SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended

   Mar 31, 2026

2. SEC Identification Number

   38683

3. BIR Tax Identification No.

   000-315-612-00

4. Exact name of issuer as specified in its charter

   THE PHILODRILL CORPORATION

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

   METRO MANILA, PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   8TH FLOOR, QUAD ALPHA CENTRUM, 125 PIONEER STREET MANDALUYONG CITY
   Postal Code
   1550

8. Issuer's telephone number, including area code

   (632) 86318151

9. Former name or former address, and former fiscal year, if changed since last report

   N.A.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
PHILIPPINE STOCK EXCHANGE	191,868,805,358

11. Are any or all of registrant's securities listed on a Stock Exchange?

   ☑ Yes ☐ No

   If yes, state the name of such stock exchange and the classes of securities listed therein:

   PHILIPPINE STOCK EXCHANGE

12. Indicate by check mark whether the registrant:

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

☑ Yes ☐ No

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

☑ Yes ☐ No

The Philodrill Corporation
OV

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Mar 31, 2026
Currency (indicate units, if applicable)	PHILIPPINE PESO

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2026	Dec 31, 2025
Current Assets	777,150,995	740,665,905
Total Assets	2,983,819,994	2,955,699,163
Current Liabilities	99,369,454	70,300,404
Total Liabilities	281,868,206	252,064,250
Retained Earnings/(Deficit)	991,074,207	990,420,684
Stockholders' Equity	2,701,951,788	2,703,634,913

Stockholders' Equity - Parent	2,454,228,203	2,454,993,694
Book Value per Share	0.01	0.01

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	61,593,070	46,473,015	61,593,070	46,473,015
Gross Expense	41,066,542	39,652,749	41,066,542	39,652,749
Non-Operating Income	5,847,191	-13,459,426	5,847,191	-13,459,426
Non-Operating Expense	10,834,481	13,911,603	10,834,481	13,911,603
Income/(Loss) Before Tax	15,539,238	-20,550,763	15,539,238	-20,550,763
Income Tax Expense	14,885,714	7,973,144	14,885,714	7,973,144
Net Income/(Loss) After Tax	653,524	-28,523,907	653,524	-28,523,907
Net Income Attributable to Parent Equity Holder	653,524	-28,523,907	653,524	-28,523,907
Earnings/(Loss) Per Share (Basic)	0	-0	0	-0
Earnings/(Loss) Per Share (Diluted)	0	-0	0	-0

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0	-0
Earnings/(Loss) Per Share (Diluted)	0	-0

Other Relevant Information
-

Filed on behalf by:

Name	Josephine Ilas
Designation	Assistant Corporate Secretary

COVER SHEET

3 8 6 8 3

S.E.C. Registration Number

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

(Company's Full Name)

8th Floor, Quad Alpha Centrum
Building, 125 Pioneer Street
Mandaluyong City

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

J.E. Thomas P. Salustiano	8631-8151
Contact Person	Company Telephone Number

0 3	3 1	**SEC Form 17-Q (March 2026)**	0 6	1 7
Month	*Day*	**FORM TYPE**	*Month*	*Day*
			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

8 5 0 5	P0.00	
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2026

2. SEC Identification Number: 38683

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

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

5. _____Philippines_____ 6. _______________ (SEC Use Only)
Province, Country or other Industry Classification Code
jurisdiction of incorporation or organization

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

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

9. Not Applicable

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

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

Amount of Debt Outstanding

Total Loans Payable ₱ 0.00

11. Are any or all 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 [ ]

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PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

1. The unaudited Consolidated Financial Statements of the Company for the 1st quarter ended 31 March 2026 are included in this report. The schedules listed in the accompanying Index to Supplementary Schedules are filed as part of the SEC Form 17Q.

2. Interim Statements of Operations for the current interim period (01 January to 31 March 2026), with comparative Statement of Operations for the comparable period (01 January to 31 March 2025) are attached to this report.

3. A statement showing changes in equity cumulatively for the current financial year to date (01 January to 31 March 2026), with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (01 January to 31 March 2025) are attached to this report.

4. The basic and diluted earnings/loss per share are presented on the face of the attached Statement of Operations (01 January to 31 March 2026), as well as the basis of computation thereof.

5. The Company's interim financial report for the 1st quarter 2026 is in compliance with Generally Accepted Accounting Principles ("GAAP"). Included in this report is a summary of the Company's significant accounting policies.

6. The Company follows the same accounting policies and methods of computation in its interim financial statements (01 January to 31 March 2026) as compared with the most recent annual financial statements (2025), and no policies or methods have been changed. There were NO reclassifications of financial assets made into and from each category as of the current reporting period.

7. There were NO seasonal or cyclical aspects that had a material effect on the financial condition or results of interim operations of the Company.

8. There were NO unusual items during the interim period (01 January to 31 March 2026), the nature, amount, size or incidents of which have affected the assets, liabilities, equity, net income or cash flows of the Company.

9. There were NO changes in the estimates of amounts reported in prior financial year (2025), which had a material effect in the current interim period (01 January to 31 March 2026).

10. There were NO issuances, repurchases and repayments of debt and equity securities during the current interim period (January 1 to March 31, 2026).

11. For the period January 1 to March 31, 2026, NO cash dividends were declared by the Board of Directors.

12. The Company does not generate revenues from a particular segment and its business is not delineated into segments, whether by business or geography. The Company is not required to disclose segment information in its financial statements.

13. Up to the time of filing of this quarterly report, there were NO material events after the end of the interim period (January 1 to March 31, 2026) that have not been reflected in the financial statements for said interim period.

14. There were NO changes in the composition of the Company during the interim period (January 1 to March 31, 2026) and there were NO business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuance of operations during said interim period.

15. The Company has NO contingent liabilities or contingent assets as of its last annual balance sheet date (December 31, 2025) and as of end of current interim period (March 31, 2026).

16. There are NO material contingencies and any other events or transactions that are material to an understanding of the current interim period (January 1 to March 31, 2026).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

<u>Financial Performance</u>
Total revenues and other income for the first quarter ended March 31, 2026, increased by ₱34.4 million or 104% to ₱67.4 million from ₱33.0 million for the same period last year. Petroleum revenues increased by ₱15.1 million or 32% to ₱61.6 million from ₱46.5 million for the same period last year. Production volume declined by 11% and actual lifting prices per barrel dropped by 17%. This, however, is reduced by the higher participating interest for the Galoc block in 2026 to 15% from 10.182%. The total gross production decreased to 93,414 barrels for the first quarter ended March 31, 2026, from 104,982 barrels produced for the same period last year. The average price per barrel dropped to $72.62 for the period ending March 31, 2026, as compared to $75.25 for the same period last year. The peso-dollar foreign exchange rates amounted to ₱60.75 and ₱57.21 as of March 31, 2026, and March 31, 2025, respectively. Equity in net earnings of associates improved by ₱18.5 million due to the equity take up on lower net losses of associates. Interest income increased by ₱0.8 million.

Total costs and expenses increased by ₱2.6 million from ₱53.0 million for the first quarter of 2025 to ₱55.6 million for the first quarter of 2026.

Operating costs increased only by 4% despite the increase in participating interest for Galoc block due to zero depletion cost in 2026. Foreign exchange gain amounted to ₱3.7 million for the first quarter of 2026 as compared to a foreign exchange loss of ₱0.6 million for the same period last year. Provision for income tax amounted to ₱14.9 million for the first quarter of 2026 as compared to ₱8.0 million for the same period last year. The amount of provision for income tax in 2026 and 2025 primarily pertains to the amortization of deferred tax assets from the expiring NOLCO. The company's net income after tax amounted to ₱0.7 million for the first quarter of 2026 as compared to a net loss of ₱28.5 million for the same period last year.

The Company's top five (5) key performance indicators are as follows:

	March 31, 2026	December 31, 2025
Current Ratio	*7.82 : 1*	*10.54 : 1*
Current Assets	777,150,995	740,665,905
Current Liabilities	99,369,454	70,300,404
Debt to Equity Ratio	*0.10 : 1*	*0.09 : 1*
Total Liabilities	281,868,206	252,064,250
Stockholders Equity	2,701,951,788	2,703,634,913
Book Value per Share	*0.0141*	*0.0141*
Stockholders Equity	2,701,951,788	2,703,634,913
Shares outstanding	191,868,805,358	191,868,805,358
Earnings (Loss) per Share	*0.0000034*	*(0.0001487)*
Net Income (Loss)*	653,524	28,523,907
Weighted ave. no. of shares	191,868,805,358	191,868,805,358

**For the period January 1 to March 31*

The current ratios as of March 31, 2026, and December 31, 2025, are 7.82:1 and 10.54:1, respectively. The Company's current assets exceeded its current liabilities by ₱677.8 million and ₱670.4 million as of March 31, 2026, and December 31, 2025, respectively. The "Financial assets at fair value through other comprehensive income (FVOCI)" account in the balance sheet consists of shares of stock which are listed with the Philippine Stock Exchange, and which could be sold to meet the Company's obligations as might be called for by future circumstances. These shares of stock had an aggregate market value of ₱68.4 million as of March 31, 2026, and ₱70.7 million as of December 31, 2025. If these shares would be considered part of Current Assets, the recomputed current ratio would be 8.51:1 as of March 31, 2026, and 11.54:1 as of December 31, 2025.

Total assets increased from ₱2.955 billion as of December 31, 2025, to ₱2.983 billion as of March 31, 2026. Cash and cash equivalents reflected a net decrease of ₱26.9 million or 10% due to the payment of expenses and share in projects' costs during the period. Receivables increased by ₱67.8 million mainly due to trade receivables, representing the company's share in Service Contract (SC) 88 Galoc lifting. Crude oil inventory decreased by ₱3.7 million or 10% mainly due to lifting no. 83 of SC88 Galoc that was completed last March 1, 2026. Other current assets decreased by ₱0.7 million due to the amortization of prepaid expenses. Property and equipment reflected a net increase of ₱0.4 million to ₱240.6 million as of March 31, 2026. Financial assets at FVOCI decreased by ₱2.3 million due to the adjustment in the market valuation of the company's listed stock investments. Deferred oil exploration costs increased by ₱8.2 million due to additional project costs on petroleum service contracts. Deferred tax assets reflected a net decrease of ₱14.2 million primarily due to the amortization of deferred tax assets from the NOLCO that is expected to expire in 2026.

Total liabilities increased by ₱29.8 million from ₱252.1 million as of December 31, 2025, to ₱281.9 million as of March 31, 2026 mainly due to accrued operating expenses pertaining to SC88 Galoc.

Stockholders' equity decreased by ₱1.7 million from ₱2.703 billion as of December 31, 2025 to ₱2.701 billion as of March 31, 2025. The decrease was due to the adjustment for the decline in value of financial assets at FVOCI of ₱2.3 million in the market valuation of the company's listed stock investments, net of ₱0.7 million net income recorded for the first quarter. As of March 31, 2026, net unrealized loss on the decline in value of financial assets at FVOCI amounted to ₱42.2 million as compared to ₱39.9 million as of December 31, 2025. The company's retained earnings remained at ₱0.99 billion as of March 31, 2026 and December 31, 2025.

The Company has a majority-owned subsidiary, Philodrill Power Corporation (PPC) (formerly Phoenix Gas & Oil Exploration Co., Inc.). The Company acquired 100% of its capital stock in May 2007. Since PPC has NOT yet started commercial operations, disclosures on performance indicators are as follows:

	March 31, 2026	December 31, 2025
Current Ratio	*175 :1*	*175 :1*
Current Assets	8,228,826	8,228,826
Current Liabilities	47,040	47,040
Debt to Equity Ratio	*0.006 :1*	*0.006 :1*
Total Liabilities	47,040	47,040
Stockholders' Equity	8,181,786	8,181,786
Book Value per Share	*0.0006543*	*0.0006543*
Stockholders Equity	8,181,786	8,181,786
Average shares outstanding	12,505,000,000	12,505,000,000
Income (loss) per Share	-	-
Net Income (Loss)	No operation	No operation
Average shares outstanding	12,505,000,000	12,505,000,000

Discussion and Analysis of Material Events and Uncertainties

In general, Management is not aware of any material event or uncertainty that has affected the current interim period and/or would have a material impact on future operations of the Company. The Company will continue to be affected by the Philippine business environment as may be influenced by any local/regional financial and political crises.

1. There are NO known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have material impact on the Company's liquidity. Should the Company's cash position be not sufficient to meet current requirements, the Company may consider:

a) collecting a portion of Accounts Receivables;
b) selling a portion of its existing investments and assets;
c) generating cash from loans and advances; and
d) issuing subscriptions call on the balance of the subscription receivable.

2. 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.

3. 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.

4. The Company has NO material commitments for capital expenditure, except for the Company's share in the exploration and development expenditures in the SCs. The Company expects to be able to fund such expenditures from: operations, collection of subscriptions and other receivables, and from loans/financing, or to avoid incurring these expenditures altogether by way of farm-outs.

5. There are NO known trends, events or uncertainties that have had or are reasonably expected to have a material impact on the revenues or income of the Company from continuing operations.

6. There are NO significant elements of income or loss that did not arise from the Company's continuing operations.

7. 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:

   Cash and cash equivalents reflected a net decrease of ₱26.9 million or 10% mainly due to the payment of expenses and the company's share in the projects costs of SC53, SC80, SC81 and SC86 during the period.

   Receivables increased by ₱67.8 million mainly due to trade receivables, representing the company's share in SC88 Galoc lifting.

   Crude oil inventory decreased by ₱3.7 million or 10% mainly due to lifting no. 83 of SC88 Galoc that was completed last March 1, 2026.

   Other current assets decreased by ₱0.7 million due to the amortization of prepaid expenses booked during the interim period.

   Deferred tax assets decreased by ₱14.2 million primarily due to the amortization of the deferred tax assets from the NOLCO that is expected to expire in 2026.

   Accounts payable and accrued liabilities reflected a ₱29.1 million increase due to the accrued operating expenses for SC88 Galoc during the interim period.

Retirement benefit liability increased by ₱0.7 million or 11% due to the pension expense booked during the interim period.

Net unrealized loss on the decline in value of financial assets at FVOCI as of December 31, 2025, amounted to ₱39.9 million. For the interim period, ₱2.4 million adjustment in the market valuation pertaining to the listed stock investments of the Company was booked. As of March 31, 2026, net unrealized loss on the decline in market value of financial assets at FVOCI amounted to ₱42.4 million.

The company's retained earnings remained at ₱0.99 billion as of March 31, 2026, and as of December 31, 2025. There was a slight increase of ₱0.7 million due to the net income booked for the first quarter of 2026.

Petroleum revenues increased by ₱15.1 million or 32% to ₱61.6 million from ₱46.5 million for the same period last year due to the higher participating interest for the Galoc block in 2026 to 15% from 10.18% in 2025. The increase in participating interest reduced the negative effect of the production volume decline and lower lifting prices per barrel. The total gross production decreased to 93,414 barrels for the first quarter ended March 31, 2026, from 104,982 barrels produced for the same period last year. The average price per barrel dropped to $72.62 for the period ending March 31, 2026, as compared to $75.25 for the same period last year.

Equity in net losses of associates improved by ₱18.5 million due to the lower amount of net losses of the associates in 2026.

Interest income increased by ₱0.8 million from ₱6.0 million to ₱6.8 million for the first quarter ended March 31, 2026.

Foreign exchange gain amounted to ₱0.6 million for the first quarter of 2026 as compared to foreign exchange loss of ₱4.3 million for the same period last year.

Share in costs and operating expenses increased by ₱1.4 million or 4% due to the higher participating interest in 2026.

Net income amounted to ₱0.7 million for the first quarter of 2026, as compared to net loss of ₱28.5 million for the same period last year.

8. There are NO seasonal aspects that have material effect on the financial condition or results of operations.

Item 3. Management's Assessment and Evaluation of Financial Risk Exposures

A. Financial Instruments

Since there were NO financial assets reclassified into and from each category, disclosures on the following are:

a. The financial assets reclassified into and from each category; - Not Applicable

b. For each reporting period until derecognition, the carrying amounts and fair values of all financial assets are reclassified in the current reporting period and previous reporting periods; - Not Applicable

c. For financial assets reclassified in rare circumstances, the facts that would establish such kind of circumstances; -Not Applicable

d. In the reporting period to which financial assets are reclassified, the fair value of the gains or losses of those assets is recognized either in profit or loss, or in equity (other comprehensive income) in that reporting period and previous reporting periods; - Not Applicable

e. For the remainder of the instruments' lives, the gains or losses that would have been recognized in profit or loss, or equity had they not been reclassified, together with the gains, losses, income and expenses now recognized; -Not Applicable

f. As at date of reclassification, the effective interest rates and estimated cash flows that the company expects to recover. – Not Applicable

Fair Values of Financial Instruments

The following table shows the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	Consolidated Unaudited March 2026	Consolidated Unaudited March 2026	Consolidated Unaudited March 2025	Consolidated Unaudited March 2025
	Fair Values	Carrying Values	Fair Values	Carrying Values
FINANCIAL ASSETS				
Cash and cash equivalents	234,195,027	234,195,027	358,283,030	358,283,030
Advances to related companies	409,748,000	409,748,000	287,586,801	287,586,801
Accrued interest receivables	22,974,440	22,974,440	12,225,898	12,225,898
Accounts with partners, others	70,516,798	70,516,798	67,184,399	67,184,399
Financial assets at FVOCI	68,411,629	68,411,629	44,503,425	44,503,425
	805,845,894	**805,845,894**	**769,783,553**	**769,783,553**

FINANCIAL LIABILITIES				
Accounts payable and accrued liabilities	65,048,809	65,048,809	19,634,839	19,634,839
Dividends payable	33,064,759	33,064,759	33,116,900	33,116,900
	98,113,568	**98,113,568**	**52,751,739**	**52,751,739**

Quoted AFS investments are carried at fair value based on the quoted values of the securities.

B. Financial Risk Management Objectives and Policies

Financial Risk Management Objectives and Policies
The Group's principal financial instruments comprise mainly of cash and cash equivalents, receivables (except accounts with contract operators and advances to officers and employees), 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 Group's operations and capital-intensive projects.

The Board of Directors (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 risks, 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:

Credit risks
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 other financial assets of the Group, which comprise of cash in banks, short-term investments, receivables and financial assets at FVOCI, advances to related parties, 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.

As of March 31, 2026, all the outstanding trade receivables is from the SC14 C-1 consortium. For SC14 C-1 consortium, the operator has a crude agency agreement with Vitol Asia Pte. Ltd. for the marketing of the Galoc production. The operator also negotiated for the sale of future Galoc cargoes to exclusive buyer Trafigura Pte Ltd. through Vitol Asia which started in May 2019.

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:

	Unaudited balances as of March 31, 2026
Cash and cash equivalents	234,195,027
Loans and receivables	
Advances to related companies	409,748,000
Accounts with contract operators and partners	70,516,798
Accrued interest	22,974,440
Long-term bank placements	20,000,000
Financial assets at FVOCI	68,411,629
Gross maximum credit risk exposure	**825,845,894**

The table below shows the credit quality of the Group's financial assets by class as of March 31, 2026, based on the Group's credit evaluation process:

			Past due but not impaired				
	Neither past due nor impaired High Grade	Neither past due nor impaired Standard Grade	1-30 days	31-90 days	Over 90 days	Impaired Financial Assets	Total
Cash and cash equivalents	234,195,027	-	-	-	-	-	234,195,027
Loans and receivables							
Advances to related companies	409,748,000	-	-	-	-	-	409,748,000
Accounts with partners	70,516,798	-	-	-	-	-	70,516,798
Accrued interest	-		1,989,799	3,995,566	16,989,075	-	22,974,440
Long-term bank placements	20,000,000	-	-	-	-	-	20,000,000
Financial assets at FVOCI	68,411,629	-	-	-	-	-	68,411,629
Total	**802,871,454**	**-**	**1,989,799**	**3,995,566**	**16,989,075**	**-**	**825,845,894**

Credit quality of cash and cash equivalents, receivables and AFS financial assets are based on the nature of the counterparty.

"High grade" credit quality financial assets pertain to financial assets with insignificant risk of default based on historical experience and/or counterparty credit standing. "Standard grade" credit quality financial assets are not yet past due yet are from counterparties with a history of default. However, the Group cannot declare any of these amounts as uncollectible because they arise from related companies for which there is a common control.

"Past due but not impaired" are items which are already past their maturity dates, but the amount due is still judged as collectible by the Group based on its assessment of the age and creditworthiness of the counterparties. Lastly, "Impaired financial assets" are those that are long-outstanding and has been provided with allowance for impairment losses.

Liquidity risk
Liquidity risk is the risk where the Group becomes 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 using 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 aging analysis of the Group's financial assets as of March 31, 2026, that is used to manage the liquidity risk of the Company:

	Less than three months	Three to twelve months	Total
Cash and cash equivalents	234,195,027	-	234,195,027
Receivables:			
Advances to related parties	-	409,748,000	409,748,000
Accounts with partners	70,516,798	-	70,516,798
Accrued interest	5,985,366	16,989,074	22,974,440
Long-term bank placements	-	20,000,000	20,000,000
Financial assets at FVOCI	68,411,629	-	68,411,629
	379,108,820	426,737,074	825,845,894

The table below summarizes the maturity profile of the Group's accounts payable, accrued liabilities and dividends payable based on contractual undiscounted payments.

	Less than three months	Three to twelve months	Total
March 31, 2026	98,113,568		98,113,568

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 because of changes in foreign currency exchange rates and equity prices.

*Foreign currency r*isk

Foreign currency risk is the risk that the value of the Group's financial instruments diminishes due to unfavorable changes in foreign exchange rates. The Group's transactional currency exposures arise from cash and cash equivalents and receivables. The Parent Company's entire share in petroleum operations revenue is denominated in United States Dollar (USD). Consequently, the Group is exposed to foreign exchange risk arising from its USD-denominated receivables and cash and cash equivalents.

As of March 31, 2026, the exchange rate of the Philippine peso to the US$ is ₱60.748 to US$1.00.

Equity price risk

Equity price risk is the risk that the fair values of investments in quoted equity securities could decrease because 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 Parent Company, which are classified in the consolidated statements of financial position as financial assets at FVOCI.

PETROLEUM PROJECTS

SERVICE CONTRACT NO. 88 (Galoc)

- **Cumulative Production:** 25,425,810 barrels of oil (as of March 31, 2026)
- **Current Output:** 1,025 barrels of oil per day (March 31, 2026)
- **Oil in Storage:** 33,718 barrels stored at FPSO Balanghai.
- **Lifting:** Palawan 83 lifting was completed on March 1, 2026, with volume of 156,983 barrels using OTT Sunny Apatite. The tanker departed from Palawan to South Korea on the same day.
- **Administrative:** Philodrill continues to review the Joint Operating Agreement, Joint Marketing Agreement, and the Lifting Agreement. Moreover, NPG sent a copy of the Galoc Offtake Contract with Trafigura (the "Extension Agreement") to partners for review and approval. The Extension Agreement provides for the deletion of Oriental and Logpocor as Sellers (both companies did not participate in the DP PSC application) and the extension of the term from January 1, 2026, to January 1, 2027, subject to the end of field life date, while all other terms and conditions of the contract shall remain unchanged and in full force and effect. NPG, in a letter dated March 10, 2026, informed the DOE of NPG's plan to cease production on March 17, 2027. NPG further explained that they adopted this date to ensure that the decommissioning operations are conducted safely within the typically calm weather period from March to May. NPG also noted that due to the low-pressure operation of the Galoc reservoir, the shutdown, failure or permanent cessation of production of either of the wo producing wells may immediately render continued operations uneconomic.

SERVICE CONTRACT NO. 91 (FORMERLY SC 6B)

- **Permitting:** The application for an ECC and the securing of permits from the local government units and different government agencies are ongoing.

- **DP PSC Application:** The Office of the President requested the change in some pages of the DP PSC application to reflect the change of signatory from the former to the new Secretary of the DOE. The amended documents were transmitted to the Office of the President.

**In a letter dated April 21, 2026, the DOE informed Philodrill and JV partners that the DP PSC Application No. 1 was signed by the President of the Philippines on April 13, 2026. The DOE also reminded the consortium of the payment of the processing fee in the amount of P49,456.32 covering an area of 103,034 hectares and the remittance of the signature bonus in the amount of US$100,000.00. Nido, the operator of PSC 91, received from DOE one (1) original copy of the duly executed service contract which will be reproduced for distribution to the partners.*

SERVICE CONTRACT NO. 53 (Onshore Mindoro)

- **Magsaysay, Occidental Mindoro NCIP Permitting**: Philodrill has not received any confirmation from NCIP on the NCIP En Banc meeting schedule.

- **Deed of Assignment (DOA) Status:** In a Zoom meeting, Gas 2 Grid Pte. Ltd (G2G) representative discussed the farminee's corporate restructuring and fundraising activity. The representative informed Philodrill that they were able to secure about half of their target amount ($1million) through private placement while they have received pledges for $3million from their institutional investors. He said that they are still finalizing their financial statements. Philodrill proposed and G2G approved the following activities:

    1. Initiate preliminary engagement with the host community through an Information, Education, and Communication (IEC) Campaign for potential activities in the area.

    2. Coordinate the process for acquiring landownership (e.g., lease/buy); and,

    3. Solicit proposals from third-party service providers for the detailed inspection for recertification of the Long Lead Items (LLIs) from Mabini Batangas.

- **Fieldwork:** G2G and Philodrill representatives completed the 3-day field visit in Mindoro from January 22 to 24, 2026. The party was able to determine the Progreso and Cambayan drill locations and to meet the managers of San Jose and Magsaysay ports. Moreover, the party met with the administrative assistant of Occidental Mindoro Electric Cooperative (OMECO), the electricity distribution entity in Occidental Mindoro, to discuss the possibility of Philodrill/G2G becoming a supplier to OMECO.

- **Progreso Drilling LLIs**: On January 21, 2026, Felpet picked up the payment of P1.35 million for the LLIs and, correspondingly, issued the acknowledgment receipt.

- **2026 WP&B and Finance:** In a letter dated January 21, 2026, the DOE approved the 2026 WPB submitted by Philodrill. The DOE also reminded Philodrill of its obligation to relinquish 25% of the original contract area of SC 53. The relinquishment program was submitted to the DOE on February 10, 2026.

    Moreover, the DOE instructed Philodrill to remit the training assistance in the amount of US$20,000 for the year 2025. Philodrill paid the training assistance in the amount of US$20,000 for the year 2025. Philodrill's share was USD16,290.00.

SERVICE CONTRACT NO. 80 & 81 (Sulu Sea Area-DOE/BARMM Bid Round)

- **2026 Work Program and Budgets (WPB):** Triangle informed the consortium that the proposed 2026 WPBs were submitted to the DOE on December 27, 2025. The SC 80 budget amounts to a firm commitment of US$897,182 and a contingent of US$50,000 while SC 81 has a firm commitment of US$853,681 and a contingent of US$50,000.

- **SC 80&81 Copies**: Triangle transmitted the copies of the Service Contracts 80 and 81 for Philodrill's file and reference.

- **Joint Operating Agreement (JOA):** The draft of the Joint Operating Agreement reviewed by the JV was transmitted to Triangle for finalization.

- **Administrative:** Triangle Energy requested the remittance of about $11,000 for each service contract to cover the October-December 2025 cost of operations. Philodrill remitted its corresponding share of US$11,930.11 for SC 80 and US$11,718.82 for SC 81.

SERVICE CONTRACT No. 86 (NOMINATED AREA NO. 10- Octon-Malajon)

- **2026 Work Program and Budget (WP&B):** Philodrill, upon approval by the partners, resubmitted to the DOE on January 19, 2026, the 2026 WPB with a firm commitment of US$271,830. The DOE also instructed Philodrill to remit the US$60,000 developmental assistance and US$5,055.56 training assistance. Philodrill remitted the amount to the DOE. Philodrill's share of these obligations is USD43,300 and USD3,648, respectively.

- **PNOC EC Option to Participate:** PNOC EC geophysicists conducted the technical data review over SC 86 area. PNOC EC has the option to join the newly awarded SC with up to 10% participating interest.

- **Strategic De-risking:** Philodrill is actively evaluating farm-out opportunities to optimize the joint venture structure and reduce its current risk exposure to upcoming exploration activities.

DP PSC APPLICATION NO. 3 – WEST LINAPACAN

- **DP PSC Application:** The work program to be submitted to the DOE together with the DP PSC application will focus on the first 4-year period composed of studies to determine additional oil reserves to augment those from WLA. In addition, further review of other options for the plug and abandonment (P&A) of the old West Linapacan wells will also be undertaken to finalize a manageable and cost-effective P&A plan.

At the end of Phase 1 (Year 4), the JV will decide on the following options:

1. Enter year 5 (Phase 2) and commit to drill an appraisal well; or,
2. Relinquish the Contract and commence preparations for the P&A of the old West Linapacan wells.

- **Potential New Partner:** Tetragon is interested in participating in the project but initially was not considering taking over the operatorship. They requested access to the technical data room for their technical review. A draft of a Non-Disclosure Agreement was signed to facilitate the data review.

- Following their conduct of a technical due diligence on the SC, Triangle formally indicated their interest in participating and be the operator.

- The JV and Tetragon agreed in principle on the following terms and conditions on Tetragon's participation in the DP PSC application:

  1. Reimbursement of $250,000 of the past cost for 25% participating interest;
  2. Tetragon to act as Application Manager under the JAPA and Operator upon award of the DP PSC;
  3. Tetragon will not share in the P&A cost of the legacy wells and in the cost of P&A study but agrees that the cost of the P&A study be included in the WPB for cost recovery purpose; and,
  4. Tetragon allows the original partners to recover up to $35 Million to cover the P&A cost from the Filipino Participation Incentive Allowance based on an 8-million-barrel oil production.

The Memorandum of Agreement between Triangle and the JV is currently being finalized for review and approval of the parties.

- **Response Letter to PetroEnergy:** PetroEnergy formally informed the consortium on how they intend to fund their pro-rata share of the P&A obligation under the expired SC 14C2. The letter provided that a Standby Letter of Credit (SBLC) shall be secured to cover the amount. The consortium did not approve the offer and instead, the partners will come up with a response letter that the SBLC must be provided together with a guarantee that the full amount shall be paid within two (2) years from the award of a DP PSC.

PART II – OTHER INFORMATION

There were NO items for disclosure that were not made under SEC Form 17C during the current interim period (01 January to 31 March 2026).

SIGNATURES

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

By:	
Date: May 14, 2026	Date: May 14, 2026
ADRIAN PAULINO S. RAMOS	J.E. THOMAS P. SALUSTIANO
President	Treasurer | VP-Finance & Administration

THE PHILODRILL CORPORATION
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17Q

*These schedules, which are required by Part IV(e) of RSA 48, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's financial statements or the notes to financial statements.

THE PHILODRILL CORPORATION
Consolidated Statements of Financial Position

	(Unaudited) March 31 2026	(Audited) December 31 2025
ASSETS		
Current Assets		
Cash & cash equivalents	234,195,027	261,094,610
Receivables	502,413,886	434,591,860
Crude oil inventory	32,161,765	35,910,115
Other current assets	8,380,317	9,069,320
Total Current Assets	777,150,995	740,665,905
Noncurrent Assets		
Property and equipment - net	240,649,716	240,206,016
Investments - Associates	870,888,383	871,806,016
Financial assets at fair value through other comprehensive income	68,411,629	70,748,276
Deferred oil exploration and development costs	867,315,256	859,079,703
Deferred tax assets	139,022,354	153,193,247
Other noncurrent assets	20,381,661	20,000,000
Total Noncurrent Assets	2,206,668,999	2,215,033,258
TOTAL ASSETS	2,983,819,994	2,955,699,163
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued liabilities	66,304,695	37,197,086
Dividends payable	33,064,759	33,103,318
Total Current Liabilities	99,369,454	70,300,404
Noncurrent Liability		
Non current portion of provision for plug and abandonment costs	175,002,868	175,002,868
Retirement benefit liability	7,495,884	6,760,978
Total Noncurrent Liabilities	182,498,752	181,763,846
TOTAL LIABILITIES	281,868,206	252,064,250
Equity		
Capital stock - P0.01 par value		
Authorized - 200 billion shares		
Issued	1,568,271,834	1,568,271,834
Subscribed	350,416,220	350,416,220
Subscriptions receivable	(175,208,110)	(175,208,110)
Paid in capital from sale of treasury	1,624,012	1,624,012
Share in other comprehensive income of an associate	55,179,014	55,179,014
Unrealized loss on decline in value of financial assets at FVOCI	(42,235,022)	(39,898,374)
Remeasurement loss on retirement benefit liability	(47,170,366)	(47,170,366)
Retained Earnings	991,074,207	990,420,684
Total Equity	2,701,951,788	2,703,634,913
TOTAL LIABILITIES AND EQUITY	2,983,819,994	2,955,699,163

THE PHILODRILL CORPORATION

Consolidated Statements of Comprehensive Income

	January 1 to March 31 2026	January 1 to March 31 2025
PETROLEUM REVENUE	61,593,070	46,473,015
COSTS AND EXPENSES		
Share in costs and operating	(41,066,542)	(39,652,749)
General and administrative	(14,506,637)	(13,336,616)
	(55,573,179)	(52,989,365)
OTHER INCOME (CHARGES)		
Equity in net earnings of associates - net	(917,633)	(19,419,425)
Interest income	6,764,824	5,959,999
Foreign exchange gain (loss)	3,672,156	(574,987)
	9,519,347	(14,034,413)
INCOME (LOSS) BEFORE INCOME TAX	15,539,238	(20,550,763)
(PROVISION FOR) BENEFIT FROM INCOME TAX	(14,885,714)	(7,973,144)
NET INCOME	653,524	(28,523,907)
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized recovery (loss) on financial assets at FVOCI	(2,336,648)	(2,966,208)
TOTAL COMPREHENSIVE INCOME	(1,683,124)	(31,490,115)

Earnings (loss) per share was computed as follows:

	2026	2025
Net income (loss)	653,524	(28,523,907)
Weighted average no. of shs	191,868,805,358	191,868,805,358
Income (Loss) per share	0.000003	(0.000149)

THE PHILODRILL CORPORATION
Statement of Cash flows

	January 1 to March 31 2026	January 1 to March 31 2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	15,539,238	(20,550,763)
Adjustments to reconcile income before income tax to net cash flows:		
Share in net income of associates	917,634	19,419,426
Depletion, depreciation and amortization	955,936	11,321,462
Movement in retirement liab	734,905	684,074
Interest income	(6,764,824)	(5,959,950)
Working capital adjustments		
Decrease (increase) in:		
Receivables	(66,978,836)	(65,856,418)
Crude oil inventory	3,748,350	19,676,110
Other current assets	689,005	809,357
Increase (decrease) in:		
Accounts payable and accrued liabilities	29,107,609	(916,618)
Net cash flows from operations	(22,050,983)	(41,373,320)
Income tax paid	(714,821)	(106,265)
Interest received	5,921,634	5,826,379
Decrease (increase) in other noncurrent assets	(381,666)	(267,288)
Net cash flows from operating activities	(17,225,836)	(35,920,494)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property and equipment	(1,399,635)	(363,444)
Deferred oil exploration costs	(8,235,553)	(1,072,142)
Net cash flows used in investing activities	(9,635,188)	(1,435,587)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends	(38,559)	(4,950)
Net cash flows used in financing activities	(38,559)	(4,950)
NET INCREASE IN CASH	(26,899,583)	(37,361,031)
CASH AT BEGINNING OF YEAR	261,094,610	395,644,061
CASH AT END OF YEAR	234,195,027	358,283,030

THE PHILODRILL CORPORATION
Consolidated Statement of Changes in Equity

	March 2026	March 2025
CAPITAL STOCK - P0.01 par value		
Authorized -	200 billion shs	200 billion shs
Issued		
Balance at the beginning of year	1,568,271,834	1,568,271,834
Issuances for the period	0	0
Balance at end of first quarter	1,568,271,834	1,568,271,834
Subscribed		
Balance at the beginning of year	350,416,220	350,416,220
Issuances for the period	0	0
Balance at end of first quarter	350,416,220	350,416,220
Subscriptions receivable		
Balance at the beginning of year	(175,208,110)	(175,208,110)
Collection of subscriptions receivable	0	0
Balance at end of first quarter	(175,208,110)	(175,208,110)
Paid in capital from sale of treasury		
Balance at the beginning of year	1,624,012	1,624,012
Acquisition	0	0
Balance at end of first quarter	1,624,012	1,624,012
Unrealized Losses on Decline in Market Value of Long-term Investments		
Balance at the beginning of year	(39,898,374)	(63,177,018)
Adjustments	(2,336,648)	(2,966,208)
Balance at end of first quarter	(42,235,022)	(66,143,226)
Share in other comprehensive income of an associate		
Balance at the beginning of year	55,179,014	53,316,288
Acquisition	0	0
Balance at end of first quarter	55,179,014	53,316,288
Remeasurement loss on retirement benefit liabiltiy		
Balance at the beginning of year	(47,170,366)	(46,560,234)
Acquisition	0	0
Balance at end of first quarter	(47,170,366)	(46,560,234)
Retained Earnings		
Balance at the beginning of year	990,420,683	944,101,580
Cash dividend	0	0
Net income (loss) for the period	653,524	(28,523,907)
Balance at end of first quarter	991,074,207	915,577,673
Total Stockholders' Equity	2,701,951,788	2,601,294,456

THE PHILODRILL CORPORATION
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS
EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES)
FOR THE FIRST QUARTER ENDED MARCH 31, 2026

Name and Designation of Debtor	Beginning Balance	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Ending Balance
Various officers and employees	685,420	377,634	392,248		670,805		670,805
	685,420	377,634	392,248	0	670,805	0	670,805

THE PHILODRILL CORPORATION
SCHEDULE C - LONG TERM INVESTMENTS IN SECURITITES
(NONCURRENT MARKETABLE EQUITY SECURITIES,
OTHER LONG TERM INVESTMENTS IN STOCK
INVESTMENTS IN BONDS AND OTHER DEBT SECURITIES)
FOR THE FIRST QUARTER ENDED MARCH 31, 2026

	BEGINNING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE		Dividends Received/
Name of Issuing Entity and Description of Investment	Number of Shares or Principal Amount of Bonds and Notes	Amount in Pesos	Equity in Earnings (Losses) of Investees for the Period	Others	Distribution of Earnings by Investees	Others	Number of Shares or Principal Amount of Bonds and Notes	Amount in Pesos	Accrued from Investments Not Accounted for by the Equity Method
Investments in associates-at equity									
Penta Capital Investment Corp.	1,600,000	336,979,489	(246,400)				1,600,000	336,733,089	
Penta Capital Holdings, Inc.	300,000	60,141,876	(671,233)				300,000	59,470,643	
Atlas Consolidated Mining and Development Corporation	19,000,000	478,857,789					19,000,000	478,857,789	
		875,979,154	(917,633)	0	0	0		875,061,521	
less-allowance for impairment		(4,173,138)						(4,173,138)	
		871,806,016	(917,633)	0	0	0	0	870,888,383	0
Amount shown under the caption "Available For Sale Investments"									
United Paragon Mining Corp.	6,839,068,254	72,983,955					6,839,068,254	72,983,955	
Vulcan Industrial & Mining Corp.	3,100,000	4,080,876					3,100,000	4,080,876	
Oriental Petroleum & Mining Corp.	2,460,800,000	31,230,745					2,460,800,000	31,230,745	
CJH Golf Club, Inc.	17	1,700,000					17	1,700,000	
Shang Properties	202,000	651,076					202,000	651,076	
		110,646,651	0	0	0	0		110,646,651	0
less-allowance for decline in market value		(39,898,374)				(2,336,648)		(42,235,022)	
		70,748,277	0	0	0	(2,336,648)	0	68,411,629	
		942,554,293	(917,633)	0	0	(2,336,648)		939,300,012	0

THE PHILODRILL CORPORATION
SCHEDULE D - INDEBTEDNESS OF UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES
FOR THE FIRST QUARTER ENDED MARCH 31, 2026

Name of Affiliate	Beginning Balance	Ending Balance
Alakor Corporation	169,000,000	169,000,000
Abacus Book and Card Corporation	238,790,000	240,748,000
	407,790,000	409,748,000
less allowance for doubtful accounts	0	0
	407,790,000	409,748,000

THE PHILODRILL CORPORATION
SCHEDULE E - PROPERTY AND EQUIPMENT
FOR THE FIRST QUARTER ENDED MARCH 31, 2026

Classification	Beginning Balance	Additions at Cost	Retirements	Other Changes-Additions (Deductions)	Ending Balance
Wells, platforms and other facilities	1,182,217,741	850,109			1,183,067,850
Office condominium units and improvements	18,961,929	549,524			19,511,453
Office furniture, fixtures and equipment	8,444,475	0			8,444,475
Transportation equipment	15,748,200	0		0	15,748,200
	1,225,372,345	1,399,633	0	0	1,226,771,979

THE PHILODRILL CORPORATION
SCHEDULE F - ACCUMULATED DEPLETION, DEPRECIATION AND AMORTIZATION
FOR THE FIRST QUARTER ENDED MARCH 31, 2026

Classification	Beginning Balance	Additions Charged to Costs and Expenses	Retirements	Other Changes- Additions (Deductions)	Ending Balance
Wells, platforms and other facilities	954,777,773	0			954,777,773
Office condominium units and improvements	15,941,292	141,357			16,082,649
Office furniture, fixtures and equipment	7,762,859	115,082			7,877,941
Transportation equipment	6,684,405	699,495		0	7,383,900
	985,166,329	955,934	0	0	986,122,262

THE PHILODRILL CORPORATION
SCHEDULE G - INTANGIBLE ASSETS AND OTHER ASSETS
FOR THE FIRST QUARTER ENDED MARCH 31, 2026

Classification	Beginning Balance	Additions at Cost	Charged to Costs and Expenses	Charged to Other Accounts	Other Changes Additions (Deductions)	Ending Balance
Deferred oil exploration and development costs	859,079,703	8,235,553			0	867,315,256
	859,079,703	8,235,553	0	0	0	867,315,256

THE PHILODRILL CORPORATION
SCHEDULE M - CAPITAL STOCK
FOR THE FIRST QUARTER ENDED MARCH 31, 2026

Title of Issue	Authorized	Issued and Outstanding	Subscribed	Number of shares Reserved for Options, etc.	Number of shares held by Directors, Officers and Employees	Others
Common shares at P0.01 par value	200,000,000,000	156,827,183,387	35,041,621,971	0	1,047,071,569	190,821,733,789

THE PHILODRILL CORPORATION
SCHEDULE N - AGING OF ACCOUNTS RECEIVABLES
FOR THE FIRST QUARTER ENDED MARCH 31, 2026

1) AGING OF ACCOUNTS RECEIVABLE

Type of Accounts Receivable	Total	1 month	2-3 months	4-6 months	7 months to 1 year	1-2 years	3-5 years	5 years above	past due accts & items in litigation
a) Trade receivables									
1) Account with contract operator	65,341,421	65,341,421							
less allowance for doubtful accounts	0								
2) Account with partners	0		0						
Net Trade Receivables	65,341,421	65,341,421	0	0	0	0	0	0	0
b) Non-trade receivables									
1) Accrued interest receivable	22,974,440	1,989,800	3,995,567	3,802,500	13,186,574				
less allowance for doubtful accounts	0								
2) Advances to related companies	409,748,000				120,000,000	60,000,000		229,748,000	
less allowance for doubtful accounts	0								
3) Others	4,350,024		4,350,024						
less allowance for doubtful accounts	0								
Net Non-Trade Receivables	437,072,465	1,989,800	8,345,591	3,802,500	133,186,574	60,000,000	0	229,748,000	
Net Receivables	502,413,885	67,331,220	8,345,591	3,802,500	133,186,574	60,000,000	0	229,748,000	0

2) ACCOUNTS RECEIVABLE DESCRIPTION

Type of Accounts Receivable	Nature/Description	Collection Period
a) Trade receivables		
1) Account with contract operator	share in crude oil revenue net of share in production costs	30 days
b) Non-trade receivables		
1) Accrued interest receivable	interest receivable on advances	
2) Advances to related companies	loans and advances to related parties	

THE PHILODRILL CORPORATION
SCHEDULE O - FINANCIAL RATIOS
MARCH 31, 2026

Profitablity Ratios:	March 2026		December 2025	
Return on assets	0.02%		1.57%	
Return on equity	0.02%		1.71%	
Gross profit margin	33.33%		17.53%	
Net profit margin	25.23%		85.41%	
Liquidity Ratios:				
Current ratio	7.82	:1	10.54	:1
Quick ratio	7.41	:1	9.90	:1
Financial Leverage Ratios:				
Asset to equity ratio	1.10	:1	1.09	:1
Debt to equity ratio	0.10	:1	0.09	:1

Basis of Preparation and Material Accounting Policy Information

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*
*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 Costs*
*PFRS 18, *Presentation and Disclosure in Financial Statements*

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 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.

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.

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 Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group 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 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* 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 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 quoted equity investments under this category.

Impairment
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not 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 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 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 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 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 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 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 fair value through profit or loss, 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 March 31, 2026 and December 31, 2025.

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 plug and abandonment costs 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 for 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 and gas 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 statement of 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 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-14 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 statement of income. 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.

<u>Income Taxes</u>
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.