88, key agreements including the Joint Operating Agreement, Joint Marketing Agreement, Lifting Agreement, and the Galoc Offtake Agreement with Trafigura Pte. Ltd. were updated and executed to reflect the new contract.

To the extent practicable, the terms remain consistent with those under SC 14C-1, with revisions limited to:

- Updating references from SC 14C-1 to SC 88
- Removing references to the Block C Agreement
- Reflecting the revised consortium and participating interests
- Incorporating necessary changes to affect the transition to SC 88

Operations update
As of December 31,2025, cumulative production from the Galoc Field reached 25,333,168 barrels of oil. Three (3) oil liftings (Cargoes #80, #81, and #82) were completed, totaling approximately 398,580 stock tank barrels (stb). NPG continued to operate the remaining production wells (G5 and G6) in accordance with the End-of-Field Life (EOFL) strategy.

On January 30, 2026, NPG issued the Competent Person's Report as of December 31, 2025, prepared by Three60 Energy. The estimated remaining Developed Producing Oil Reserves from the field are as follows:

These estimates assume cessation at the earlier of the economic limit or the expiry of SC 88 in April 2029.

NPG projects production operation to maintain approximately 99% plant uptime through 2026, with a forecast production decline of 10% as reflected in the 2026 Work Program and Budget (WP&B). Three (3) cargoes of approximately 120,000 barrels per lifting are scheduled in 2026.

The proposed 2026 budget for Galoc operations comprises a firm allocation of US$20.04 million and a contingent amount of US$0.10 million, which the DOE subsequently approved in early 2026.

The DOE has been notified of the planned cessation of production by March 17, 2027. This timing aligns decommissioning activities with the typically calm weather window from March to May. NPG also noted that, given the low-pressure nature of the reservoir, failure or shutdown of either producing well could immediately render continued operations uneconomic.

<u>Negotiated DP-3 – West Linapacan Block (formerly SC 14C-2)</u>
In 2025, the Parent Company conducted a Reservoir Engineering Study (RES) of the West Linapacan A (WLA) structure. The study identified up to two infill wells as the optimal development strategy for the southeastern block, which contains most of the remaining movable oil. In the best-case scenario, incremental recovery was estimated at 4.53 MMSTB, increasing to 5.31 MMSTB with pre-production acidization stimulation.

A subsequent Plan of Development assessed the standalone redevelopment viability of WLA. The results indicated that the project remains marginal to sub-marginal commercially, even assuming the use of the in-country FPSO and applying Galoc Field operating cost assumptions. The study concluded that additional reserves are required to improve project economics.

Before the expiry of SC 14C-2 on December 17, 2025, the Joint Venture (JV) (excluding PetroEnergy Resources Corporation, which opted out) agreed to apply for a new DP PSC over the area. A notice of intent was submitted to the DOE on the same date, and the Parent Company has since continued preparing the required documentation for the application.

Under the DP PSC, the JV intends to undertake appraisal work and studies to identify additional resources to augment the existing West Linapacan reserves and support more viable development options.

The Parent Company's interest in the joint arrangements in the various SCs and any assets and liabilities incurred jointly with the other partners, as well as the related revenues and expenses of the joint operation, which are included in the parent company financial statements, are as follows:

	2025	2024
Current assets:		
Receivables:		
Accounts with partners (Note 5)	**₱4,121,247**	₱262,573
Crude oil inventory (Note 6)	**35,910,115**	41,683,874
	40,031,362	41,946,447
Noncurrent assets:		
Wells and platforms (Note 8)	**227,439,968**	211,526,270
Deferred oil and gas exploration costs (Note 11)	**859,079,703**	576,367,250
	1,086,519,671	787,893,520
Current liabilities:		
Accounts with partners (Note 12)	**(28,424,474)**	(19,504,994)
Noncurrent liability:		
Provision for P&A costs (Note 13)	**(175,002,868)**	(33,786,422)
	(₱203,427,342)	(₱53,291,416)

	2025	2024
Revenue:		
Share in petroleum revenue	**₱159,386,884**	₱211,756,468
Cost of petroleum operations:		
Share in costs and operating expenses (Note 17)	**(92,927,486)**	(155,682,610)
Depletion (Note 8)	**(38,523,298)**	(43,240,423)
Foreign exchange gains – net	**27,319**	3,137,062
	₱27,963,419	₱15,970,497

8. Property and Equipment

December 31, 2025	Wells, Platforms, and other Facilities	Office Condominium Units and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost:					
Beginning of year	**₱1,154,071,108**	**₱18,961,929**	**₱15,748,200**	**₱9,376,629**	**₱1,198,157,866**
Additions	**5,292,074**	**–**	**–**	**256,102**	**5,548,176**
Recognition of P&A asset (Note 13)	**49,144,922**	**–**	**–**	**–**	**49,144,922**
Derecognition (Note 13)	**(26,290,363)**	**–**	**–**	**–**	**(26,290,363)**
Disposal/adjustment	**–**	**–**	**–**	**(1,188,256)**	**(1,188,256)**
End of year	**1,182,217,741**	**18,961,929**	**15,748,200**	**8,444,475**	**1,225,372,345**
Accumulated depletion and depreciation:					
Beginning of year	**942,544,838**	**15,394,183**	**3,886,425**	**8,524,539**	**970,349,985**
Depletion (Note 7)	**38,523,298**	**–**	**–**	**–**	**38,523,298**
Depreciation (Note 18)	**–**	**547,109**	**2,797,980**	**426,576**	**3,771,665**
Derecognition	**(26,290,363)**	**–**	**–**	**–**	**(26,290,363)**
Disposal	**–**	**–**	**–**	**(1,188,256)**	**(1,188,256)**
End of year	**954,777,773**	**15,942,292**	**6,684,405**	**7,762,859**	**985,166,329**
Net book values	**₱227,439,968**	**₱3,020,637**	**₱9,063,795**	**₱681,616**	**₱240,206,016**

December 31, 2024	Wells, Platforms, and other Facilities	Office Condominium Units and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost:					
Beginning of year	₱1,150,454,282	₱18,961,929	₱14,919,200	₱8,711,232	₱1,193,046,643
Additions	3,616,826	–	7,910,000	665,397	12,192,223
Disposal	–	–	(7,081,000)	–	(7,081,000)
End of year	1,154,071,108	18,961,929	15,748,200	9,376,629	1,198,157,866
Accumulated depletion and depreciation:					
Beginning of year	899,304,415	14,847,074	8,856,612	8,113,873	931,121,974
Depletion (Note 7)	43,240,423	–	–	–	43,240,423
Depreciation (Note 18)	–	547,109	2,110,813	410,666	3,068,588
Disposal	–	–	(7,081,000)	–	(7,081,000)
End of year	942,544,838	15,394,183	3,886,425	8,524,539	970,349,985
Net book values	₱211,526,270	₱3,567,746	₱11,861,775	₱852,090	₱227,807,881

For SC 88 Galoc, depletion rate used in 2025 and 2024 is ₱852.64 per barrel.

In 2025, the Parent Company recognized P&A asset of Negotiated DP-3 West Linapacan and derecognized P&A asset of SC 88 Galoc amounting to ₱49.1 million and ₱26.3 million, respectively (see Note 13). As at December 31, 2025 and 2024, the carrying values of decommissioning assets included in wells, platforms and other facilities amounted to ₱49.1 million and ₱3.8 million, respectively.

As at December 31, 2025 and 2024, the Parent Company continues to utilize fully depreciated property and equipment with an aggregate acquisition cost of ₱16.7 million and ₱19.4 million, respectively.

9. Investments in Associates and Subsidiary

The cost of investments in associates and subsidiary follow:

	2025	2024
Associates:		
ACMDC	**₱419,069,303**	₱419,069,303
Penta Capital Investment Corporation (PCIC)	**159,787,856**	159,787,856
Penta Capital Holdings, Inc. (PCHI)	**43,549,216**	43,549,216
Subsidiary:		
Philodrill Power Corp. (PPC)	**9,199,127**	9,199,127
	₱631,605,502	₱631,605,502

Investments in Associates

The Parent Company's associates include PCIC, PCHI, and ACMDC, companies incorporated in the Philippines, where the Parent Company holds 40.00%, 13.21%, and 0.53% ownership interest, respectively. PCIC also has 29.54% ownership interest in PCHI, making the Parent Company's effective ownership in PCHI at 25.03%. These investments are accounted for using the cost accounting method.

On December 18, 2015, the Parent Company entered into a Joint Voting Agreement with Alakor Corporation (Alakor), National Book Store, Inc. (NBS) and Anglo Philippine Holdings Corporation (APHC), collectively known as the "Ramos Group", to jointly vote their shares in ACMDC on all matters affecting their rights as stockholders effective January 1, 2015. The combined interest of the parties to the agreement represents 31.8538% interest in ACMDC as of December 31, 2025. By virtue of this agreement, significant influence in the associate is established.

Following are the summarized financial statement information of ACMDC, PCIC and PCHI as at and for the years ended December 31, 2025 and 2024 (in thousands) are set out below:

	2025			2024		
	ACMDC	**PCIC**	**PCHI**	ACMDC	PCIC	PCHI
Revenue from contract with customers	**₱17,192,348**	**₱99,167**	**₱–**	₱18,634,220	₱92,443	₱10,822
Costs and expenses	**(16,503,300)**	**(96,464)**	**(19,075)**	(18,508,243)	(99,942)	(105,138)
Other income (charges)	**(765,458)**	**–**	**2,786**	(313,047)	–	–
(Provision for) benefit from income tax	**(169,808)**	**(1,697)**	**(590)**	(44,003)	(5,105)	(1,159)
Net income (loss)	**(₱246,218)**	**₱1,006**	**(₱16,879)**	(₱231,073)	(₱12,604)	(₱95,475)

	2025			2024		
	ACMDC	**PCIC**	**PCHI**	ACMDC	PCIC	PCHI
Total current assets	**₱6,907,701**	**₱879,878**	**₱261,495**	₱5,927,632	₱974,681	₱279,784
Total noncurrent assets	**61,465,124**	**292,274**	**126,446**	63,931,654	378,703	150,346
Total current liabilities	**(19,318,409)**	**–**	**(53,661)**	(5,112,311)	(441,574)	(416)
Total noncurrent liabilities	**(2,527,657)**	**(290,514)**	**–**	(18,464,135)	(465,586)	–
Total equity	**₱46,526,759**	**₱881,638**	**₱334,280**	₱46,282,840	₱446,224	₱429,714

The Parent Company received dividends amounting to nil and ₱3.8 million in 2025 and 2024, respectively, from its investments in associates.

Investment in Subsidiary

The Parent Company owns 100% of the shares of PPC, an entity which is primarily engaged in the development, exploitation and processing of energy resources.

As at December 31, 2025 and 2024, the carrying amount of investment in a subsidiary amounted to ₱9.2 million.

As at March 24, 2026, PPC has not yet started commercial operations.

10. Financial Asset at FVOCI

	2025	2024
Quoted shares of stock	**₱110,646,650**	₱110,646,650
Net unrealized loss	**(39,898,374)**	(63,177,018)
	₱70,748,276	₱47,469,632

The Parent Company received cash dividends from OPMC and Shang Properties totaling to ₱1.3 million in 2025 and 2024.

The following table illustrates the movement of the "Net unrealized loss on decline in value of financial assets at FVOCI" account in the equity section of the Parent Company statements of financial position:

	2025	2024
Beginning of year	**₱63,177,018**	₱54,017,010
Changes in fair value during the year, net of tax	**(23,278,644)**	9,160,008
End of year	**₱39,898,374**	₱63,177,018

11. **Deferred Oil Exploration Costs**

The following table illustrates the movements in the deferred oil exploration costs account:

Cost:	**2025**	2024
Beginning of year	**₱911,290,029**	₱898,060,792
Additions	**5,091,961**	13,229,237
Write-off	**(57,302,287)**	–
End of year	**859,079,703**	911,290,029
Allowance for impairment loss:		
Beginning	**(334,922,779)**	(334,922,779)
Reversal of impairment	**277,620,492**	–
Write-off	**57,302,287**	–
Ending	**–**	(334,922,779)
Net book value	**₱859,079,703**	₱576,367,250

The full recovery of the deferred oil exploration costs incurred in connection with the Parent Company's participation in the acquisition and exploration of petroleum concessions is dependent upon the discovery of oil and gas in commercial quantities from the respective petroleum concessions and the success of the future development thereof.

Under the SCs entered into with the DOE covering certain petroleum contract areas in various locations in the Philippines, the participating oil companies (collectively known as Contractors) are obliged to provide, at their sole risk, the services, technology and financing necessary in the performance of their obligations under these contracts. The Contractors are also obliged to spend specified amounts indicated in the contract in direct proportion to their work obligations. However, if the Contractors fail to comply with their work obligations, they shall pay the government the amount they should have spent in direct proportion to their work obligations.

The Contractors have Operating Agreements among themselves which govern their rights and obligations under these contracts.

The Contractors entered into several SCs with the Philippine Government, through the DOE, for the exploration, development and exploitation of the contract areas situated mostly in offshore Palawan where oil discoveries were made. The Parent Company's present petroleum revenues and production costs and related expenses are from SC 88 Galoc.

The aforementioned SCs provide for certain minimum work expenditure obligations and the drilling of a specified number of wells and are covered by operating agreements which set forth the participating interests, rights and obligations of the Contractor. The Parent Company's share in the jointly controlled assets of the aforementioned SCs is included principally under the "Receivables," "Crude oil inventory," "Plant and Equipment" and "Deferred oil and gas exploration costs" accounts in the parent company statements of financial position (see Note 7).

SC 53 – Mindoro Block

The Certificate of Non-Coverage (CNC) for the Progreso Drilling Project was issued by the DENR–Environmental Management Bureau (EMB) on April 28, 2023.

The Parent Company also continued engagement with the National Commission on Indigenous Peoples (NCIP) for the Certification Precondition (CP) application covering the Cambayan Project. As the project area straddles Occidental and Oriental Mindoro, coordination has been undertaken with both NCIP offices:

Occidental Mindoro: The Parent Company and the DOE are coordinating with NCIP for the inclusion of the CP application in a Commission En Banc meeting.

Oriental Mindoro: To avoid further delays, the Parent Company filed an amended Certificate of Non-Overlap (CNO) application through the DOE's Energy Virtual One-Stop Shop (EVOSS) platform. The CNO was subsequently issued on May 22, 2025 (Control No. CNO R4B-2025-013).

Reservoir remapping of the Progreso Prospect using the 2023 reprocessed seismic data was completed under the approved 2024 WP&B. The improved subsurface imaging enabled better delineation of structural closures across multiple reservoir levels, resulting in an uplift in estimated resources.

As of year-end, a technical report incorporating the updated seismic interpretation, mapping, and revised resource estimates is being finalized for submission to the JV partners and the DOE.

An initial well plan and design for Progreso-2, developed in collaboration with CWT Consultancy (CWT), has also been completed. A final drilling program will be prepared upon a decision to proceed. Based on current well objectives, drilling to a proposed total depth of 1,600 meters is estimated to require 21 days, with an estimated cost of US$6.139 million.

In 2025, the Parent Company entered into a Farm-in Agreement (FIA) with Gas2Grid Ltd., followed by the execution of a Deed of Assignment, which still needs formal approval from DOE. Upon approval, the Parent Company's participating interest will be reduced from 81.48% to 40.74%, effectively mitigating its exposure to exploration risk associated with the two commitment wells under the service contract.

SC 80 - Sulu Sea Block 1 and SC 81 -Sulu Sea Block 2

The Service Contracts was duly approved and awarded by the Office of the President on September 30, 2025. The Parent Company subsequently acquired its current participating interest following extensive discussions and the corresponding agreement among the JV partners.

At present, the Joint Operating Agreement (JOA) among the JV partners is in the process of finalization and is targeted for execution in April 2026. Further, the 2026 Proposed Work Program and Budget (WP&B), inclusive of expenditures for the period October to December 2025, in the total amount of $897,182 and $853,681 for SC 80 and SC 81, respectively, was submitted to the DOE on December 23, 2025 and was thereafter duly approved by the Department.

SC 86 Octon-Malajon Block (formerly SC6A)

Following the JV's proactive decision to relinquish SC 6A, the DOE approved a new service contract over the area. The new contract, SC 86, covering approximately 160,000 hectares, was signed by the President of the Republic of the Philippines on September 30, 2025.

In 2025, the Parent Company recognized a reversal of allowance of deferred oil and gas exploration costs amounting to ₱277.6 million that was recognized in 2022 upon grant of SC 86.

The members of the JV under the new service contract are as follows:

JV Members	Participating Interest (%)
Philodrill	72.1662
APHC	14.1460
Forum	6.8439
PXP Energy Corporation (PXP)	6.8439
Total	100.0000

The Parent Company remains the operator of the block.

Under the terms of the new service contract, The Parent Company will continue to mature exploration prospects in the northern block to drillable status. Work will focus on de-risking and high-grading identified prospects, with particular emphasis on the older syn-rift sections, which remain prospective for additional exploration targets.

In the southern portion of the block, efforts will continue to evaluate and define a commercially viable development concept for the marginal Octon discovery. This will include further technical and economic assessment to determine the most appropriate development strategy, given the current resource base and subsurface uncertainty.

<u>Negotiated DP-1 – Cadlao Block (formerly SC 6B)</u>
In February 2022, Nido Petroleum Philippines Pty Ltd. (Nido) entered into a FIA with the JV to increase its equity in the service contract. Under the agreement, Nido acquired an additional 63.637% participating interest, raising its total equity to 72.727%. In return, Nido committed to fund 100% of the costs and assume operatorship of the phased redevelopment of the Cadlao oil field.

The redevelopment is planned in two phases: Phase 1 involves the drilling and Extended Well Test (EWT) of Cadlao-4, while Phase 2 covers full-field redevelopment, including additional infill wells and installation of permanent production facilities. Following the FIA, Philodrill retained a 17.4546% participating interest.

	Participating Interest	
JV Member	Pre-FIA	Post-FIA
Philodrill	58.1820%	17.4546%
Nido	9.0900%	72.7270%
Oriental	16.3640%	4.9092%
Alcorn	8.1820%	2.4546%
Forum	8.1820%	2.4546%
Total	100.0000%	100.0000%

The Deed of Assignment (DOA) was approved by the DOE on December 19,2022, formalizing the transfer of operatorship to Nido. A new JOA reflecting the revised participating interests was executed in July 2023.

Ahead of the expiry of SC 6B on February 6, 2024, the JV executed an Amendment to the FIA on January 11, 2024 to ensure that its terms remain in effect under the proposed DPPSC.

On January 26, 2024, Nido submitted all required documentation for the DPPSC application. The DOE has completed its evaluation and confirmed that the consortium is legally, technically, and financially qualified. The pre-signed service contract has been endorsed to the Office of the President and is currently awaiting approval.

For the Cadlao-4 drilling and EWT, Nido continues to consider the Deep Venture drillship, owned and operated by Saba Drilling. In parallel, preparations are ongoing to ensure readiness upon DPPSC award, including securing the Environmental Compliance Certificate (ECC) and the Certificate of Non-Overlap from the NCIP. Long-lead drilling items have already been procured and are currently stored in Mabini, Batangas.

SC 74 Linapacan Block

On December 13, 2023, PXP, as the contractor and on behalf of the joint venture, submitted to the DOE the Notice of Surrender of the SC. In relation to this, the Parent Company recognized an allowance for impairment loss amounting to ₱57.3 million in 2023.

In a letter dated March 18, 2024, the DOE confirmed that PXP's consolidated submission of all data was in order and credited it as complete fulfillment of all technical work commitments under SC 74.

The DOE approved the relinquishment of the Service Contract, subject to the settlement of the remaining scholarship commitment amounting to US$55,000, to be remitted to Palawan State University as the designated beneficiary under SC 74. The amount was duly remitted to Palawan State University on October 22, 2025. Therefore, in 2025, the Parent Company written off the recognized allowance for impairment loss in 2023 amounting to ₱57.3 million.

12. Accounts Payable and Accrued Liabilities

	2025	2024
Accounts with partners (see Note 7)	**₱28,424,474**	₱19,504,994
Payables to PPC	**8,241,313**	8,268,249
Accrued liabilities	**7,987,379**	855,902
Withholding taxes	**567,362**	702,556
Others	**158,345**	77,815
	₱45,378,873	₱29,409,516

Accounts with partners represent payables arising from transactions of the consortium and varies in timing with regards to settlement. The Parent Company sends out its billing within 30 days.

Accrued liabilities include accrual for professional fees, bonus, salaries and other employee benefits and are usually settled within 30 days.

Withholding taxes are payable within 14 days after the close of the month.

Others include payroll-related liabilities which are expected to be settled within 30 days.

13. **Provisions for Plug and Abandonment Costs**

	2025	2024
Beginning of year	**₱33,786,422**	₱30,748,952
Additional provision	**175,002,868**	–
Adjustment	**(35,355,448)**	–
Accretion of interest	**1,569,026**	1,919,723
Effect of translation adjustment	**–**	1,117,747
End of year	**₱175,002,868**	₱33,786,422

Beginning October 1, 2016, the Parent Company makes full provision for the future cost of P&A for SC 88 (formerly SC14C1) Galoc oil field on a discounted basis. The provision represents the present value of plug and abandonment costs, which are expected to be incurred up to 2025. This provision has been created based on the estimates and assumptions stated in the Revised Decommissioning Plan and Budget of the Galoc Oil field approved by the DOE on October 3, 2016. Assumptions, based on the current economic environment, have been made which management believes, are reasonable basis upon which to estimate the future liability.

The final P&A costs are uncertain and cost estimates can vary in response to many factors, including estimates of the extent and costs of decommissioning activities, technological changes, regulatory changes and changes in discount of 6.07% and 5.94% as at December 31, 2025 and 2024, respectively. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, material estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be material adjustments to the provision established, which could affect future financial results.

In 2025, the Group recognized a decommissioning liability amounting to ₱175 million. The recognition of the provision was required as part of the DPPSC application process, which includes the submission of a Decommissioning and Plug and Abandonment Plan. The amount of the provision was determined based on a detailed technical and cost study completed during the year, which served as the benchmark for estimating the Group's P&A obligations.

The provision represents the accrual of future P&A and decommissioning activities of the three wells of West Linapacan field. For two out of the three wells, a provision for P&A costs was recognized in the profit or loss amounting to ₱125.9 million based on the assessment that these fields have significantly deteriorated due to the prolonged shut-in period of nearly three decades of the oil field. For the remaining well, a provision for P&A asset was recognized amounting to ₱49.1 million based on the assessment that the remaining well continues to be evaluated for potential redevelopment under a new DP PSC.

14. **Equity**

Capital Stock

	Number of Shares	**Amount**
Capital stock - ₱0.01 par value		
Authorized – 200,000,000,000 shares		
Issued and subscribed	**191,868,805,358**	**₱1,918,688,053**
Subscription receivable	**(17,520,811,006)**	**(175,208,110)**
	174,347,994,352	**₱1,743,479,943**

On December 16, 2025, the BOD approved that the 50% balance on subscriptions to the Parent Company's 2009 stock rights offering shall be called for payment by the BOD no later than December 31, 2026 instead of December 31, 2025.

On August 6, 1969, the Parent Company's common shares were listed and traded on the PSE at an initial offer price of ₱0.01 per share. Subsequent listing of shares were made by the Parent Company as follows:

Type of Shares	Number of shares registered	Number of shares licensed	Issue Price/ Par value	Date of Approval
	2,500,000,000	2,000,000,000	₱0.01	August 6, 1969
	7,500,000,000	5,295,151,100	0.01	February 2, 1971
Class A shares	7,032,105,679	7,032,105,679	0.01	December 8, 1987
Class B shares	2,967,894,321	2,967,894,321	0.01	December 8, 1987
Class A shares	21,096,317,037	20,012,278,687	0.01	August 15, 1988
Class B shares	8,903,682,963	–	0.01	August 15, 1988
Class A shares	28,000,000,000	21,000,000,000	0.01	May 30, 1989
Class B shares	12,000,000,000	9,000,000,000	0.01	May 30, 1989
Class A shares	7,000,000,000	7,000,000,000	0.01	June 26, 1991
Class B shares	3,000,000,000	3,000,000,000	0.01	June 26, 1991
Class A shares	33,000,000,000	14,690,079,374	0.01	March 9, 1994
Class B shares	22,000,000,000	22,692,570,213	0.01	March 9, 1994
	–	42,367,016,498	0.01	December 9, 1994
	45,000,000,000	38,373,761,071	0.01	September 18, 2008

As at December 31, 2025, the Parent Company has 8,507 shareholders.

Retained Earnings
As at December 31, 2025 and 2024, the Parent Company has unpaid dividends amounting to ₱33.1 million.

15. Earnings (Loss) Per Share

	2025	2024
Net income (loss)	**₱65,735,051**	₱19,954,046
Weighted average number of common shares issued and outstanding during the year (see Note 14)	**191,868,805,358**	191,868,805,358
Basic/Diluted income (loss) per share	**₱0.00034**	₱0.00010

There were no dilutive shares as at December 31, 2025 and 2024.

There have been no other transactions involving common shares between the end of the financial reporting and the date of authorization of the Parent Company financial statements.

16. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders.

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

As at December 31, 2025 and 2024, the Parent Company's advances to related parties and the corresponding interest income from these advances are as follows:

Related Party		Volumes	Advances to related parties (Note 5)	Accrued interest receivable	Terms	Condition
Stockholder						
Alakor Corporation	**2025**	**₱–**	**₱169,000,000**	**₱15,671,352**	To be settled in cash; collectible on demand; 4.75% interest per annum	Unsecured, no impairment; not guaranteed
	2024	₱–	₱169,000,000	₱7,647,922		
Under common stockholders						
Abacus Book and Card Corporation (Abacus)	**2025**	**178,790,000**	**238,790,000**	**4,693,563**	To be settled in cash with interest rates ranging from 3.5% to 8.5% per annum.	Unsecured, no impairment; not guaranteed
	2024	60,000,000	60,000,000	750,833		
National Bookstore, Inc. (NBS)	**2025**	**–**	**–**	**–**	To be settled in cash; collectible on June 30, 2025; 3.5% interest per annum	Unsecured, no impairment; not guaranteed
	2024	–	57,845,000	879,181		
United Paragon Mining Corporation	**2025**	**–**	**–**	**–**	To be settled in cash collectible on demand; non-interest bearing	Unsecured, no impairment; not guaranteed.
	2024	–	1,376,802	–		
Total	**2025**	**₱178,790,000**	**₱407,790,000**	**₱20,364,915**		
	2024	₱60,000,000	₱288,221,802	₱9,277,936		

The Parent Company has ₱169 million advances to Alakor which bear interest rate of 4.75% per annum, fixed until full payment of the loan. The term of the loans are collectible upon demand.

In 2024, the Parent Company has \$1.0 million (₱57.85 million) advances to NBS with an interest rate of 3.5% per annum, fixed until the full payment of loan. The maturity date of the loan is on June 30, 2025. In 2025, NBS's rights, interests and obligations under the promissory note was assigned and transferred to Abacus.

In 2025, the Parent Company has made advances to Abacus amounting to ₱120 million with an interest rate of 7.5% per annum, fixed until the full payment of loan. The maturity date of the loan is on May 18, 2026.

In 2025, the Parent Company written off advances to UPMC amounting to ₱1.4 million.

a. The interest income earned by the Parent Company from its advances to related parties follow:

	2025	2024
Alakor	**₱8,138,993**	₱8,161,292
Abacus	**8,099,880**	5,143,333
NBS	**–**	2,042,176
	₱16,238,873	₱15,346,801

b. The compensation of key management personnel are as follows:

	2025	2024
Short-term employee benefits	**₱14,919,390**	₱16,856,703
Post-employment benefits	**1,063,505**	3,779,726
	₱15,982,895	₱20,636,429

Key management personnel are those individuals having authority and responsibility for planning, directing, and controlling the activities of the Parent Company, directly or indirectly, including any directors (whether executive or otherwise) of the Parent Company.

c. Material related party transactions refer to any related party transaction/s, either individually or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of the Parent Company's total consolidated assets based on its latest audited financial statements.

All individual material related party transactions shall be endorsed by the Related Party Transactions Committee for approval by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured the material related party transactions may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital.

Aggregate related party transactions within a 12-month period that breaches the materiality threshold shall require endorsement by the same committee for approval of the BOD.

17. Share in Costs and Operating Expenses

	2025	2024
Petroleum operations (Note 6)	**₱92,419,978**	₱154,848,708
Personnel cost	**507,508**	833,902
	₱92,927,486	₱155,682,610

Share in petroleum operations consist of the Parent Company's share in the production costs, lifting and marketing fees, and other operating expenses of the SC 88 Galoc oil fields for 2025 and 2024, respectively.

Personnel costs are time charges of the exploration Company for work done of the fields mentioned above.

18. General and Administrative Expenses

	2025	2024
Personnel cost	**₱36,555,792**	₱29,216,771
Entertainment, amusement and recreation	**4,235,073**	5,677,091
Outside services	**3,874,427**	4,073,371
Depreciation (Note 8)	**3,771,665**	3,068,588
Transportation and travel	**3,153,792**	4,299,793

(Forward)

	2025	2024
Supplies	**₱1,887,325**	₱2,596,929
Dues and subscriptions	**1,645,142**	1,529,747
Insurance	**1,262,700**	1,479,272
Utilities	**1,147,340**	1,544,237
Software licenses and Maintenance Fees	**1,018,583**	328,859
Repairs and maintenance	**408,402**	422,126
Taxes and licenses	**233,577**	230,787
Others	**515,154**	588,685
	₱59,708,972	₱55,056,256

Personnel costs include the following:

	2025	2024
Salaries, allowance and bonuses	**₱21,697,607**	₱21,913,719
Provision for year-end expense	**7,168,558**	–
Employees, facilities and benefits	**4,328,754**	4,337,158
Pension expense (Note 19)	**2,353,979**	2,016,056
SSS, Med. and HDMF Premium	**1,006,894**	949,838
	₱36,555,792	₱29,216,771

19. Retirement Benefit Liability

The Parent Company has a funded, non-contributory defined benefits retirement plan covering its regular permanent employees. Retirement benefit expenses are based on the employees' years of service and final covered compensation.

Republic Act (RA) No. 7641 ("Retirement Pay Law") an Act amending Article 287 of Presidential Decree No. 442 ("Labor Code of the Philippines"), requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Changes in the net defined benefit liability in 2025 and 2024 follow:

	2025									
		Net Benefit Cost in Profit or Loss				**Remeasurements in Other Comprehensive Income**				
	January 1, 2025	**Current Service Cost**	**Net interest Cost (Income)**	**Subtotal**	**Benefits Paid**	**Actuarial Loss on Defined Benefit Obligation**	**Remeasurement Loss on Plan Asset**	**Subtotal**	**Contributions**	**December 31, 2025**
Present value of defined benefit obligation	**₱42,250,869**	**₱2,353,979**	**₱2,078,262**	**₱4,432,241**	**(₱5,454,000)**	**₱758,206**	**₱–**	**₱758,206**	**₱**	**₱41,987,316**
Fair value of plan asset	**(34,179,772)**	**–**	**(2,055,869)**	**(2,055,869)**	**5,454,000**	**–**	**55,303**	**55,303**	**(4,500,000)**	**(35,226,338)**
Net plan assets	**₱8,071,097**	**₱2,353,979**	**₱22,393**	**₱2,376,372**	**₱-**	**₱758,206**	**₱55,303**	**₱813,509**	**(₱4,500,000)**	**₱6,760,978**

	2024									
		Net Benefit Cost in Profit or Loss				Remeasurements in Other Comprehensive Income				
	January 1, 2024	Current Service Cost	Net interest Cost (Income)	Subtotal	Benefits Paid	Actuarial Loss on Defined Benefit Obligation	Remeasurement Loss on Plan Asset	Subtotal	Contributions	December 31, 2024
Present value of defined benefit obligation	₱34,098,781	₱2,016,056	₱2,010,922	₱4,026,978	₱–	₱4,125,110	₱–	₱4,125,110	₱–	₱42,250,869
Fair value of plan asset	(32,910,413)	–	(2,008,077)	(2,008,077)	–	–	738,718	738,718	–	(34,179,772)
Net plan assets	₱1,188,368	₱2,016,056	₱2,845	₱2,018,901	₱–	₱4,125,110	₱738,718	₱4,863,828	₱-	₱8,071,097

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions. The trustee has no specific matching strategy between the plan assets and the retirement obligation. The Parent Company is not required to pre-fund the defined benefit obligation before they become due. The amount and timing of contributions to the retirement fund are at the Company's discretion.

The Parent Company's plan is a noncontributory defined benefit plan covering all regular and permanent employees. Benefits are based on the employee's final plan salary and years of service.

The fund is administered by a trustee bank under the supervision of the Retirement Committee of the plan. The Committee is responsible for the investment strategy of the plan.

The carrying value and fair value of plan assets by each class as at the end of the reporting period are as follow:

	2025	2024
Cash	**₱1,022**	₱2,332
Fixed income securities:		
Government securities	**1,965,309**	29,957,553
Corporate bonds	**31,778,965**	1,914,663
Mutual funds	**948,837**	1,797,897
Accrued income receivables	**70,000**	478,257
Equity securities	**503,424**	70,000
Liabilities	**(41,219)**	(40,930)
	₱35,226,338	₱34,179,772

The plan assets have diverse investments in equity and debt securities, and do not have any concentration risk.

The principal assumptions used in determining retirement benefits costs and retirement benefit liability for defined benefit plan are shown below:

	2025	2024
Discount rate	**6.30%**	6.10%
Salary increase rate	**4.00%**	3.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined retirement benefit liability as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	2025	2024
Discount rates	+1%	**₱39,895,787**	₱40,303,805
	-1%	**44,341,576**	44,427,120
Salary increase rate	+1%	**44,532,843**	44,618,543
	-1%	**39,688,044**	40,099,899

The Parent Company contributed ₱4.5 million in 2025 to the defined benefit pension plan and is expected to contribute ₱4.0 million in 2026.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2025:

Less than 1 year	₱1,977,505
1 to less than 5 years	36,581,439
5 to less than 10 years	13,351,778
10 to less than 15 years	20,388,332
15 to less than 20 years	16,677,233
20 years and above	41,494,562
Total expected payments	₱130,470,849

The average duration of the defined retirement benefit liability as at December 31, 2025 and 2024 are 8.51 and 8.08 years, respectively.

Remeasurement Loss

Remeasurement loss on retirement benefit liability are recognized immediately in the statements of financial position as part of equity. Details of the remeasurement follow:

	2025	2024
Balance at beginning of year	**(₱46,560,234)**	(₱42,912,363)
Remeasurement losses	**(813,509)**	(4,863,828)
Income tax effects	**203,377**	1,215,957
Balance at end of year	**(₱47,170,366)**	(₱46,560,234)

20. **Income Taxes**

Current income tax

The details of provision for current income tax are as follows:

	2025	2024
MCIT	**₱378,831**	₱173,769
Final taxes	**1,861,956**	632,739
	₱2,240,787	₱806,508

The reconciliation of (provision for) benefit from income tax computed using the statutory income tax rate with (provision for) benefit from income tax in the parent company statements of income is as follows:

	2025	2024
(Provision for) benefit income tax computed at the statutory income tax rate	**(₱38,888,903)**	(₱2,458,060)
Add (deduct) tax effect of:		
Expired NOLCO	**(52,509,562)**	–
Nontaxable income	**2,879,803**	12,450,671
Interest income subjected to final tax	**2,350,411**	2,289,538
Final taxes	**(1,861,956)**	(632,739)
Nondeductible expenses	**(1,295,225)**	(1,420,797)
Excess MCIT over RCIT	**(495,121)**	(106,807)
	(₱89,820,553)	₱10,121,806

Deferred income tax

Net deferred income tax assets represent the following:

	2025	2024
Deferred income tax assets on:		
NOLCO	**₱112,486,744**	₱142,069,665
Provision for P&A costs	**43,750,717**	8,446,605
Unamortized past service cost	**5,784,975**	6,214,846
Provision for year-end expenses	**1,792,139**	–
Retirement benefits	**1,690,244**	2,017,774
Excess of MCIT over RCIT	**682,606**	798,896

(Forward)

	2025	2024
Provision for impairment on deferred oil and gas exploration cost	**₱–**	₱83,730,695
Unrealized foreign exchange loss	–	–
	166,187,425	243,278,481
Deferred income tax liabilities on:		
Unrealized forex gain	**(707,947)**	(1,734,353)
Decommissioning asset	**(12,286,231)**	(974,492)
	(12,994,178)	(2,708,845)
	₱153,193,247	₱240,569,636

Details of the Parent Company's NOLCO and excess MCIT over RCIT that can be claimed as deduction from future taxable income and future income tax due are as follows:

	NOLCO		EXCESS MCIT OVER RCIT	
Year incurred	Year of Expiry	Amount	Year of Expiry	Amount
2020	2025	₱195,497,024	2023	₱–
2021	2026	90,194,455	2024	–
2022	2025	14,541,223	2025	495,121
2023	2026	189,257,849	2026	130,006
2024	2027	78,788,110	2027	173,769
2025	2028	91,706,562	2028	378,831
		659,985,223		1,177,727
Expired during the year		(210,038,247)		(495,121)
		₱449,946,976		₱682,606

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover as One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

21. Fair Value Measurement

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's-length transaction, other than in forced or liquidation sale.

The carrying amounts of financial assets (except financial assets at FVOCI and advances to a related party) and financial liabilities approximate their fair values because of their short-term nature. Financial assets at FVOCI are carried at fair value based on the quoted values of the securities. Advances to a related party are long-term and interest-bearing, thus, fair value is equal to the carrying value.

Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy as follows:

2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Asset measured at fair value:				
Financial assets at FVOCI	**₱70,748,276**	**₱–**	**₱–**	**₱ 70,748,276**

2024	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Financial assets at FVOCI	₱43,219,632	₱4,250,000	₱–	₱47,469,632

As at December 31, 2025 and 2024, there were no transfers between Level 1, Level 2, and Level 3 fair value measurement.

22. **Financial Risk Management Objectives and Policies**

The Parent Company's principal financial instruments are comprised mainly of cash and cash equivalents, receivables, financial assets at FVOCI, other noncurrent assets, accounts payable and accrued liabilities (except withholding taxes) and dividends payable. The main purpose of these financial instruments is to provide financing for the Parent Company's operations and capital-intensive projects. The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Parent Company.

The main risks arising from the Parent Company's financial instruments are credit risk, liquidity risk, and market risks. The market risks exposure of the Parent Company can be further classified to foreign currency risk and equity price risk. The BOD reviews and approves the policies for managing some of these risks and they are summarized as follows:

Foreign Currency Risk
Foreign currency risk is the risk that the value of the Parent Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Parent Company's transactional currency exposures arise from cash and cash equivalents and receivables. The Parent Company's foreign currency-denominated monetary assets and liabilities as at December 31, 2025 and 2024 are as follows:

	2025		2024	
	US$	**Peso Equivalent**	US$	Peso Equivalent
Cash and cash equivalents	**$1,377,831**	**₱81,002,684**	$590,402	₱34,151,787
Receivables	**1,000,000**	**58,790,000**	1,000,000	57,845,000
Accounts with partners (Note 12)	**(483,492)**	**(28,424,474)**	(213,112)	(12,726,476)
Net monetary assets	**$1,894,339**	**₱111,368,210**	$1,377,290	₱79,270,302

In translating the foreign currency-denominated financial instruments into Philippine peso amounts, the exchange rates used are US$10 to ₱58.790 and US$1.0 to ₱57.845 as at December 31, 2025 and 2024, respectively.

The Parent Company recognized net foreign exchange gain amounting to ₱2.85 million and ₱19.46 million in 2025 and 2024, respectively.

The following table demonstrates the sensitivity of the Parent Company's income before income tax (solely from foreign currency revaluation) to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Parent Company's income before income tax due to changes in the carrying value of financial assets and liabilities. The sensitivity range is based on the historical volatility of the foreign exchange rate for the past year. The analysis is based on the assumption that last year's foreign currency rate volatility will be the same in the following year.

	Movement in Foreign Exchange Rate Increase (Decrease)	Effect on Income Before Income Tax
2025	**1.07%**	**₱2,022,207**
	(0.73%)	**(1,387,604)**
2024	1.09%	₱1,493,727
	(1.16%)	(1,589,654)

Foreign currency risk has no other impact on the Parent Company's equity other than through profit or loss.

Credit Risk

Credit risk is the risk that the Parent Company will incur a loss because its customers or counterparties failed to discharge their contractual obligations. With respect to credit risk arising from the other financial assets of the Parent Company, which comprise of cash in banks, short-term investments, receivables, financial assets at FVOCI and advances to related parties and other noncurrent financial assets, the Parent Company's exposure to credit risk could arise from default of the counterparty.

The Parent Company trades only with recognized, creditworthy third parties. However, the Parent Company's credit risk exposure is concentrated on a few counterparties as inherent in the oil exploration and production business.

The table below summarizes the Parent Company's gross maximum credit risk exposure from its financial instruments. These amounts are gross of collateral and credit enhancements, but net of any amounts offset and allowance for impairment losses:

	2025	2024
Amortized costs:		
Cash in banks and cash equivalents	**₱261,072,846**	₱395,621,748
Receivables	**434,591,860**	301,007,109
Other noncurrent financial assets	**20,000,000**	–
Financial assets at FVOCI	**70,748,276**	47,469,632
	₱786,412,982	₱744,098,489

In determining the credit risk exposure, the Parent Company has established probability of default rates based on available credit ratings published by third-party credit rating agencies. The credit ratings already considered the forward-looking information. When a counterparty does not have published credit ratings, the Parent Company benchmarks the credit ratings of comparable companies, adjusted to account for the difference in size and other relevant metrics.

While these financial assets are also subject to the impairment requirements of PFRS 9, the identified impairment loss was immaterial.

The aging analysis of financial assets follows:

			2025			
			Days Past Due			
	Current	**60 Days**	**180 Days**	**More than 180 Days**	**ECL**	**Total**
Cash and cash equivalents*	**₱261,072,846**	**₱–**	**₱–**	**₱–**	**₱–**	**₱261,072,846**
Receivables:						
Advances to related parties	**407,790,000**	**–**	**–**	**–**	**–**	**407,790,000**
Accrued interest	**6,459,897**	**681,627**	**1,340,955**	**13,648,771**	**–**	**22,131,250**
Accounts with partners	**4,121,247**	**–**	**–**	**–**	**–**	**4,121,247**
Others	**184,288**	**–**	**–**	**365,075**	**–**	**549,363**
Other noncurrent financial assets	**20,000,000**	**–**	**–**	**–**	**–**	**20,000,000**
Financial assets at FVOCI	**70,748,276**	**–**	**–**	**–**	**–**	**70,748,276**
	₱770,376,554	**₱681,627**	**₱1,340,955**	**₱14,013,846**	**₱–**	**₱786,412,982**

**Excluding cash on hand of ₱21,764*

			2024			
			Days Past Due			
	Current	60 Days	180 Days	More than 180 Days	ECL	Total
Cash and cash equivalents*	₱395,621,748	₱–	₱–	₱–	₱–	₱395,621,748
Receivables:						
Advances to related parties	286,845,000	–	–	1,376,802	–	288,221,802
Accrued interest	4,444,409	681,627	1,340,955	5,625,336	–	12,092,327
Others	434,067	–	–	–	–	434,067
Financial assets at FVOCI	47,469,632	–	–	–	–	47,469,632
	₱743,814,856	₱681,627	₱1,340,955	₱7,002,138	₱–	₱743,839,756

**Excluding cash on hand of ₱22,313*

The table below shows the credit quality of the Parent Company's financial assets based on their historical experience with the corresponding debtors.

Credit risk under general approach

		2025		
		General Approach		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents*	**₱261,072,846**	**₱–**	**₱–**	**₱261,072,846**
Receivables:				
Advances to related parties	**407,790,000**	**–**	**–**	**407,790,000**
Accrued interest	**22,131,250**	**–**	**–**	**22,131,250**
Accounts with partners	**4,121,247**	**–**	**–**	**4,121,247**
Others	**549,363**	**–**	**–**	**549,363**
Other noncurrent financial assets	**20,000,000**	**–**	**–**	**20,000,000**
Financial assets at FVOCI	**70,748,276**	**–**	**–**	**70,748,276**
	₱786,412,982	**₱–**	**₱–**	**₱786,412,982**

**Excluding cash on hand of ₱21,764*

		2024		
		General Approach		
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents*	₱395,621,748	₱–	₱–	₱395,621,748
Receivables:				
Advances to related parties	288,221,802	–	–	288,221,802
Accrued interest	12,092,327	–	–	12,092,327
Accounts with partners	262,573	–	–	262,573
Others	171,494	–	–	171,494
Financial assets at FVOCI	47,469,632	–	–	47,469,632
	₱743,839,576	₱–	₱–	₱743,839,576

**Excluding cash on hand of ₱22,313*

Liquidity Risk
Liquidity risk is the risk that the Parent Company becomes unable to meet its payment obligations when they fall due under normal and stress circumstances. The Parent Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and operating cash flows. The Parent Company addresses liquidity concerns primarily through cash flows from operations and short-term borrowings.

The table below summarizes the maturity profile of the Parent Company's financial liabilities based on contractual undiscounted payments.

2025	**Less than three months**	**Three to twelve months**	**More than twelve months**	**Total**
Financial liabilities				
Accounts payable and accrued liabilities*	**(₱36,570,198)**	**₱–**	**₱–**	**(₱36,570,198)**
Dividends payable	**(33,103,318)**			**(33,103,318)**
	(₱69,673,516)	**₱–**	**₱–**	**(₱69,673,516)**

**Excluding government payables*

2024	Less than three months	Three to twelve months	More than twelve months	Total
Financial liabilities				
Accounts payable and accrued liabilities*	₱20,462,232	₱–	₱–	₱20,462,232
Dividends payable	33,121,850			33,121,850
	₱53,584,082	₱–	₱–	₱53,584,082

**Excluding government payables*

Changes in liabilities arising from financing activities

	2025			
	January 1	**Cash flows**	**Others**	**December 31**
Dividends	**₱33,121,850**	**(₱18,532)**	**₱–**	**₱33,103,318**

	2024			
	January 1	Cash flows	Others	December 31
Dividends	₱33,126,610	(₱4,760)	₱–	₱33,121,850

Market Risk
Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in foreign currency exchanges rates and equity price.

Equity Price Risk
Equity price risk is the risk that the fair values of investments in quoted equity securities could decrease as a result of changes in the prices of equity indices and the value of individual stocks. The Parent Company is exposed to equity securities price risk because of investments held by the Parent Company, which are classified in the statements of financial position as financial assets at FVOCI.

The following table shows the sensitivity of the Parent Company's equity (through OCI) from changes in the carrying value of the Parent Company's financial assets at FVOCI due to reasonably possible changes in the Philippine Stock Exchange index (PSEi), with all other variables held constant, of the Parent Company's equity (through OCI) due to changes in the carrying value of the Parent Company's financial assets at FVOCI. The analysis links PSEi changes, which proxies for general market movements, to individual stock prices through the adjusted betas of each individual stock. Betas are coefficients depicting the sensitivity of individual prices to market movements.

The sensitivity range is based on the historical volatility of the PSEi for the past year. The analysis is based on the assumption that last year's PSEi volatility will be the same in the following year.

	Percentage Change in PSEi	Effect on Income before Income tax
2025	**+16.75%**	**₱9,628,819**
	-16.75%	**(9,628,819)**
2024	+15.30%	₱10,151,996
	-15.30%	(10,151,996)

The impact of equity price risk on the Parent Company's equity excludes the impact on transactions affecting profit or loss.

23. Capital Management

The Parent Company maintains a capital base to cover risks inherent in the business. The primary objective of the Parent Company's capital management is to optimize the use and earnings potential of the Parent Company's resources, ensuring that the Parent Company complies with externally imposed, legal or contractual, capital requirements, if any, and considering changes in economic conditions and the risk characteristics of the Parent Company's activities.

No significant changes have been made in the objectives, policies and processes of the Parent Company from the previous years. In addition, there were no restrictions as to the capital of the Parent Company.

The following table summarizes the total capital considered by the Parent Company:

	2025	2024
Capital stock	**₱1,743,479,943**	₱1,743,479,943
Additional Paid-in capital from sale of treasury shares	**1,624,012**	1,624,012
Net unrealized loss on decline in value of available for-sale financial assets	**(39,898,374)**	(63,177,018)
Remeasurement of retirement in OCI	**(47,170,366)**	(46,560,234)
Retained earnings	**796,958,479**	731,223,428
	₱2,454,993,694	₱2,336,590,131

The Parent Company monitors capital on the basis of the debt-to-equity ratio and makes adjustments to it in light of changes in economic conditions and its financial position. This ratio is calculated as total debt divided by total equity. Debt pertains to accounts payable and other current liabilities. Equity comprises all components of equity.

The Parent Company's debt-to-equity ratios are as follows:

	2025	2024
Total liabilities	**₱260,246,037**	₱104,388,885
Equity	**2,454,993,694**	22,366,590,131
Debt-to-Equity Ratio	**₱0.11:1**	₱0.04:1

24. **Supplementary Tax Information under Revenue Regulations (RR) No. 15-2010**

On November 25, 2010, Bureau of Internal Revenue (BIR) has issued RR No. 15-2010 prescribing the manner of compliance in connection with the preparation and submission of financial statements accompanying the tax returns. It includes provisions for additional disclosure requirements in the notes to the financial statements, particularly on taxes, duties and license fees paid or accrued during the year.

In addition, under Presidential Decree 87 Section 12(a), the Parent Company, as well as all other service contractors, is exempted from all taxes, except income tax.

The Parent Company reported and/or paid the following types of taxes for the year:

a. Taxes and Licenses

Real estate taxes	₱192,953
License and permits fees	40,624
Total taxes and licenses	₱233,577

b. Withholding Taxes

	Paid	Accrued	Total
Withholding taxes on compensation and benefits	₱ 4,142,617	₱525,265	₱4,667,882
Expanded withholding tax	555,089	42,096	597,185
Final withholding taxes	–	–	–
	₱4,697,706	₱567,361	₱5,265,067

c. Others

The Parent Company has not locally produced and imported or imported excisable item, landed cost of imports, custom duties and tariff fees paid or accrued as at December 31, 2025.

The Parent Company has no outstanding tax cases in any other court or bodies outside of the BIR as at December 31, 2025.

SyCip Gorres Velayo & Co.
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1226 Makati City
Philippines

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Fax: (632) 8819 0872
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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
The Philodrill Corporation
8th Floor, Quad Alpha Centrum
125 Pioneer St., Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the Parent Company financial statements of The Philodrill Corporation as at and for the years ended December 31, 2025 and 2024 and have issued our report thereon dated March 24, 2026. Our audits were made for the purpose of forming an opinion on the Parent Company financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the Parent Company financial statements. This has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Marco Rene A. Barredo
Marco Rene A. Barredo
Partner
CPA Certificate No. 116783
Tax Identification No. 214-999-478
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 116783-SEC (Group A)
Valid to cover audit of 2025 to 2029 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-160-2025, December 18, 2024, valid until December 17, 2027
PTR No. 10765015, January 2, 2026, Makati City

March 24, 2026

THE PHILODRILL CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

For the reporting period ended December 31, 2025

Unappropriated Retained Earnings, beginning of the year		₱502,653,983
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Reversal of Retained Earnings Appropriation	–	
Effect of restatements or prio-period adjustments	–	
		–
Less: Category B: Items that are directly debited to unappropriated retained earnings		
Dividend declaration during the year	–	
Retained Earnings appropriated during the year	–	
Effect of restatements or prio-period adjustments	–	
		–
Unappropriated Retained Earnings, as adjusted		502,653,983
Add: Net income for the year		65,735,051
Less: Category C.1: Unrealized income recognized in profit or loss during the reporting period (net of tax)		
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	–	
Subtotal		–
Add: Category C.2: Unrealized income recognized in the profit or loss in prior period reporting periods but realized in the current reporting period (net if tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	3,519,887	
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	–	
Subtotal		3,519,887
Add: Category C.3: Unrealized income recognized in the profit or loss in prior period reporting periods but reversed in the current reporting period (net if tax)		
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 realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Subtotal		–
Adjusted Net Income		69,254,938
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment after tax	–	
Sub-total		–
Add: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effects of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	
Subtotal		–

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	111,572,139	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction	(23,992,373)	
Adjustment due to deviation from PFRS/GAAP – gain (loss)	–	
Subtotal		87,579,766
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND DECLARATION		₱659,488,687

Sustainability Reporting Template

Contextual Information

Company Details	
Name of Organization	THE PHILODRILL CORPORATION
Location of Headquarters	8TH F, Quad Alpha Centrum Bldg., 125 Pioneer St., Mandaluyong
Location of Operations	with active Service Contracts in NW Palawan and Mindoro, Phils.
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	THE PHILODRILL CORPORATION
Business Model, including Primary Activities, Brands, Products, and Services	Oil and Gas Exploration and Production
Reporting Period	2025
Highest Ranking Person responsible for this report	ADRIAN PAULINO S. RAMOS President

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
The Philodrill Corporation recognizes the value of sustainability reporting as a useful risk management tool that will generate savings for the Company and help attain its goal of increased shareholder value. Philodrill is committed to providing access to affordable, reliable and sustainable energy that is essential to fuel our economy and improve living conditions. Material topics were determined through the engagement of stakeholders (both internal and external) and rationalize the factors that have the most impact, where it occurs or how such factors affected the respondents' lives. This Report will provide insight on the Company's risk management policies and governance practices and what it does to manage social, environmental, and economic sustainability.

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	159,386,884	Php
Direct economic value distributed:		
Operating costs	94,496,512	Php
Employee wages and benefits	29,387,233	Php
Payments to suppliers, other operating costs	34,537,194	Php
Dividends given to stockholders and interest payments to loan providers	0	
Taxes given to government	5,643,898	Php
Investments to community (e.g. donations, CSR)	40,000	Php

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
The impact of economic performance is on the primary business operations of the Company. As the upstream Oil &Gas industry is a capital intensive business, strong economic performance means more projects are carried out. The impact is directly caused by the company as it is the measure of its performance in operating the business.	Strong economic performance means that value is delivered to our **shareholders**, value is delivered through our services to **society**, **employees** are offered competitive salaries and benefits, obligations to **suppliers and creditors** are met, **custome**r orders are fulfilled, **Government** gains revenues and the **local communities** receive investment.	The Company implements Enterprise Risk Management (ERM). ERM provides reasonable assurance regarding the achievement of the Company's objectives. Philodrill can identify, assess, respond and monitor the outcomes of the industry's leading risk factors with an Enterprise Risk Management system in place.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization		

In the oil and gas industry, managing capital projects, in particular large capital projects, in a global environment is becoming increasingly complex. Oil and gas companies need to make strategic decisions about which projects should be developed first to ensure their company's best performance. 1. **Price Risk**. The price of oil and gas is the primary factor in deciding whether a reserve is economically feasible. Basically, the higher the geological barriers to easy extraction, the more price risk a given project faces. This is because unconventional extraction usually costs more than a vertical drill down to a deposit. 2. **Supply and Demand Risk.** Operations take a lot of capital and time to get going, and they are not easy to shut down when prices go south or to ramp up when they go north. The uneven nature of production is part of what makes the price of oil and gas so volatile. Other economic factors also play into this, as financial crises and macroeconomic factors can dry up capital or otherwise affect the industry independently of the usual price risks. 3. **Cost Risk**. The more onerous the regulation and the more difficult the drill, the more expensive a project becomes. 4. **Operational Risk.** Companies struggle to find and retain the qualified workers that they need to operate the field.	The Company itself, employees, suppliers and creditors, contractors	Effective monitoring and reporting mechanisms are in place to continuously review and manage the exposure to the risks and opportunities
What are the Opportunity/ies	**Which stakeholders are**	**Management Approach**

Identified?	affected?	
Identify the opportunity/ies related to material topic of the organization		
Good economic performance opens opportunities for the Company to participate in more exploration projects and enter into Joint Venture agreements. Provides the Company resources to offer competitive compensation package and benefits for its employees, and share profit to its stockholders. But more importantly, the Government gains more revenues and better investments are returned back to the local communities.	The stockholders, employees, National Government and the local community	Management implements rationalization of exploration projects, prioritizing those within the medium-term prospects. In all its undertakings, tighter measures are employed to ensure efficient utilization of resources to minimize cost and dependence on outsourced services that are more costly.

Climate-related risks and opportunities[15]

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities	*Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material*	*Disclose how the organization identifies, assesses, and manages climate-related risks*	*Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material*
The Philodrill's Board of Directors ensures that a comprehensive, corporate-wide climate change mitigation or adaptation strategy is in place. Executive Management must identify adaptation measures and	Philodrill is committed to protecting the environment. It works hard to at least minimize or at the most cause no harm to people. The Company as Operator sets environmental standards in accordance with	The Company adheres to processes that assess and mitigate risks and support decision making. These processes include the following: *Enterprise Risk Management.* ERM process provides	The Company has not set targets for emissions reduction for the most recent years as most of its major assets are still in the exploration stage while Greenhouse Gas (GHG) emissions at the office has minimal impact to the environment.

opportunities to mitigate energy cost, carbon and carbon related regulatory measures. The most cost-effective measures the Company can take to adapt to physical risks (to build resilience for climate changes which can no longer be avoided) and mitigate energy costs and carbon risks (reduce exposure) are then described based on observation of global best practices. These measures should not be considered in isolation but within the capital planning cycle of the Company.	global best practices, which meet all regulatory requirements. The company's standards cover its environmental performance including: managing emissions of greenhouse gases, using less energy more efficiently, flaring and burning off less gas during oil production, preventing spills and leaks of hazardous materials, using less fresh water and conserving biodiversity wherever we operate. It encourages the Partners in the consortium to comply with the best standards. The Company works in partnership with the government (DOE, PCSD), Academics (UP Geological Society) and local community (El Nido) to maintain and sustain its high standards.	corporate oversight for identifying major risks to the Company and ensuring mitigation plans are in place. The ERM process includes risk review with executive management and the Board of Directors that identifies risks inherent in our business. Risks assessed through this process include financial, operational, geopolitical, commodity pricing, security, geological and technological as well as climate change risks. *Strategic and business planning processes*. The Mancom is responsible for managing the strategic and business planning processes at the Board's direction. These processes are designed to ensure that our business remains resilient under a variety of circumstances, and they include examination of external points of view, ongoing assessment of the dynamics of the energy sector, monitoring of policy and regulatory developments, and examination of trends, such as advancements in technology and evolution of consumer preferences. *Portfolio management.* The Company manages its portfolio of assets to meet objectives in accordance with its	However, for the Galoc Operations, wherein Philodrill has a participating interest, GHG emission and gas flaring are being monitored and measured. The Company, once producing again will actively engage in direct and indirect monitoring of GHG emissions.

		strategic and/ or business plans. A decision to invest in an asset and add it to the Company's portfolio is made based on the then-current view of factors, including anticipated future cost, NPVs, market, pricing and regulatory conditions.	
Recommended Disclosures			
Describe the board's oversight of climate-related risks and opportunities	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	Describe the organization's processes for identifying and assessing climate-related risks	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

The Philodrill Corporation, through its Board of Directors,is committed to its goal of energy sufficiency, but remains focused on operating responsibly and safely. The Board meets regularly, on a monthly basis to discuss updates of company assets which includes climate-related concerns. During these meetings, decision-making issues that require top-level approval are presented. The management assures that the impacts on the environment (i.e., climate change) are carefully considered in the choices presented to the board. Updates on policies implemented, actions undertaken, and effects of these decisions are discussed with the board.	As most the assets are still in the exploration stage, the bulk of the workload is tied in office works. Production of paper wastes is the most common short-term environmental risk the Company is facing. By going electronic, not only is the Company reducing paper wastes but also operational expenses. The more intense extreme rainfall events and other natural disasters were identified as affecting its employees in a short- term period. The flaring of natural gases in the Galoc asset emits tonnes of GHG into the atmosphere thus causing medium-term health hazards to the employees onboard the platform and long-term effect on global warming.	During the last meeting for the year, Management discusses with the Board the work program and budget (WP&B) plans for the succeeding year. The Exploration program such as Geological &Geophysical activities are strategically scheduled all throughout the coming year. Management identifies possible environmental (including climate- related) risks that may impede the accomplishment of the said activities or cause any disruption in the operations. Guidance from the Board is sought on the implementation of cost-effective adaptation strategies. Previously collected data such as rainfall quantity, ocean current pattern, and gas emissions helps in forecasting risks that may arise during the implementation of G&G activities. The occurrence probability of these risks and the object which it will directly and indirectly affect are considered carefully.	Philodrill's operated blocks are strictly complying with RA 8749 or the Philippine Clean Air Act of 1999 which has the Department of Environment and Natural Resources (DENR) as the lead agency. The quality and quantity of gas emissions during operations are compared to the standard limits set by the DENR. Philodrill adheres to the DOE standards concerning regulations in the energy industry. The Company regularly submits quarterly and annual operations reports and results of exploration activities of the Company's operated service contract. The Company's plans are also aligned with the department's mission to be globally-competitive while improving the quality of life of Filipino communities.
Describe management's role in assessing and managing climate-related risks and opportunities	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	Describe the organization's processes for managing climate-related risks	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets
Management provides the link between its employees and the host	Philodrill is exposed to many weather-related climate change risks	During the initial planning stages of our major projects, a screening	The primary target of the Company is to lessen carbon footprint and the negative

communities that are directly exposed to climate-related risks to the Board which is the decision-making body of the Company. Management is also responsible in providing immediate sound decisions and actions toward these risks. Management oversees all operations and assesses possible environmental impacts of the Company's activities.	that could result in construction delays, production downgrades or blow outs to decommissioning costs, if not managed well. Company activities are planned and scheduled accordingly to lessen climate-related risks (e.g., weather pattern) that will incur additional expenses. Environmental factors, such as the reuse of materials and appropriate disposal, are considered when closing down a site.	process is implemented to identify potential environmental and social impacts. These may include impacts on sensitive areas and freshwater resources, as well as the prevalence of bribery and corruption in the LGU, local employment and community health and safety. The results are used to identify actions and mitigation measures and then implement these in project design, construction and operations. The Management team works hard to understand environmental and social sensitivities in the areas where we operate with the aim of avoiding, minimizing and mitigating any potential impacts.	environmental impact of its exploration activities. Recycling is practiced in the office premises. Reusable items such as papers, newspapers, carton boxes, plastic bags, and plastic/glass bottles are either reused or if unrecyclable are sold and proceeds distributed to the staff. These measures that not only aid the employees in work but also benefits the Company by lessening operational expenses and providing additional income. Conservation of electricity and water is also a constant practice. The Company is contributing less air pollutants with the efficient use of GHG-emitting equipment. Management ensures that the facilities of producing oil fields are in good condition so that emissions of hazardous matters are at the minimum or acceptable limits.
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	
	The Company's management and staff plan and create scenario analysis prior to implementation of projects. A contingency plan is always included in the programs presented to	Management practices a holistic approach in doing the Company's overall risk management. After identification, assessment, and action preparation for the climate-related risks, integration with the other	

	the board. Usually, an additional 10-20% of the total project budget and total number of working days is allocated as contingent measures.	risks are done. A cause- and- effect relationship is established on the risks associated with each other. G&G activities are undertaken during favorable weather window periods taking into consideration weather downtime, thus limiting risks and expenses and ensuring the safety of operations.	

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	Php32,842,594	95.09%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
Localizing supply chain represents an opportunity to help reduce emissions and energy usage. Local supplies do not create large carbon footprints through overseas plane travel or long truck trips. This cuts down on fuel consumption and air pollution.	Suppliers	Foreign contractors are only engaged if there are no qualified or capable local suppliers available.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material		

topic of the organization		
Inability of local suppliers to meet the demand.	suppliers	Management assesses the availability and competency of local suppliers. Foreign contractors are only engaged if there are no qualified or capable local suppliers available.

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ENVIRONMENT

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Identify the opportunity/ies related to material topic of the Organization		
The Company reduces shipping and storage cost while increasing revenue of the local economy by involving local suppliers. This presents opportunity to the Company to be more competitive in terms of its pricing of local crude oil produce and sold to refineries or end users.	Suppliers and other oil and gas companies	The Company seeks and maintains mutually beneficial relationships with Suppliers that uphold the Company's principles and core values.

Resource Management

Energy consumption within the organization: **(***Annual Consumption at the Principal office)*

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	N.A.	GJ
Energy consumption (diesel)	19.56	GJ
Energy consumption (electricity)	43,920 (3,660/month)	kWh

**Electricity consumption at the principal office for 2025*

Energy consumption on site: Galoc

Energy Consumption (Diesel)			
Parameter	**Term/Formula**	**Unit**	**Year**
Sulfur in fuel actually used (average)	A	%	0.002
Fuel Consumption	B	li	280,000
Conversion Factors	C	lb/kg	2.205
	D	li/gallon	3.785
Diesel Density	E	lb/gallon [1]	7.1
	F = E/(C*D)	kg/li	0.8507
Average Diesel Heating value	G	BTU/lb [1]	19,300
	H = G * C	BTU/kg	42,556.50
	I = H * F	BTU/li	36,203.43
Power Input	J = I*B/1000000	MMBTU	10,136.97

[1] Source: US-EPA, AP 42, Fifth Edition, Volume I Chapter 3.4 (Updated October 1996) (https://www3.epa.gov/ttn/chief/ap42/ch03/final/c03s04.pdf)

Energy Consumption (Natural Gas)			
Parameter	**Term/For**	**Unit**	**Year 2025**
Fuel Consumption	A	mmscf	54.67
Average Natural Gas Heating value	B	BTU/scf	1,050
Power Input	C = A*B	MMBTU	57,403.5

[1] Source: US-EPA, AP 42, Fifth Edition, Volume I Chapter 3.4 (Updated October 1996) (https://www3.epa.gov/ttn/chief/ap42/ch03/final/c03s04.pdf

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (renewable sources)	0	GJ
Energy reduction (LPG)	N.A.	GJ
Energy reduction (diesel)	4.95	GJ
Energy reduction (electricity)	920	kWh
Energy reduction (gasoline)	N.A.	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
Energy directly impacts the Company's operations. Energy	*Employees, contractors, JV partners, community*	Philodrill is committed to using less energy and more efficiently, flaring and

resources are vital and necessary to the daily operations of the oil fields. Rationalization of energy consumption involves the Company, its employees and contractors both onsite (field operations) and offsite (office site). Continuous reduction of energy consumption is being done through implementation of energy conservation measures.		burning off less gas during oil production. It encourages Partners in joint ventures to comply with global standards and best practices. The Company is also implementing cost-cutting measures resulting to the proper monitoring of and reduction in general & administrative expenses.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization		
Inefficient use of equipment resulting to higher energy consumption.	Employees, personnel working on site	Continuous monitoring and constant reminder to company employees of efficient use of office equipment. Orient maintenance staff on the schedule of switching on and off of lights, aircon, workstations, and other electrical equipment. Encourage employees to car pool, if possible, to save on gasoline/diesel Facilities at site are well maintained and kept at best condition to work efficiently.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization		
The Company will assess the impact of implementing alternative work scheme including an option to work from home to decrease operational costs and increase employees' productivity by minimizing travel time.	Employees	Continuous assessment of practicality and viability of implementing alternative work scheme.

Water consumption within the organization (off site – Office)

Disclosure	Quantity	Units
Water withdrawal	No data	Cubic meters
Water consumption	304.40	Cubic meters
Water recycled and reused	0	Cubic meters

Water consumption on site (Palawan)

Disclosure	Quantity	Units
Water withdrawal	n/a (with own desalination/water maker)	Cubic meters
Water consumption	9,007	Cubic meters
Water recycled and reused	N/A	Cubic meters

**Note that we are manufacturing/making our own fresh water that was converted from the sea water within the area.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
As the country experienced water crisis in 2019, the Company has been prioritizing water management, so as not to contribute further to the depletion of our water resources. At the Platform, we use reverse osmosis in seawater desalination to produce clean water that can be used for drinking, bathing, food preparation, and other general purposes.	Community, Employees, and personnel working in the platforms	The Company educates and constantly reminds its employees on the efficient use of water. Reprocessing of seawater to produce clean, safe, and fresh water to be self-sufficient, instead of relying on water tank refilling by supply vessels, which will entail additional logistical processes is continuously being implemented.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization		

Within the office premises, some personnel are unaware that they irresponsibly use water facilities resulting to higher consumption.	Employees	The Company constantly reminds its employees to practice water conservation. Management lowered the water pressure in the comfort rooms, to control water flow and avoid spillage. Also, management ensures that there are no faucet and toilet leaks to avoid water wastage by conducting regular inspections
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization		
Efficient water consumption leads to financial savings, which can be appropriated by the Company for other purposes. Additionally, water conservation helps the community as a whole in prolonging the water supply especially during dry seasons from March to May wherein the water in reservoirs falls below normal level.	Employees and Building Management	The Company constantly reminds employees to use water responsibly.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Galoc FPSO (Intrepid Balanghai) Location: Location: West Philippine Sea, 87km north of El Nido town 11° 58' 37.2" N 119° 18' 43.2" E	
Habitats protected or restored	none	ha
IUCN17 Red List species and national conservation list specieswith habitats in areas affected by operations	(list)	

*****Note that we have a full copy of the Marine Protected Areas (MPA) for the whole Occidental Mindoro and Palawan with given locations and areas. Species are generally referred to as fishes, corals, seaweeds and the like.*

What is the impact and where organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)		

The Company ensures strict compliance with environmental laws and policies by securing required permits from the DOE, DENR-EMB. Philodrill supports the conservation and preservation of protected areas that house our country's rich natural resources (both flora and fauna).	Employees, Marine Crew onboard the Vessels, Personnel working at the platforms and local Communities adjacent to or within the SCs	The Company secures a Certificate of Non Coverage (CNC) or Environmental Compliance Certificate (ECC), whichever is applicable, from the Environmental Management Bureau (EMB) of the DENR to cover all its exploration activities, as well as Strategic Environmental Plan Clearance (SEPC) from Palawan Council for Sustainable Development (PCSD). 1. Service Contract 14 C-1 – Galoc • Strategic Environment Plan Clearance issued by PCSD and concurred by DENR for the Galoc Field Area Development Project on December 15, 2016 • Environmental Compliance Certificate issued by DENR (signed by Sec. Angelo Reyes) on August 30, 2006. The ECC coverage specified the "Oil Development and Production of Galoc and Octon Fields" 2. Service Contract 14 C-2 – West Linapacan • Strategic Environment Plan Clearance issued by PCSD and concurred by DENR • Environmental Compliance Certificate issued by DENR. 3. Service Contract 53 – Onshore Mindoro • Certificate of Non-Overlap of any Ancestral Domain/Land of Indigenous Cultural Communities issued by the National Commission on Indigenous People (NCIP) Region 1V on September 22, 2014
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization		
For the fieldworks, marine and land seismic and gravity surveys, drilling and production activities, the risk include the disturbance of local	Employees, Marine Crew onboard the Vessels, Personnel working at the platforms and local	The Company strictly abides with Environmental laws and policies. The exploration, production and development activities are being

ecosystem in the area (i.e. cutting of trees, oil spill, improper disposal of large volumes of saline water, and gas flaring).	Communities adjacent to or within the SCs	accomplished with minimum or no detrimental impacts to flora and fauna, marine and onshore environment, soils, surface, ground, and marine waters. Regular Health, Safety, Security and Environment (HSSE) meetings are being conducted during onshore and offshore operations. The Company conducts Bathymetric Survey to determine the shallow water areas or pinnacles to be avoided during seismic surveys. The P&A of production wells in SC 14A and SC 14B in 2018 and 2019 were accomplished with no significant impact to the environment and offshore waters. Some of the platforms were stripped of equipment and materials that were transported onshore for later disposal. With regard to the SC 14C-1,Galoc field operations, Oil Spill Contingency Plans are in place in case of any untoward incidents. Produced water and petroleum wastes are being monitored in compliance with the standard acceptable amount defined by the DENR. Used diesel is being monitored to ensure that there is no spillage.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the Organization		
Decrease of negative environmental impact while minimizing incurred operational cost by partnering with other companies that provide exploration services within adjacent areas. In the office, decrease environment impact and $CO2$ imprint by going paperless/electronic. In offshore operations, JV partners devise ways to repurpose old platforms (they were converted as defense outpost of the government) instead of building or manufacturing a new one.	Local communities adjacent or within the SCs, Employees, and Third Party Contractors	The SC 14 JV turned over the Nido and Matinloc platforms to the DOE in December 2019 so that they can be used by the DND-AFP for national defense, instead of creating a new outpost.

Environmental impact management

Air Emissions

GHG

Air Pollutants:

Emission Rate Estimates

For the flaring facility, emission rate estimates of the GFAD Floating Production Storage Offloading (FPSO) Vessel for the year 2025 are presented in the table below:

Pollutant	Emission Factor [1]0 (tons pollutant/tons gas)	Emission for the Year 2025 (tons)
CO2	2.8	123,790.88
CO	0.0067	296.2
NOx	0.0012	53.05
N2O	0.000081	3.58
SO2	0.0000128	0.57
CH4 n atural gas	0.018	795.81
VOC natural gas	0.002	88.42
Gas Quantity Emitted		
Volume of Gas, ft3	1,498,884,600	
Equivalent Weight, tons	44,211.02	

For fuel combustion, emission rate estimates of the FPSO for the Year 2025 are presented below:

Pollutant	**Emission Factors**		**Year 2025 (tons)**
	lb/MMBTU	*kg/MMBTU*	
CO2	165	74.80	758.21
CO	0.85	0.39	3.91
NOx (controlled) [2]	1.9	0.86	8.75
SOx	1.01 S	0.458 S	0.01
TOC	0.09	0.04	0.414
PM	0.1	0.05	0.46

What is the impact and where does it occur? What is the organization’s involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact linked to impacts through its business relationship)	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
At the office, usage of air conditioning (AC) systems that	Employees of Philodrill and personnel onboard	The Company regulates its AC systems to lessen its power consumption. Out of

release chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HFCs) which are GHGs that trap heat and cause depletion of the ozone layer. Natural gases (i.e. methane (CH4), ethane, propane, butane, and other heavier components), which are GHG and VOCs, produced in the Galoc field are flared out as these are not economical to be developed and also pose safety and health hazards (i.e. major blowout accident leading to destruction and fatality) if not attended properly. Flaring natural gases results to byproducts or GHGs such as CO, CO2, VOCs, NOX, SOX, and other air pollutants	the platform, and nearby communities	twenty two (22) AC systems pre-installed in the office, only twelve (12) are regularly in operation during work hours (9:00- 16:00). These units are those near work desks occupied by the Company's employees. As an alternative, Management has opted to purchase AC systems with HFCs refrigerants instead of CFCs, since the former have lesser detrimental effects to the environment.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization		
Emission of GHG into the environme HFCs represent only a small portion of the total GHG emissions. However, they trap heat in the atmosphere as much as CO2. Although flaring/burning of natural gases emits a number of pollutants in the environment, it is less hazardous as compared to venting which is directly releasing natural gases into the atmosphere. Large amounts of released natural gases/GHGs may cause health hazards to the platform's crew and contribute to ozone destruction and global warming.	Employees of Philodrill and personnel onboard the platform, and nearby communities	Together with the reduced usage of AC units in the office, routine check and maintenance are also being implemented to ensure efficiency of the AC systems. To prevent major blowout accidents, flaring is favored by the management than venting off natural gases.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the Organization		

In the office, decrease environment impact and CO2 footprint by going electronic. Less electricity consumption brought about by the minimal use of AC units and the cost-effective performance resulting from the regular maintenance will lead to savings that can be allocated to other company expenses. At the site, proposal to use a device which could reduce the gas flaring is seriously being considered.	Employees	The Company is practicing energy conservation measures. Philodrill is implementing paperless approach to certain transactions to minimize paper consumption and CO2 emission during printing and photocopying. Although the abovementioned energy conservation measures can be considered basic with minimal effect to the environment, Philodrill believes that this effort will still be beneficial to the community and environment in the long run.

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
NOx, SOx, VOCs, and PMs are products of fuel combustion and ship emissions. These are released into the atmosphere and affect the ozone layer and contribute to global warming. In SC 14C-1, flaring of natural gases (i.e. methane (CH4), ethane, propane, butane and other heavier petroleum components) results to by-products or air pollutants such NOx, SOx, VOCs, and PM. Ethane and propane are the most abundant non-methane hydrocarbon compounds found in natural gas.	Employees onboard the platform, FPSO, and nearby communities	In SC 14C-1 operations offshore, International Convention for the Prevention of Pollution from Ships (MARPOL) guidelines are strictly enforced.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization		

Abundant NOX and SOX released into the environment from ship emission/fossil fuel combustion causes acid deposition. These gaseous pollutants are the major components of acid rain and smog apart from its contribution to greenhouse effect and global warming. Although flaring/burning of gases emits certain pollutants in the environment, it is less hazardous as compared to venting which is directly releasing natural gases into the atmosphere. Large amounts of released natural gases may cause health hazards to the platform crew.	Employees onboard the platform, FPSO, and nearby communities	Strict implementation of the MARPOL guidelines to decrease ship emissions. FPSO/Ship engines are also properly maintained to avoid machine failures that could increase the ship's intake of fossil fuel which in turn leads to an increase in combusted fuel. The management opted to do gas flaring rather than venting to minimize health hazards and accidents.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization		
Strict compliance with the laws governing air and seas/water will enable the Company and Galoc JV to operate without interruption. Fines and penalties will also be avoided. A healthier and more conducive environment for the employees onboard the platform and FPSO.	Employees onboard the platform/FPSO and nearby communities	Strict compliance with the International Convention for the Prevention of Pollution from Ships (MARPOL) guidelines.

Effluents

TYPE	YEAR 2025	WATER MANAGEMENT		
		If contained in FPSO specify containment details		If discharged to the sea, specify the manner of discharge
		Water not considered as waste		
Produced formation water	172,539.35 (27,43074 m3)	Stored in Slop Tank (Oily Water Tank) a: 4.8 bbls (0.76 m3)	Diverted to Cargo Tank (as part of crude product)a: 401.45 bbls (63.82 m3)	Discharged Overboard b :172,133.10 (27,366.15 m3)
		Re-processed Produced Formation Water* : NA		

Wash water (vessel washings)	0.25 m3/day x 365 days = 91.25 m3	Contained in slop tank (oily water tank)*	
Cooling Water for the Engine Room	6,000 m3/day x 365 days = 2,196,000 m3	--	Subsea discharge
Cooling Water for Process Area	8,400 m3/day x 307.44 days = 2,582,496 m3	--	Overboard discharge
*Produced water with >15 ppm oil content is either diverted to the cargo tank (if oil content is very high) and/or directed to the oily water tank (slop tank). In due time, oil in the slop tank separates and floats on top of the water layer. The relatively oil-free water is flowed to the clean water slop tank and is re-processed for overboard disposal, while the accumulated oil is flowed to the cargo tank (as part of crude product). b Produced water that is discharged overboard has less than 15 ppm oil content as tested on board. An alarm system or a full-time technician diverts the produced water to the slop tank if oil content is greater than 15 ppm.			

Disclosure	Quantity	Units
Total volume of water discharges	27,366.15	Cubic meters
Percent of wastewater recycled	N.A.	%

**Note that majority of waste water produced from extraction of crude oil was treated before discharging overboard based on the accepted level of effluents set by the international standards and EMB.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
Offshore International and National Guidelines for Wastewater Discharges to the surface and bottom of the sea should be followed, as to control pollution and to have minimal impact to the marine environment and ecosystem. Maximum defined contamination levels should be followed.	Personnel at the platform, Fishermen, and Community	In offshore petroleum operations of the Company, subsidiaries, and JV partners, the International Convention for the Prevention of Pollution from Ships (MARPOL) guidelines are strictly enforced.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material		

topic of the organization		
The effluents with oil and other toxic waste contents exceeding the acceptable amount set by the MARPOL guidelines will contaminate the sea and sea bottom. This will cause damage to marine flora and fauna and can possibly cause related health implications to the community.	Personnel at the platform, Fishermen, and Community	Strict implementation of safety and environmental standards of the JV consortium. In case of untoward incidents, mitigation procedures are in place. At the FPSO vessel and platforms, produced water is analyzed and discharged overboard if it has less than 15 ppm of oil content. If the produced water exceeds the 15 ppm allowable limit, procedures under the Oil Spill Contingency Plan are carried out to treat the water before disposal.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization		
Some produced formation water or effluent is being reprocessed and used onboard.	Marine crew at the FPSO, Fishermen, and Community	Reprocessed or treated water discharges onboard by Galoc consortium can be utilized for other general purposes in the vessel or platform.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
Philodrill is serious in complying with Environmental Laws and Policies	Employees and Community adjacent or within the SCs	Philodrill acquired CNC/PCC from EMB-DENR to cover its exploration activities, as well as SEPC from PCSD as follows:

		1. Service Contract 14 C-1 – Galoc • Strategic Environment Plan Clearance issued by PCSD and concurred by DENR for the Galoc Field Area Development Project on December 15, 2016 • Environmental Compliance Certificate issued by DENR (signed by Sec. Angelo Reyes) on August 30, 2006. The ECC coverage specified the "Oil Development and Production of Galoc and Octon Fields" 2. Service Contract 14 C-2 – West Linapacan • Strategic Environment Plan Clearance issued by PCSD and concurred by DENR • Environmental Compliance Certificate issued by DENR 3. Service Contract 53 – Onshore Mindoro • Certificate of Non-Overlap of any Ancestral Domain/Land of Indigenous Cultural Communities issued by the National Commission on Indigenous People (NCIP) Region 1V on September 22, 2014
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization		
Non-compliance with environmental laws and regulations might lead to imposition of penalties and fines, or even to the extent of cancellation of the SC	Employees and Company	The Company continues strict adherence to environmental laws and regulations.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization		
Philodrill management consistently maintains an environmentally, ergonomically, and legally compliant operations	Employees and Community	The Company adheres strictly to environmental laws and regulations.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[18]	21	#
a. Number of female employees	12	#
b. Number of male employees	9	#
Attrition rate[19]	5.13%	rate
Ratio of lowest paid employee against minimum wage	1.74%	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y		11.11%
PhilHealth	Y		11.11%
Pag-ibig	Y		0%
Parental leaves	Y	-	-
Vacation leaves	Y	100%	100%
Sick leaves	Y	36.84%	5.26%
Medical benefits (aside from PhilHealth)	Y	100%	100%
Housing assistance (aside from Pag-ibig)	N	-	-
Retirement fund (aside from SSS)	Y	%	0
Further education support	Y	-	-
Company stock options	Y	-	-
Telecommuting	Y	-	-
Flexible-working Hours	Y	20%	66.67%
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*

Provides assistance in facilitating and processing of the applications. The Company ensures regular and timely remittance of the employee's monthly premiums. Philodrill provides assistance to employees in facilitating and processing of the applications when availing other SSS and Pag-Ibig benefits.	The Company considers its people its greatest asset. Employees are provided with benefits packages (i.e. Maternity Benefit, Sickness Benefit and, Salary Loans) along with a wide range of learning and professional development opportunities to help them achieve their full potential. Benefits provided for the employees are as follows: 1. Base Salary; 2. Medical Coverage for Employees and their spouses and dependents; 3. Employees' Annual Medical Check-Ups and HMO; 4. Life and Accident Insurance; 5. Educational assistance; 6. Annual Vacation Leave – 15 days; 7. Annual Sick Leave – 15 days; and 8. Other allowances (transportation, rice, mobile phone). The Company also promotes work-life balance and the welfare of the employees. Philodrill advocates the rights of female workers in the office without bias and discrimination. Additionally, the Company adheres to the Magna Carta of Women (RA 9710) and Solo Parent Welfare Act of 2000 (RA 8972).
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
Non-adherence to providing benefits mandated by the government is a violation of the law and will subject the Company to civil and criminal liabilities in addition to revocation of license to operate.	All employees enter into labor contracts for legal employment with the Company. The Company exercises check-and-balance practices to ensure that various policies are properly implemented.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	
The Company is considering telecommuting or work from home arrangements. Work from home arrangement decreases operational expenses of the Company and increases employees' work efficiency.	The Company prioritizes management of its employees to ensure that it maintains a high performing workforce that is at par with the best in the industry.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	48	hours
b. Male employees	24	hours
Average training hours provided to employees		
a. Female employees	24	hours/employee
b. Male employees	24	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
Philodrill exerts effort to attract, motivate, develop and retain the best local talent and equip our people with the right skills for the future. The Company's performance and ability to thrive in this environment depend on it. The onshore and offshore petroleum competency requirement is complex and requires high standard of safety and proficiency. Philodrill believes that its employees are the main asset of the Company and continuous training and development should be implemented.	Technical personnel are attending SEAPEX meetings/seminars both local and abroad, as well as annual Philippine Geological Conferences. A Basin Analysis training course was attended by a Philodrill geologist, together with other geoscientists from local petroleum operators. HSSE trainings such as First Aid and Basic Life Saving Trainings are attended by assigned personnel every two years. Earthquake and fire drills are also implemented by the Company
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
Globally, the petroleum industry is experiencing a downturn, which caused a slowdown in overall operations and sustenance of personnel training and development.	The training and development budget will be realigned in response to the oil price crash. Our personnel are encouraged to take advantage of free webinar courses provided by technical experts.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	
While petroleum operations are slowing down, the Company should take this opportunity to avail of training which is much cheaper if done locally with other petroleum operators. Also, online trainings are cheaper as they will not require travel and accommodation costs. HSSE trainings should be attended by all personnel with different definitions of safety standards.	Cooperation with other Petroleum Exploration Companies in organizing an international training course but is conducted locally. First aid training by the Red Cross should be attended by employees. The Company looks for opportunities for inexpensive local or online training if available. Additionally, technical personnel are participating on free online courses offered by petroleum experts.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	12	57.14%
% of male workers in the workforce	9	42.86%
Number of employees from indigenous communities and/or vulnerable sector*	N.A.	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
Company activities such as hiring, promotion, and compensation are conducted without regard to race, color, ethnicity, religion, national origin, gender, gender identity or expression, sexual orientation, marital status, dependents, genetics, disability, age, social class, or political views.	The management of Philodrill is committed to respecting people's differences and creating an inclusive workplace culture. It does not tolerate any kind of harassment or prejudice. In order to respect and value the diversity of the employees and all with whom the Company do business, managers are required to ensure that the working environment is free from any form of harassment and discrimination. Philodrill advocates the rights of female workers in the office without bias and discrimination. Additionally, the Company adheres to the Solo Parent Welfare Act of 2000 (RA 8972) and the Magna Carta for Disabled Persons (RA 7277). The company's board diversity policy can be found in the Company's website through this link: https://philodrill.com/wp-content/uploads/2024/11/Diversity-Policy.pdf
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
The Company has not identified any violation relating to diversity and equal opportunity.	All employees are provided with equal career opportunities and recognize that people bring different skill qualities to the work place.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	
As at December 31, 2025, the Company has 21 employees comprising 12 females and 9 males. The Company will continue to encourage: - greater female participation; and - executive senior professional	The Company will continue to promote inclusiveness to help break down barriers and reduce the fear of being rejected, not only for who the employees are, but also for the ideas

employees to look for mentoring opportunities for more junior employees to gain valuable insights into the Company and the oil & gas industry, generally. Diversity creates goodwill within the community and within the industry.	they voice. Continuous hiring of both local and foreign consultants for the company's exploration projects.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	173,838	Man-hours
No. of work-related injuries	none	#
No. of work-related fatalities	none	#
No. of work related ill-health	none	#
No. of safety drills	48	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
The Company and its Subsidiaries consistently foster a safe working environment. Philodrill implements employee health and safety measures and training programs that protect people from occupational hazards by preventing injury, illness, and fatality.	The Company strictly complies with all relevant occupational health and safety laws and regulations. Philodrill aims to achieve a zero injury and fatality rate for its entire staff. Same is true with offshore operations of subsidiaries, which adhere to international HSSE policies. At the work site, first aid kits and fire extinguishing equipment are conspicuously located and properly maintained. To ensure emergency preparedness, staff participates in regular fire and earthquake evacuation drills. Regular first aid and lifesaving trainings are being attended by assigned safety officer at the office.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the Organization	
No fatal cases, occupational injuries or incidents were recorded during the year at the office as well as in the field. Failure to manage workplace safety would negatively impact employee health and productivity.	The Company enforces occupational health and safety protocols for the benefit of the employees, contractors, and host communities.

What are the Opportunity/ies Identified?	Management Approach
Identify the opportunity/ies related to material topic of the organization	
By properly managing and implementing health and safety trainings, employees and contractors can handle their jobs safely for the benefit of the organization and all stakeholders. The Company aims to be up-to-date with current best practices in HSSE.	The Company will continue to provide the necessary equipment, training, and resources to enable employees and contractors to work safely. Philodrill will consistently encourage and empower employees by letting them attend safety trainings and retake training sessions, if necessary, to refresh their memory.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Oil & Gas Exploration & Production	Economic growth	Environmental damage associated with field operations.	Strict compliance to government laws and regulations on health and environmental safety.
Oil & Gas Exploration & Production	Decent work	Health & Safety	Conduct IEC campaign prior to the fieldwork.
Oil & Gas Exploration & Production	Welfare of vulnerable groups	Traditional lifestyle of indigenous people are affected	Careful planning, consultation management, accommodation and negotiation with the local community and indigenous groups.

**None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*