SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

☐ Preliminary Information Statement

☑ Definitive Information Statement

2. Name of Registrant as specified in its charter

The Philodrill Corporation

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

Philippines

4. SEC Identification Number

38683

5. BIR Tax Identification Code

000-315-612-000

6. Address of principal office

8F Quad Alpha Centrum Bldg., 125 Pioneer Street, Mandaluyong City
Postal Code
1550

7. Registrant's telephone number, including area code

(02) 8631-8151 to 52

8. Date, time and place of the meeting of security holders

June 17, 2026 at 2:30 P.M., via remote communication

9. Approximate date on which the Information Statement is first to be sent or given to security holders

May 25, 2026

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

The Philodrill Corporation

Address and Telephone No.

8F Quad Alpha Centrum Bldg., 125 Pioneer Street, Mandaluyong City; 8631-8151

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding

Common Shares	191,868,805,358

13. 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, Common Shares

The Philodrill Corporation
OV

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting
References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Jun 17, 2026
Type (Annual or Special)	Annual
Time	2:30 P.M.
Venue	Virtual Meeting
Record Date	Mar 18, 2026

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Mar 19, 2026
End date	Mar 20, 2026

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

THE PHILODRILL CORPORATION

(Company's Full Name)

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

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

Josephine C. Lafiguera-Ilas

Contact Person

8631-8151

Company Telephone Number

1	2		3	1	**DEFINITIVE INFORMATION STATEMENT**	0	6		3rd	Wed
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

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

THE PHILODRILL CORPORATION

8th Floor, Quad Alpha Centrum
125 Pioneer Street, Mandaluyong City, 1550 Philippines
Tel (632) 8631-8151 to 52; Fax (632) 8631-8151 loc 127
E-mail: info@philodrill.com
Website: www.philodrill.com

Information Statement
Annual Stockholders' Meeting
17 June 2026

SEC Number ***38683***
File Number ____

THE PHILODRILL CORPORATION

(Company's Full Name)

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

(Company's Address)

8631-1801 to 05; 8631-8151 to 52

(Telephone Number)

December 31

(Fiscal Year Ending)
(month & day)

SEC FORM 20-IS
Definitive Information Statement

Form Type

Amendment Designation (If applicable)

March 31, 2026

Period Ended Date

(Secondary License Type and File Number)

NOTICE OF ANNUAL STOCKHOLDERS' MEETING OF THE PHILODRILL CORPORATION

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
18 MAY 2026
MARKETS AND SECURITIES REGULATION DEPARTMENT
BY: TIME: 2:47pm

TO ALL STOCKHOLDERS:

Notice is hereby given that the Annual Stockholders' Meeting (*"Meeting"* or *"ASM"*) of The Philodrill Corporation (the "Company") will be held on **June 17, 2026 (Wednesday) at 2:30 pm.** The Meeting will be conducted virtually and attendance at the meeting will be via remote communication only.

The Agenda for the Meeting shall be as follows:

1. Call to Order and Proof of Notice of the Meeting.
2. Certification of Quorum.
3. Approval of the Minutes of the June 18, 2025 Annual Stockholders' Meeting.
4. President's Report on the Company's Exploration and Production activities for the past year.
5. Presentation of Annual Report and Audited Financial Statements for the year ended December 31, 2025 and action thereon.
6. Ratification and Approval of all previous acts and resolutions of the Board of Directors, Management and all Committees.
7. Appointment of Independent Auditor.
8. Election of Directors.
9. Other Matters.
10. Adjournment.

Only stockholders of record at the close of business hours on **March 18, 2026** are entitled to notice of, and to vote at this meeting.

In accordance with the Company's Amended By-Laws, stockholders may attend and participate in the meeting by remote communication or by voting through the Chairman of the meeting, as proxy. Stockholders who intend to attend by remote communication are required to accomplish the Registration Form[1] and submit it together with the required documents to *2026asm@philodrill.com* on or before June 10, 2026. The link through which the Meeting may be accessed shall be sent to the email address of the registered stockholder. Stockholders may vote electronically in absentia, subject to validation procedures. The procedures for participating in the meeting through remote communication and for casting of votes in absentia are set forth in the *Guidelines on Participation by Remote Communication* and discussed in the Information Statement (SEC Form 20-IS).

If you are unable to join the virtual meeting but wish to vote on items in the agenda, you may appoint the Chairman as your proxy with specific voting instructions which will be duly counted. Duly accomplished Proxies shall be submitted by email to the Office of the Corporate Secretary at *2026asm@philodrill.com* for inspection, validation, and recording at least seven (7) days before the opening of the Annual Stockholders' Meeting, no later than June 10, 2026. The Proxy Validation Committee will inspect, examine, and validate the sufficiency of the proxy forms received. We enclose a sample Registration/Proxy form for your convenience.

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[1] *Downloadable at the Company's website* https://philodrill.com/

By registering to participate in the virtual meeting a stockholder or a proxy or representative of the stockholder agrees for the Company and its service providers to process their sensitive personal information necessary to verify their identity and authority. A stockholder who fails to comply with the registration requirement will not be able to participate in the virtual stockholders meeting.

Stockholders (or their proxies) whose registration are validated can: (a) view the webcast of the meeting, (b) vote on the agenda items using the online ballot that will be sent to them; and (c) send their questions, comments or motions on the agenda items during the Meeting by email to *2026asm@philodrill.com*. Stockholders who will participate the Meeting are encouraged to send their questions, comments and motions before the meeting. Relevant questions on the agenda items will be read by the Moderator and will be answered by concerned Officers during the meeting.

The Definitive Information Statement ("IS"), Management Report, Audited Financial Statements, Interim Quarterly Report as of March 31, 2026 and other documents related to the ASM, including the Guidelines on Participation by Remote Communication may be accessed through any of the following operations:

1) Go to the Philodrill Corporation website via this link: https://philodrill.com/
2) Go to the PSE EDGE portal via https://edge.pse.com.ph/ or;
3) Request for a copy by sending an email to stocks@philodrill.com

For ASM-related queries, you may send an email to stocks@philodrill.com; info@philodrill.comor contact the Office of the Corporate Secretary at +632 8631-8151. For account updating or concerns regarding your shareholdings, please contact our Transfer Agent, **Stock Transfer Service, Inc. (STSI),** at telephone no. +632 5310-1343 or via email directly to Mr. Richard Regala at *rdregala@stocktransfer.com.ph.*

Very truly yours,

ADRIAN S. ARIAS
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

<u>Call to Order</u>.
The Chairman will formally open the meeting at approximately 2:30 in the afternoon and welcome all the participants. The members of the Board in attendance will be introduced.

<u>Certification of Notice and Quorum</u> *(and Rules of Conduct and Procedure*)
The Corporate Secretary will certify that the Commission's requirements on the alternative modes of distribution of Notice of Meeting have been complied with, all stockholders as of record date have been duly notified and that a quorum exists for the transaction of business.

Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting in absentia by the stockholders, Philodrill has set up a registration and voting mechanism, which may be availed by the stockholders to register and vote on the matters at the meeting in absentia. A stockholder who votes in absentia shall be deemed present for purposes of quorum. Stockholders may attend and participate in the meeting by remote communication.

Stockholders who intend to attend and participate by remote communication shall inform Philodrill by email to ***2026asm@philodrill.com*** on or before June 10, 2026, subject to the procedure set in Item 19(b) of the Information Statement which is posted on Philodrill's website.

The following are the rules of conduct and procedures for the meeting:

1. Stockholders may vote by appointing the Chairman of the meeting as proxy, or by electronic voting in absentia. Stockholders voting by appointing the Chairman as proxy shall email the duly accomplished proxies for inspection, validation, and recording at least seven (7) days before the opening of the annual stockholders' meeting, on or before June 10, 2026, to the Office of the Corporate Secretary at ***2026asm@philodrill.com***. Stockholders voting in absentia, who have previously registered through the registration and voting mechanism provided by Philodrill, may cast their votes electronically at the time provided for in the notice and mechanism.

2. Each of the proposed resolutions and/or items in the Agenda will be shown on the screen as the same is taken up at the meeting.

3. Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.

4. The Proxy Verification Committee will tabulate all votes received and an independent third party will validate the results.

5. The Corporate Secretary shall report the results of voting during the meeting.

6. Stockholders may email to ***2026asm@philodrill.com*** questions or comments to matters that are relevant and of general concern to them on or before June 16, 2026.

7. A link to the recorded webcast of the meeting will be posted on Philodrill's website after the meeting.

8. Stockholders shall have two weeks from posting of the recorded webcast to raise to Philodrill any issues, clarifications and concerns on the matters arising from the meeting conducted.

Approval of Minutes of the Annual Meeting of Stockholders held on June 18, 2025

The Minutes of the annual meeting of stockholders held on June 18, 2025, as well the recordings of the actual meeting are posted at Philodrill's website, https://philodrill.com.Hard copies of the Minutes are available upon request by the stockholders before the meeting. A resolution approving the minutes will be presented to the stockholders for approval by the vote of the stockholders representing at least a majority of the outstanding voting stock voting in absentia or voting through the Chairman of the meeting as proxy.

President's Report

The President, Mr. Adrian Paulino S. Ramos, will deliver a report to the stockholders on the Company's Exploration and Production activities for the year ended December 31, 2025 and an update on the current projects and prospects of the Company. Highlights of the Audited Financial Statements as of December 31, 2025 will also be presented. These information are included in the Information Statement available for public viewing at the Company's website. A resolution noting the report and approving the 2025 Audited Financial Statements will be presented to the stockholders for approval by the affirmative vote of the stockholders representing at least a majority of the outstanding voting stock, voting in absentia or voting through the Chairman of the meeting as proxy.

Ratification of all Previous Acts and Resolutions of the Board of Directors, Management and All Committees from June 18, 2025 up to May 12, 2026

The acts and resolutions of the Board of Directors, Management and all Committees of Philodrill were those adopted from **June 18, 2025 up to May 12, 2026**. They include the approval of agreements, projects, investments and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange. The acts of the officers were those taken to implement the resolutions of the Board or its Committees or in the general conduct of business. A resolution on this agenda item will be presented to the stockholders for approval by the vote of the stockholders representing a majority of the voting stock voting in absentia or voting through the Chairman of the meeting as proxy.

Appointment of External Auditors

The Audit Committee shall endorse to the stockholders the appointment of an external auditor for the ensuing year. The profile of the external auditor will be included in the Information Statement. A resolution for the election of the external auditor will be presented to the stockholders for adoption by the affirmative vote of the stockholders representing a majority of the voting stock voting in absentia or voting through the Chairman of the meeting as proxy.

Election of Directors

A stockholder may submit to the Nomination Committee nominations to the Board no later than May 15, 2026. In accordance with the Company's Revised Manual on Corporate Governance, all nominees for Directors shall be pre-qualified and approved by the Corporate Governance and Nominations Committee who will determine whether the nominees for directors, including the nominees for independent directors, have all the qualifications and none of the disqualifications to serve as members of the Board before submitting the nominees for election by the stockholders. The profiles of the nominees to the Board will be included in the Information Statement.

Other Matters

The Chairman will open the floor for comments and questions by the stockholders. Stockholders may raise other relevant matters or issues that may be properly taken up at the meeting.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
[] Preliminary Information Statement
[✓] Definitive Information Statement

2. Name of Registrant as specified in its charter:
THE PHILODRILL CORPORATION

3. Jurisdiction of incorporation or organization:**Philippines**

4. SEC Identification Number: **38683**

5. BIR Tax Identification Code: **000–315–612–000**

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

7. Registrant's telephone number, including area code: **(+632) 86318151-52**

i. **June 17, 2026 at 2:30 P.M., via remote communication**
Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement, Management Report, Annual Report and other pertinent reports will be published through alternative mode of distribution through the Corporation's website and PSE Edge: **May 25, 2026**

10. Name of Person Filing the Statement/Solicitor: **The Philodrill Corporation**
Address: **8th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550**
Telephone No.: **(+632) 86318151-52**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	191,868,805,358

12. Are any or all of registrant's securities listed in a Stock Exchange?
YES, Philippine Stock Exchange, Common Shares

THE PHILODRILL CORPORATION
8th Floor, Quad Alpha Centrum
125 Pioneer Street, Mandaluyong City 1550, Philippines
Tel (632) 631-8151; 631-1801 to 05; Fax (632) 631-8080

INFORMATION STATEMENT

PART I

A. General Information

Item 1. Date, time and place of meeting of stockholders

(a) In accordance with the SEC approved alternative mechanisms to ensure optimal participation in the governance of the Corporation, the 2026 Annual Stockholders Meeting of **The Philodrill Corporation** (the *"Company"*) will be held on ***June 17, 2026 (Wednesday), at 2:30 p.m. by remote communication***. The meeting will be presided by management at the principal office of the Company at the 8th Floor of Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, 1550. The complete mailing address of the Company is 8th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550, Philippines.

(b) The approximate date on which the Information Statement, Management Report, Annual Report and other pertinent reports will be published through alternative mode of distribution through the Corporation's website and PSE Edge will be on May 25, 2026.

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

Item 2. Rights of Shareholders; Dissenters' Right of Appraisal

The Corporation recognizes the right of all shareholders to be treated fairly and equally whether they are controlling, minority, local or foreign. The Corporation respects the rights of shareholders as provided under the Revised Corporation Code and other laws, and as stated in its Articles of Incorporation and By-laws.

A stockholder has the right to dissent and demand payment of the fair value of his share; (1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or of authorizing preference over the outstanding shares or of extending or shortening the term of corporate existence; (2) in case of any sale, lease, mortgage or disposition of all or substantially all the corporate property or assets; and (3) in case of any merger or consolidation.

The appraisal right may be exercised by a stockholder who has voted against the proposed corporate action which qualify as instances giving rise to the exercise of such right pursuant to and subject to the compliance with the requirements and procedure set forth under Title X of the Revised Corporation Code of the Philippines.

There are no matters to be taken up at the Annual Stockholders' Meeting to be held on June 17, 2026 that may warrant the exercise of the appraisal right.

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

(a) **NO** director, officer, or associate of such director or officer has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the Meeting, except election of directors.

(b) As of the time this Information Statement is first filed and approved by the Commission, **NO** director of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company at the Meeting.

B. <u>Control and Compensation Information</u>

Item 4. Voting Securities and Principal Holders Thereof

(a) <u>Class and Number of Shares</u>. The Company has only one (1) class of shares – Common Shares – which are issued and transferable to both Philippine and non-Philippine nationals; *provided,* that the Company's Common Shares shall not be issued to non-Philippine nationals in excess of 40% of the Company's outstanding capital stock. As of Record Date, the Company's outstanding capital stock is 191,868,805,358 shares. Each share is entitled to one (1) vote.

(b) <u>Record Date</u>. The Record Date for purposes of the Meeting is March 18, 2026. Only stockholders of record as at the close of business on March 18, 2026 are entitled to notice of, and to vote at, the Meeting.

(c) <u>Cumulative Voting</u>. Stockholders entitled to vote at the Meeting shall have the right to vote in person or by proxy the number of shares registered in his name in the stock transfer book of the Company for as many persons as there are directors to be elected. Each stockholder shall have the right to cumulate said shares and give one (1) nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same cumulative voting principle among as many nominees as he shall see fit; *provided*, that the number of votes cast by a stockholder shall not exceed the number of his shares multiplied by the number of directors to be elected.

(d) Proxies for the annual stockholders' meeting.

All stockholders who will not participate in the meeting via remote communication may vote through the Chairman of the Meeting (as Proxy) and/or submit duly accomplished proxies by email to the Office of the Corporate Secretary at ***2026asm@philodrill.com*** for inspection, validation, and recording at least seven (7) days before the opening of the annual stockholders' meeting, or on/before June 10, 2026. The Proxy Validation Committee will inspect, examine, and validate the sufficiency of the proxy forms received.

Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at one time. No broker or dealer shall give any proxy, consent or authorization, in respect of any security carried for the account of a customer, to a person other than the customer, without the express written authorization of such customers.

Any stockholder may revoke or cancel his proxy and attend the annual stockholders' meeting via remote communication, provided he has complied with the Registration procedures and requirements.

(e) 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 March 31, 2026.

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	75,514,645,300	39.357%
Common	Alakor Securities Corporation 5/F Quad Alpha Centrum	Stockholder	National Book Store Inc	Filipino	16,735,965,802	8.723%
Common	Alakor Securities Corporation 5/F Quad Alpha Centrum	Stockholder	Alakor Corporation	Filipino	16,735,965,801	8.723%
Common	Alakor Corporation 9/F Quad Alpha Centrum 125 Pioneer, Mandaluyong	Stockholder	Alakor Corporation	Filipino	400,000,000	0.208%
Common	Papa Securities Corporation G/F Ace Building corner Rada St., Legaspi Village, Makati/	Stockholder	Anglo Philippine Holdings Corp./Alakor Corporation	Filipino	4,988,193,010	2.600%
Common	Anglo Philippine Holdings Corp. 6/F Quad Alpha Centrum 125 Pioneer, Mandaluyong	Stockholder	Anglo Philippine Holdings Corp.	Filipino	25,108,936,264	13.087%
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	Alakor Securities Corporation 5/F Quad Alpha Centrum 125 Pioneer, Mandaluyong	Stockholder	Anglo Philippine Holdings Corp.	Filipino	427,234,066	0.223%

Note A: The number of shares held by PCD Nominee Corporation (PCD) is net of the 75,350,158,679 shares held by National Book Store Inc (NBS), Alakor Corporation (AC) and Anglo Philippine Holdings Corp. (Anglo).

Note B: Of the 75,514,645,300 shares held by PCD, 74,372,188,998 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.

(f) Voting Trust Holders of 5% or more. To the extent known to the Company, there is **NO** person holding more than 5% of the Company's voting stock under a voting trust or similar agreement.

(g) Stock Ownership of Management. The Company's Directors (D), Chief Executive Officer (CEO), and four (4) most highly compensated officers (O) own the following number of shares as of March 31, 2026:

		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	0.078%
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	0.059%
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	0.000%
Common	Jennifer P. Tombaga (O)	0	6,000,000	Filipino	0.003%
Common	J.E Thomas P. Salustiano (O)	0	0	Filipino	0.00%
Common	Arturo B. Maulion (O)	0	0	Filipino	0.00%

As of March 31, 2026 the aggregate number of shares owned by the Company's Directors, Chief Executive Officer, and four (4) most highly compensated officers is 1,037,437,233 shares or approximately 0.541% of the Company's outstanding capital stock. Except for the shares appearing on record under 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.

NO change in the control of the Company has occurred since the beginning of the last fiscal year.

Item 5. Directors and Executive Officers

(a) The names, ages, citizenship, positions and periods of service of directors, executive officers and persons nominated to become such are as follows:

Name	Age	Citizenship	Position	Period of Service	Committee Membership	Period of Service
Gerard Anton S. Ramos	51	Filipino	Director Chairman	Dec 16, 2005 - Present Dec. 21, 2022 - Present	CG & Nominations Committee	2017 –June 21, 2023
Adrian PaulinoS. Ramos	47	Filipino	Director President	Jan 18, 2006 - Present Dec. 21, 2022 - Present	CG & Nominations Committee; Compensation & Remunerations Committee; Audit Committee	2006 –June 21, 2023
Christopher M. Gotanco	76	Filipino	Director	Aug 17, 2005 – Present	CG & Nominations Committee; Compensation & Remunerations Committee; Audit Committee; RPT Committee	2008 - Present
Vincent L. Tempongko	48	Filipino	Independent Director	June 21, 2023 - Present	CG & Nominations Committee; Compensation & Remunerations Committee; Audit Committee; RPT Committee	2023 - Present
Allen L.Copok	47	Filipino	Independent Director	June 21, 2023 - Present	CG & Nominations Committee; Compensation & Remunerations Committee; Audit Committee; RPT Committee	2023 - Present
John Peter C. Hager	56	Filipino	Independent Director	June 21, 2023 - Present	CG & Nominations Committee; Compensation & Remunerations Committee; Audit Committee; RPT Committee	2023 - Present
Presentacion S. Ramos	84	Filipino	Director	May 28, 1997 - Present	None	N.A.
Maureen Alexandra Ramos-Padilla	53	Filipino	Director	June 19, 2013 - Present	None	N.A.
Reynaldo E. Nazarea	74	Filipino	Director	June 21, 2017- Present	Compensation & Remunerations Committee; Audit Committee	2004 – Present 2024 - Present
Dennis V. Panganiban	63	Filipino	VP Exploration & Production	Sept 1, 2022 - Present	None	N.A
J.E. Thomas P. Salustiano	40	Filipino	VP Administration Treasurer	July 1, 2024 - Present	None	N.A
Jennifer P. Tombaga	61	Filipino	AVP Finance	Jan. 1, 2022 - Present	None	N.A
Arturo B. Maulion	63	Filipino	AVP Exploration & Production	Nov. 7, 2022 - Present	None	N.A
Adrian S. Arias	63	Filipino	Corporate Secretary	Dec. 2, 1992 - present	None	N.A

(1) Directors elected in the Annual Stockholders' Meeting have a term of office of one (1) year and serve as such until their successors are elected in the next succeeding annual stockholders' meeting; *provided*, that a director elected to fill a vacancy in the Board shall serve only the unexpired term of his predecessor.

(2) Incumbent Directors of the Company were elected in the 2025 Annual Stockholders' Meeting held on June 18, 2025 and have since served in such capacity.

(3) The names of the current members and chairpersons of the Company's corporate governance committees are as follows:

Corporate Governance&Nominations Committee

John Peter C. Hager	–	Independent Director, Chairman
Allen L. Copok	–	Independent Director, Member
Vincent L. Tempongko	–	Independent Director, Member
Christopher M. Gotanco	–	Director, Member

Compensation & Remuneration Committee

Vincent L. Tempongko	–	Independent Director, Chairman
John Peter C. Hager	–	Independent Director, Member
Allen L. Copok	–	Independent Director, Member
Christopher M. Gotanco	–	Director, Member
Reynaldo E. Nazarea	–	Director, Member

Audit Committee

Allen L. Copok	–	Independent Director, Chairman
John Peter C. Hager	–	Independent Director, Member
Vincent L. Tempongko	–	Independent Director, Member
Christopher M. Gotanco	–	Director, Member
Reynaldo E. Nazarea	–	Director, Member

RPT Committee

Vincent L. Tempongko	–	Independent Director, Chairman
John Peter C. Hager	–	Independent Director, Member
Allen L. Copok	–	Independent Director, Member
Christopher M. Gotanco	–	Director, Member

There are **NO** arrangements that may result in a change in control of the Company.

(4) Independent Directors. Pursuant to the Securities Regulation Code (SRC) Sec. 38 and Rule 38.1, the Company is required to have at least two (2) independent directors. The Company's incumbent independent directors are Messrs.Vincent L. Tempongko, John Peter C. Hager and Allen L. Copok who will serve until the expiration of their term.

In line with the guidelines set by the Nominations Committee and approved by the Board of Directors, the Nominations Committee receives the names of nominees and screens them based on the policies and parameters for screening nominees for independent directorship. The final list of candidates, with the information required under Part IV(A) and (C) of Annex "C" of SRC Rule 12, is herewith attached. Mr. Jeciel Benavidez nominated Messrs. John Peter Hager, Allen L. Copok and Vincent L. Tempongko for election as Independent Directors of the Company for the ensuing fiscal year 2026. Mr. Benavidez is not related to any of the nominees for Independent Director.

Messrs. Hager, Copok, and Tempongko possess all the qualifications and none of the disqualifications of an independent director.

(5) Business Experience of Executive Officers, Directors and Persons Nominated for Director for the past five (5) years or more.

PRESENTACION S. RAMOS ***(84, Filipino)*** Mrs. Ramos has been with the Board of **The Philodrill Corporation** since May 1997. She also serves in the Board of Anglo Philippine Holdings Corporation, 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, and 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 position in several listed companies: President & CEO of Anglo Philippine Holdings Corporation; President of Atlas Consolidated Mining & Development Corp.; President & 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 has concurrently been serving as Vice President for Administration since 1992. 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.

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.

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, as 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 is currently the CEO and President of Yoma Micro Power Philippines, a wholly owned subsidiary of ACEN Corporation (2024-Present).

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 graduated with B.Sc. Degree in Geology from the University of the Philippines in 1984 and obtained his professional license in Geology in 1989. 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.

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

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 completed his degrees of Bachelor of Science in Geology at the University of the Philippines and Bachelor of Laws at the Institute of Law-Far Eastern University. He became a lawyer in 1994.

He held various positions in Seafront Resources Corporation, PetroEnergy 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 more than 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.).

(6) Directors and nominees for directors with other directorship(s) held in reporting companies

Presentacion S. Ramos	Anglo Philippine Holdings Corporation
Christopher M. Gotanco	Anglo Philippine Holdings Corporation
	Boulevard Holdings, Inc.
	United Paragon Mining 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
Gerard Anton S. Ramos	Anglo Philippine Holdings Corporation
	Atlas Consolidated Mining & Dev't. Corp.
	United Paragon Mining Corporation
	Alakor Corporation
John Peter C. Hager	United Paragon Mining Corporation
Reynaldo E. Nazarea	Anglo Philippine Holdings Corporation

(7) Significant Employees. Other than its executive officers, the Company has not engaged the services of any person who is expected to make significant contributions to the business of the Company. The Company is not dependent on the services of certain key personnel and there are no arrangements to ensure that these persons will remain with the Company and not compete upon termination.

(8) Family Relationships. Messrs. Gerard Anton S. Ramos, Adrian Paulino S. Ramos and Mrs. Maureen Alexandra Ramos-Padilla are siblings, children of the late Alfredo C. Ramos and Mrs. Presentacion S. Ramos.

(9) Involvement in Certain Legal Proceedings. For the past five (5) years up to the date this Information Statement is sent to stockholders, the Company is **NOT** aware:

(i) Of any bankruptcy petition filed by or against any business of which any director, executive officer, underwriter or control person of the Company was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;

(ii) Of any director, executive officer, underwriter or control person of the Company being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and,

(iii) Of any director, executive officer, underwriter or control person of the Company being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine Securities and Exchange Commission (SEC) or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

(iv) Any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, other than the following cases pending with the Department of Justice (DOJ):

- *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, Revised Penal Code) filed by Mr. Francisco A. Navarro against Philodrill officers and former officers namely: Mr. Reynaldo E. Nazarea, Ms. Isabelita L. Matela (ret.), Ms. Grace D. Laurente (ret.), 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 Asst. 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† , Mrs. Presentacion S. Ramos, Mr. Gerard Anton S. Ramos, Mr. Christopher M. Gotanco, Mrs. Maureen Alexandra R. Padilla, and Atty. Adrian S. 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.

(10) 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.

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

(ii) 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.

(iii) 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.

(iv) 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.

(v) Any on-going contractual or other commitments as a result of the arrangement. NONE, other than the repayment of money lent or advanced.

(vi) 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.

(11) Parent of the Company. NO person holds more than 50% of the Company's voting stock, and the Company has NO parent company.

(i) NO director has advised the Company of his/her resignation from, or declination to stand for re-election to, the Board of Directors.

Item 6. Compensation of Directors and Executive Officers

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 most 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

For the years 2024 and 2025 and the first quarter of 2026, 13th month pay and other compensation were paid to directors and executive officers, which are already included in the amounts above.

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.

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 P2,500,000.00 as a result 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 P2,500,000.00.

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

Item 7. Independent Public Accountants

(a) 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.

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. For the year 2026, SGV will be recommended for appointment as independent public accountant for fiscal year 2026.

The fees of the external auditor in the past three (3) years 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.

(b) Not applicable.

(c) SGV representatives are expected to be present at the Meeting and they will have the opportunity to make a statement and respond to appropriate questions.

(d) SGV has been the Company's independent external auditor for the past years. Mr. Jose Carlitos Cruz was the partner-in-charge for five (5) years until 2003 and was succeeded by Mr. Jaime Del Rosario for 2004-2005 in compliance with SEC Memorandum Circular No. 8, series of 2003 (Rotation of External Auditors). For 2006, Mr. Jose Carlitos Cruz was again the partner-in-charge of the Company's audit and was succeeded in 2007 by Mr. Alvin Cerrado. For 2008, Mr. Martin C. Guantes was the partner-in-charge of the Company's audit. For 2009 and 2010, Mr. Alvin M. Pinpin was the partner-in-charge of the Company's audit. From 2011 to 2014, Ms. Eleanore A. Layug was the partner-in-charge. For 2015 to 2019, Mr. Jaime del Rosario again was partner-in-charge of the Company's audit. He was succeeded by Ms. Editha Estacio, who served from 2020 to 2024. In 2025, Mr. Arthur Maddalora became the partner-in-charge of The Philodrill Corporation's audit.

The Company **NEVER** had any disagreement with SGV or with the partners-in-charge of audit on any matter of accounting principles or practices, financial statement disclosures or auditing scope or procedures.

The Company did **NOT** engage any new independent external auditor, 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 expressed reliance in 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.

Item 8.Compensation Plans N.A.

C. <u>Issuance and Exchange of Securities</u>

Item 9. Authorization of Issuance of Securities Other than for Exchange N.A.

Item 10. Modification or Exchange of Securities N.A.

Item 11. Financial and Other Information

See the Company's 2025 Audited Consolidated Financial Statements and Interim Financial Statements (17-Q, 2026) accompanying this Information Statement.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

NO action involving any of the following shall be presented for approval:

(a) The merger or consolidation of the Company into or with any other person or of any other person into or with the Company;

(b) The acquisition by the Company or any of its security holders of securities of another person;

(c) The acquisition by the Company of any other going business or of the assets thereof;

(d) The sale or other transfer of all or any substantial part of the assets of the Company; or

(e) The liquidation or dissolution of the Company.

Item 13. Acquisition or Disposition of Property N.A.

Item 14. Restatement of Accounts

NO restatement of any account has been made from the time the Company's financial statements were last audited (31 December 2025) up to the date of this Information Statement.

NO action will be taken at the Meeting with respect to the restatement of any asset, capital, or surplus account of the Company.

D. <u>Other Matters</u>

Item 15. Action with Respect to Reports

The following matters shall be submitted to the stockholders for approval at the Meeting:

(a) Minutes of the 18 June 2025 Annual Meeting of Stockholders

Approval of the Minutes of the 18 June 2025 Annual Stockholders' Meeting constitutes a ratification of the accuracy and faithfulness of the Minutes to the events that transpired during the said meeting. This does not constitute a second approval of the same matters taken up thereat which have already been approved.

(b) Annual Report for the year ended 31 December 2025 (a copy containing the information required by SRC Rule 20-A is enclosed).

Approval of the Annual Report constitutes a ratification of the Company's performance during the previous fiscal year as contained therein.

(c) Acts and Resolutions of the Board of Directors and Management from date following the last Annual Stockholders' Meeting (18 June 2025) to the present including, but not limited to, the following:

1) Extension of maturity date of Abacus and NBS loans from June 30, 2025 to December 30, 2025;
2) Authority of the President to execute a DOA in relation to the transfer of 50% PI to GGX EROMANGA PTY LTD;
3) Authority to apply new Petroleum Service Contract (PSC);
4) Authority to apply into a new DP PSC in SC 14 C1 (Galoc Block);
5) Approval of the third quarter financial report (Q3);
6) Approval of the additional loans to a related party;
7) Opening of bank accounts for new Service Contracts;
8) Extension of Subscription Call - that the subscription call for the 50% balance on subscriptions to the 2009 Stock Rights Offering (SRO) may be called for payment by the Board of Directors at any time, on or before December 31, 2026 instead of December 31, 2025;
9) Amendment of the short-term loan facility granted to NBS, extending maturity date from June 30, 2024 to December 31, 2024;
10) Extension of maturity date of Abacus and NBS loans from December 30, 2026 to June 30, 2026;
11) Updating of directors and/or corporate officers as signatories affecting the Philodrill's account with Alakor Securities Corp.;
12) Authority of directors and/or corporate officers as signatories affecting the Philodrill's account with Inta-Invest, Securities Inc.;
13) Setting of Annual Stockholders' Meeting of The Philodrill Corporation on June 17, 2026, Wednesday, 2:30 PM via remote communication. The record date was set to March 18, 2026 for purposes of determining the stockholders of record entitled to notice of and to vote at the said meeting;
14) Authority of corporate officers to apply for a Certificate of Authority (COA), and enter into a Solar Energy Operating Contract (SEOC) through the Department of Energy (DOE), covering the proposed area in Sablayan, Occidental Mindoro;
15) Authority of Philodrill officers to sign, apply, execute any and all documents relative to Import/Export permit;
16) Approval of the 2025 Audited Financial Statements;

17) Authority to to apply, negotiate, and enter into a Service Contract with Globe Business (Innove Communications, Inc.) for Google Workspace Services;
18) Authority to assign Participating Interest in SC 86 (Octon-Malajon Block) in favor of PNOC EC;
19) Extension of the maturity date of the loan facility granted to Abacus Book & Card Corporation.

Item 16. Matters Not Required to be Submitted

Proofs of transmittal to stockholders of the required Notice for the Meeting and of the presence of a quorum at the Meeting form part of the Agenda for the Meeting but will not be submitted for approval by the stockholders.

Item 17. Amendment of Charter, By-laws or Other Documents
N.A.

Item 18. Other Proposed Action

NO ACTION on any matter, other than those stated in the Agenda for the Meeting, is proposed to be taken, except matters of incidence that may properly come at the Meeting.

Item 19. Voting Procedures

In all items for approval, each voting share of stock entitles its registered owner as of the record date to one vote.

In the election of directors, straight and cumulative voting shall be allowed. Each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate the shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit; provided that, the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

Upon successful registration at the Annual Stockholders' Meeting, each stockholder will be provided a ballot to enable him to vote on each item or proposal in the Agenda. All votes will be counted and tabulated by the Election Committee composed of representatives from the Office of the Corporate Secretary.

Registration for the annual stockholders' meeting and tabulation of votes shall be conducted in the following manner:

(1) Registration is to commence by the filing of a scanned or digital copy of the completed Registration Form together with other required documents to *2026asm@philodrill.com* beginning May 25, 2026 at 8:00 am until June 10, 2026 at 5:00 pm.

(2) The stockholder has the option to either vote in absentia, in which case the stockholder will have to complete the ballot included in the Registration Form; or to appoint the Chairman of the meeting as Proxy.

(3) Subject to validation by the Company, the stockholder will receive an email confirming their valid registration which shall also contain the link to the live webcast of the Meeting.

(4) The Proxy Validation Committee will tabulate all votes received through Proxy or in absentia, and an independent third party will validate the results.

(5) Stockholders who notified the Company of their intent to attend the meeting remotely can either vote in advance or during the meeting through the link provided to their email addresses. Votes are subject to the validation of an independent third party.

Item 20. Participation of Stockholders by Remote Communication

To ensure the safety and welfare of its stockholders, directors, officers, and employees, the Corporation will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication.

The livestream of the meeting shall be viewable through a link that will be given to stockholders who have registered successfully. In order for the Corporation to properly conduct validation procedures, stockholders who have not sent their proxies or registered and wish to participate via remote communication must notify the Corporation by email to 2026asm@philodrill.com on or before June 10, 2026, and must provide the following information by said date: (1) Name; (2) Email Address; (3) Contact Number; (4) Postal Address; and (5) scanned copy of any valid government issued identification card ("ID") with photo of the stockholder.

Please refer to Annex A for the detailed guidelines for participation via remote communication and the procedures for registration and casting votes in absentia.

ANNEX "A"

THE PHILODRILL CORPORATION
2026 ANNUAL STOCKHOLDERS' MEETING
GUIDELINES ON PARTICIPATION BY REMOTE COMMUNICATION

I. Coverage

Stockholders of **THE PHILODRILL CORPORATION** (the "Company") who are unable to physically attend the Company's Annual Stockholders' Meeting on June 17, 2026 and who have: (a) appointed the Chairman of the meeting as Proxy, or (b) upon valid registration chose to electronically vote in absentia after advising the Company of their intention to attend the Meeting remotely.

II. Registration

1. **Who may Register** – Stockholders of Record as of March 18, 2026.

2. **When to Register-** Registration period for Stockholders who intend to appoint the Chairman as Proxy, or to electronically vote in absentia shall start on May 25, 2026 at 8:00 am until June 10, 2026 at 5:00 pm, Philippine time ("Registration Period"). Beyond this date, Stockholders may no longer avail of the option to electronically vote in absentia.

3. **How to Register** - The Shareholder must send a scanned or digital copy of their Registration Form, herein attached, together with the following documents to the email address 2026asm@philodrill.com within the Registration Period, for validation.

Individual Stockholders–

a. A recent photo of the Stockholder, with the face fully visible.
b. Scanned or digital copy of the front and back portions of the Stockholder's valid government-issued identification card, preferably with residential address.
c. Contact details

Stockholders with Joint Accounts –

b. Scanned or digital copy of authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account.
c. A recent photo of the authorized Stockholder, with the face fully visible.
d. Scanned or digital copy of the front and back portions of the authorized Stockholder's valid government-issued identification card, preferably with residential address.
e. Contact details of the authorized Stockholder.

Broker Accounts –

a. Scanned or digital copy of broker's certification on the Stockholder's number of shareholdings.

b. A recent photo of the Stockholder, with the face fully visible.

c. Scanned or digital copy of the front and back portions of the Stockholder's valid government-issued identification card, preferably with residential address.

d. Contact details.

Corporate Stockholders –

a. Scanned or digital copy of signed secretary's certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation.

b. A recent photo of the stockholder's representative, with the face fully visible.

c. Scanned or digital copy of the front and back portions of the valid government-issued identification card of the Stockholder's representative, preferably with residential address.

d. Contact details of the Stockholder's representative.

Stockholders with incomplete requirements will not be able to register online and vote electronically *in absentia*, but may still vote by sending a proxy (appoint the Chairman of the Company as proxy) to the Annual Stockholders' Meeting.

4. **Validation of Registration**. The validation of the Stockholder's Registration Form shall be completed by the Company within three (3) business days from receipt thereof.

   The Company will send an email confirming successful validation of the Stockholder's registration. Please note that submission of incomplete or inconsistent information may result in an unsuccessful registration.

   The Registration Form can be accessed and downloaded at our website http://philodrill.com

   Note: *The Company shall allow electronic signature for the required documents, as applicable. Notarization requirement may also be dispensed with. However, the Company reserves the right to request additional information, and original signed and notarized copies of these documents at a later date, as it deems necessary.*

III. Right to Vote

1. The Stockholder Appointing the Chairman as Proxy:

Stockholders may give the Chairman, as Presiding Officer, the authority to vote in all matters for approval, by appointing the Chairman as Proxy in the Stockholders' Registration Form.

2. **The Stockholder Votes in Absentia:**

   a. For items other than the Election of Directors, the registered Stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the registered Stockholder's shares.

   b. For the Election of Directors, the registered Stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the Stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected.

   The votes cast in absentia will have equal effect as votes cast by proxy.

3. **Stockholder Participating through Remote Communication:**

   Stockholders participating through remote communication may either vote prior to or during the Annual Stockholders' Meeting provided, they have validly registered within the Registration Period.

   Upon successful registration, Registered Stockholders will receive an electronic mail containing the link they can access to cast their votes. For verification, the Registered Stockholder will have to fill in their data and certify their information on the link provided. The Stockholder may edit their votes but once the Registered Stockholder clicks the Submit button, votes are irreversible.

IV. Tabulation & Validation of Votes in Absentia or by Proxy

The Proxy Validation Committee will tabulate all votes received through Proxy or in absentia, and an independent third party will validate the results.

Stockholders who register and vote are hereby deemed to have given their consent to the collection, use storing, disclosure, transfer sharing and general processing of their personal data by the Corporation and by any other relevant third party for the purpose of electronic voting in absentia for the Annual Stockholders' meeting and for all other purposes for which the Stockholder can cast his/her/its vote as a stockholder of the Corporation.

V. Determination of Quorum

Only those Stockholders who have notified the Company of their intention to participate in the Annual Stockholders' Meeting by remote communication, and who have successfully registered during the Registration Period, together with the Stockholders who voted by proxy or *in absentia* will be included in the determination of quorum.

VI. Access to the Live Meeting

The Company will send the registered Stockholders the link to the live webcast of the Annual Stockholder's Meeting through the email confirming their successful registration or at least no later than two (2) business days prior to the date of the Meeting.

Registered Stockholders may be required to download an application or register an account to access the live webcast of the meeting. For any technical assistance, Stockholders may send their questions or concerns prior to the date of the meeting via email to *2026asm@philodrill.com* with the subject "Technical Assistance**"** where our IT personnel can assist them.

VII. Stockholders' Questions/Comments During the Meeting

Stockholders may send their questions and/or comments during the meeting by email to *2026asm@philodrill.com* with subject *"ASM Question/Comment"*. Stockholders who will participate in the Meeting are encouraged to send their questions, comments and motions before the meeting. Relevant questions on the agenda items will be read by the Moderator and will be answered by concerned officers during the meeting.

VIII. Recording of the Annual Meeting

Upon adjournment, the Company shall post the link to the recorded webcast of the Annual Stockholder's Meeting on the Company's website, for two (2) weeks. Within this period, Stockholders may raise to the Company any issues, clarifications and concerns on the Annual Stockholder's Meeting conducted.

IX. Other Matters

For any clarifications or other concerns, Stockholders may contact the Office of the Corporate Secretary at info@philodrill.com or through telephone nos. +632 8631-8151 to 52.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Information Statement are true, complete and correct. This report is signed in the City of Mandaluyong on May 14, 2026.

The Company undertakes to provide, without charge, upon the written request of a stockholder, a copy of its Annual Report on SEC Form 17-A. Such request should be addressed to the Corporate Secretary, The Philodrill Corporation, 8th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550, Philippines.

ADRIAN S. ARIAS
Corporate Secretary

Materials accompanying this Information Statement

1. Notice of the Annual Stockholders' Meeting with Agenda
2. Registration/Proxy Form
3. Final List of Candidates for Independent Directors
4. Management Report for 2025 and for the quarter ended March 31, 2026
5. Audited Consolidated Financial Statements for 2025
6. First Quarter Report ended 31 March 2026 (SEC Form 17-Q)

NOTICE OF ANNUAL STOCKHOLDERS' MEETING OF THE PHILODRILL CORPORATION

TO ALL STOCKHOLDERS:

Notice is hereby given that the Annual Stockholders' Meeting (*"Meeting"* or *"ASM"*) of The Philodrill Corporation (the "Company") will be held on **June 17, 2026 (Wednesday) at 2:30 pm.** The Meeting will be conducted virtually and attendance at the meeting will be via remote communication only.

The Agenda for the Meeting shall be as follows:

1. Call to Order and Proof of Notice of the Meeting.
2. Certification of Quorum.
3. Approval of the Minutes of the June 18, 2025 Annual Stockholders' Meeting.
4. President's Report on the Company's Exploration and Production activities for the year ended December 31, 2025.
5. Presentation of Annual Report and Audited Financial Statements for the year ended December 31, 2025 and action thereon.
6. Ratification and Approval of all previous acts and resolutions of the Board of Directors, Management and all Committees.
7. Appointment of Independent Auditor.
8. Election of Directors.
9. Other Matters.
10. Adjournment.

Only stockholders of record at the close of business hours on **March 18, 2026** are entitled to notice of, and to vote at this meeting.

In accordance with the Company's Amended By-Laws, stockholders may attend and participate in the meeting by remote communication or by voting through the Chairman of the meeting, as proxy. Stockholders who intend to attend by remote communication are required to accomplish the Registration Form[2] and submit it together with the required documents to *2026asm@philodrill.com* on or before June 10, 2026. The link through which the Meeting may be accessed shall be sent to the email address of the registered stockholder. Stockholders may vote electronically in absentia, subject to validation procedures.The procedures for participating in the meeting through remote communication and for casting of votes in absentia are set forth in the *Guidelines on Participation by Remote Communication* and discussed in the Information Statement (SEC Form 20-IS).

If you are unable to join the virtual meeting but wish to vote on items in the agenda, you may appoint the Chairman as your proxy with specific voting instructions which will be duly counted. Duly accomplished Proxies shall be submitted by email to the Office of the Corporate Secretary at *2026asm@philodrill.com*for inspection, validation, and recording at least seven (7) days before the opening of the Annual Stockholders' Meeting, no later than *June 10, 2026.* The Proxy Validation Committee will inspect, examine, and validate the sufficiency of the proxy forms received. We enclose a sample Registration/Proxy form for your convenience.

[2]*Downloadable at the Company's website https://philodrill.com/*

By registering to participate in the virtual meeting a stockholder or a proxy or representative of the stockholder agrees for the Company and its service providers to process their sensitive personal information necessary to verify their identity and authority. A stockholder who fails to comply with the registration requirement will not be able to participate in the virtual stockholders meeting.

Stockholders (or their proxies) whose registration are validated can: (a) view the webcast of the meeting, (b) vote on the agenda items using the online ballot that will be sent to them; and (c) send their questions, comments or motions on the agenda items during the Meeting by email to *2026asm@philodrill.com*. Stockholders who will participate in the Meeting are encouraged to send their questions, comments and motions before the meeting. Relevant questions on the agenda items will be read by the Moderator and will be answered by concerned Officers during the meeting.

The Definitive Information Statement ("IS"), Management Report, Audited Financial Statements, Interim Quarterly Report as of March 31, 2026 and other documents related to the ASM, including the Guidelines on Participation by Remote Communication may be accessed through any of the following operations:

1) Go to the Philodrill Corporation website via this link: https://philodrill.com/
2) Go to the PSE EDGE portal via https://edge.pse.com.ph/ or;
3) Request for a copy by sending an email to stocks@philodrill.com

For ASM-related queries, you may send an email to stocks@philodrill.com; info@philodrill.comor contact the Office of the Corporate Secretary at +632 8631-8151. For account updating or concerns regarding your shareholdings, please contact our Transfer Agent, **Stock Transfer Service, Inc. (STSI),** at telephone no. +632 5310-1343 or via email directly to Mr. Richard Regala at *rdregala@stocktransfer.com.ph*

Very truly yours,

ADRIAN S. ARIAS
Corporate Secretary

THE PHILODRILL CORPORATION
ANNUAL STOCKHOLDERS MEETING
REGISTRATION/PROXY FORM
(VOTING IN ABSENTIA)

I. Required Information *(Pls. tick the appropriate box)*

Type of Participant:

☐ Individual
☐ Broker
☐ Corporate
☐ Joint
☐ Others *(Please Indicate)*____________

Individual/Corporate Name :_________________________
Email Address :_________________________
Contact No. :_________________________
Postal Address :_________________________
Name of Authorized Representative :_________________________
(If Corporate/Joint)
Number of Shares Owned :_________________________

I will attend the Remote Stockholders' Meeting on June 17, 2026:

☐ YES ☐NO

Note: *The instructions and link to attend the stockholders' meeting will be sent to you in the e-mail address you have indicated herein upon valid registration.*

II. Required Documents

1. Scanned or digital copy of the Registration Form
2. A recent photo of the Stockholder/Authorized Representative, with the face fully visible.
3. Scanned or digital copy of the front and back portions of the Stockholder's/Authorized Representatives' valid government-issued identification card, preferably with residential address.

Additional Documents:

For Joint Accounts- Scanned or digital copy of **Authorization Letter signed** by all Stockholders, identifying who among them is authorized to cast the vote for the account.

REMINDERS:

Registration Period starts on **May 25, 2026 at 8:00 a.m. until June 10, 2026 at 5:00 p.m**. Beyond this date and time, stockholders may no longer avail of the option to vote in absentia.

Submit scanned or digital copy of this form & other required documents to 2026asm@philodrill.com

For Broker Accounts- Scanned or digital copy of Broker's Certification on the Stockholder's number of shareholdings.

For Corporate Accounts- Scanned or digital copy of signed **Secretary's Certificate** attesting to the authority of the representative to vote for, and on behalf of the Corporation.

III. Manner of Voting

☐ Voting in Absentia *(Please accomplish the ballot below.)*

☐ Appointing the Chairman as Proxy

IV. Ballot

	RESOLUTION	FOR	AGAINST	ABSTAIN
I.	Approval of the Minutes of the June 18, 2025 Annual Stockholders' Meeting			
II.	Approval of the 2025 Annual Report.			
III.	Ratification of all previous Acts and Resolutions of the Board of Directors, Management and All Committees			
IV.	Appointment of SyCip GorresVelayo & Co. as the independent auditor and fixing of their remuneration.			
V.	Election of Directors for 2026-2027	**NUMBER OF VOTES**		
	1. Gerard Anton S. Ramos			
	2. Presentacion S. Ramos			
	3. Adrian Paulino S. Ramos			
	4. Maureen Alexandra Ramos-Padilla			
	5. Christopher M. Gotanco			
	6. Reynaldo E. Nazarea			
	7. Vincent L. Tempongko *(Independent Director)*			
	8. John Peter C. Hager *(Independent Director)*			
	9. Allen L. Copok *(Independent Director)*			

V. Data Privacy Disclosure

I hereby give my consent for the Company and its authorized third parties to collect, store, disclose, transfer, and process my personal data for the purpose of the live streaming of the 2026 Annual Stockholders' Meeting in accordance with the Company's Data Privacy guidelines and law.

Further to this, I give my consent to the recording of the meeting, to be made publicly available thereafter on the Company website, as required by the guidelines promulgated by the Securities and Exchange Commission.

VI. Certification of Registrant

By signing this Form, I hereby certify the following, that:

I am a stockholder of the Company as of Record Date March 18, 2026.

The number of votes covered by this Ballot shall be in accordance with the total number of Philodrill shares registered in my name as of record date.

I have read, understand and shall abide by the Rules, Regulations and Guidelines issued by the Company to govern the conduct of the Meeting. In the event I act contrary thereto, the Company has sole discretion to impose its discipline mechanism;

I understand that the quality of my remote Meeting experience depends on my internet provider's services and connectivity. I hold the Company free and harmless of any liability from any interruption, latency or disconnection from the live streaming resulting thereto;

In case of an account with joint owners, or an account in and/or capacity, I have secured the consent of all other owners in the submission of this Ballot.

In case of a corporate shareholder, I am the authorized representative of the corporation and I am duly authorized to submit this Proxy.

If my shares are lodged with PDTC or registered under the name of a broker, bank or other fiduciary, I hereby authorize the Company or any of its duly authorized representative to request and secure the necessary certification from PDTC or my broker on the number of shares which are registered in my name as of record date and issue the said Proxy in accordance with this Form.

I further hereby certify that my Philodrill shares are lodged with the following brokers:

Name of Broker:______________________________
Contact Person:______________________________
Contact Details:______________________________

That any and all information contained in this Registration Form, or provided in connection herewith, is true and complete and the Company may rely on the accuracy of any such information.

____

Name and Signature of Stockholder/Authorized Signatory **Date: _____________**

ASSISTANCE:

It may be necessary to download an application to access the live stream of the meeting. For technical concerns, please send your queries to 2026asm@philodrill.com with the subject "Technical Assistance". For any clarifications, Stockholders may contact the Office of the Corporate Secretary at stocks@philodrill.com or (02) 8631-8151 to 52. Registered Stockholders may also send their questions and/or comments during the ASM at 2026asm@philodrill.com.

Clarity of video and audio transmission will depend on the communication and network environment. A Wi-Fi environment is recommended for comfortable viewing on smartphones or tablets. Communication charges to view such webcast or live streaming are at the viewer's expense.

FINAL LIST OF CANDIDATES
FOR ELECTION AS INDEPENDENT DIRECTOR

(A) **Candidates for Election as Independent Director**

(1) **Identity, names and ages of candidates for election as Independent Director**

Name	Age	Current Position	Period of Service From	To
Vincent L. Tempongko	48	Independent Director	2023	Present
Allen L. Copok	47	Independent Director	2023	Present
John Peter C. Hager	56	Independent Director	2023	Present

Messrs. Tempongko,Copok and Hager have always possessed the qualifications and none of the disqualifications of an independent director.

Directors elected in the Annual Meeting of Stockholders have a term of office of one (1) year and serve as such until their successors are elected and qualified in the next succeeding Annual Meeting of Stockholders; *provided*, that a director who was elected to fill in a vacancy arising in the Board shall only serve the unexpired term of his predecessor.

Business Experience During the Past Five (5) Years of Candidates for Independent Directors

Mr. Allen L. Copok, *Mr. Vincent L. Tempongko and Mr. John Peter Hager* are nominees for re-election as Independent Directors of the Company.

Mr. Copok 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, as 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.

For over twenty (20) years of Technology Management, Mr. Tempongko has experience across Program Management, Strategic Planning, Network Investments, Business Development, Operations Management and Site Acquisition. Transformational Leader with previous experience in Offshore and Global Operations. Mr. Tempongko is currently the CEO and President of Yoma Micro Power Philippines, a wholly owned subsidiary of ACEN Corporation.

Mr. Hager 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.

Candidates for Independent Director with directorship(s) in reporting companies

Vincent L. Tempongko	none
Allen L. Copok	none
John Peter C. Hager	United Paragon Mining Corporation

(2) **Family Relationships**

The candidates for election as independent directors of the Company are **NOT** related by consanguinity or affinity, either with each other or with any other member of the Company's Board of Directors.

(3) **Involvement in Certain Legal Proceedings**

The Company is not aware of: (1) any bankruptcy petition filed by or against any business of which an independent director, person nominated to become an independent director of the Company was a general partner or executive officer either at the time of the 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 independent director, person nominated to become an independent director; (3) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement in any type of business, securities, commodities or banking activities an independent director, person nominated to become an independent director of the Company; and, (4) judgment against an independent director, person nominated to become an independent director 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.

There had been **NO** transaction during the last two (2) years, nor is any transaction presently proposed, to which the Company was or is to be a party in which any independent director of the Company, or nominee for election as an independent director, or any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons had or is to have a direct or indirect material interest. In the ordinary and regular course of business, the Company had or may have transactions with other companies in which some of the foregoing persons may have an interest.

(B) **Security Ownership of Candidates for Independent Directors**

The candidates for independent directors own the following number of voting shares as of the Record Date (March 18, 2026):

Class	Beneficial Owner	Number/Nature of Beneficial Ownership				Citizenship	Percent Ownership
		Issued		Subscribed			
		Direct	Indirect	Direct	Indirect		
Common	Vincent L. Tempongko	0	1,000,000	0	1,000,000	Filipino	0.001%
Common	Allen L. Copok	0	1,000,000	0	1,000,000	Filipino	0.001%
Common	John Peter C. Hager	0	5,000,000	0	5,000,000	Filipino	0.003%

As of the date of this Information Statement, the aggregate number of shares beneficially owned by the candidates for election as independent director is 7,000,000 shares, or approximately 0.004% of the Company's outstanding capital stock.

Voting Trust Holders of 5% or More

The candidates for election as independent director do not hold more than 5% of any class of the Company's securities under a voting trust or similar agreement.

Changes in Control

The election of independent directors will **NOT** result in a change in control of the Company.

The nominees for Independent Directors are not engaged in any business or other relationship with the Company.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **John Peter C. Hager**, Filipino, of legal age and a resident of 16 Ormoc Street, Alabang Hills Village, Muntinlupa City, having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of The Philodrill Corporation and have been its independent director since 2023.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/ Relationship	Period of Service
Stargrove Productions Inc.	Member of the Board President	2022 – Present
Squires Bingham Sports, Inc.	Independent Director	2019-Present
Raco Trading (Asia) Development Corp.	Vice-President	2015-Present
Alakor Securities Corporation	Independent Director	2014-Present
United Paragon Mining Corporation	Independent Director	2012-Present
Raco Commodities Phils., Inc.	Member of the Board Vice-President	2009-Present 2008-Present
Raco Trading Phils., Inc.	Managing Director	2001-Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of The Philodrill Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I am related to the following director/officer/substantial shareholder of **N.A.** other than the relationship provided under Rule 38.2.3 of the Securities Code.

Name Of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N.A	N.A	N.A

5. To the best of my knowledge, I AM NOT the subject of any pending criminal, or administrative investigation, or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Name Of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N.A	N.A	N.A

6. I have the required written permission or consent from the **N.A** to be an Independent Director in **N.A**, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of The Philodrill Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this 29 APR 2026 at MANDALUYONG CITY.

JOHN PETER C. HAGER
Affiant

SUBSCRIBED AND SWORN to before me this 29 APR 2026 at MANDALUYONG City, affiant exhibiting to me his competent Identification

Doc. No. 246;
Page No. 59;
Book No. II;
Series of 2026.

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

DOCUMENTARY STAMP TAX
29 APR 2026

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Allen Licup Copok**, Filipino, of legal age and a resident of 1 Sanso St. Corinthian Gardens, Quezon City, having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of The Philodrill Corporation and have been its independent director since 2023.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/ Relationship	Period of Service
Ice House Inc.	Treasurer	2020-Present
Nordic Strong Ice Inc.	Treasurer	2019-Present
Laguna AAA Prime Holdings	President	2015-Present
ALC Empire Holdings	Corporate Secretary	2014-Present
Blue Lagoon Holdings	President	2013-Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of The Philodrill Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I am related to the following director/officer/substantial shareholder of **N.A** other than the relationship provided under Rule 38.2.3 of the Securities Code.

Name Of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N.A	N.A	N.A

5. The best of my knowledge, **I AM NOT** the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Name Of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N.A	N.A	N.A

6. I have the required written permission or consent from the **N.A** to be an Independent Director in **N.A**, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of The Philodrill Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this 29 APR 2026 at MANDALUYONG CITY.

ALLEN LICUP COPOK
Affiant

SUBSCRIBED AND SWORN to before me this 29 APR 2026 at MANDALUYONG CITY City, affiant exhibiting to me

Doc. No. 285;
Page No. 58;
Book No. II;
Series of 2026.

DOCUMENTARY STAMP TAX PAID
29 APR 2026

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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Vincent L. Tempongko**, Filipino, of legal age and a resident of #6 Flamingo Drive, Victoria Valley, Antipolo City, having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of The Philodrill Corporation and have been its Independent Director since 2023.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/ Relationship	Period of Service
ACEN Corporation	CEO and President – Micro Power Philippines	2024-Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of The Philodrill Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I am related to the following director/officer/substantial shareholder of **N.A.** other than the relationship provided under Rule 38.2.3 of the Securities Code.

Name Of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N.A	N.A	N.A

5. To the best of my knowledge, I AM NOT the subject of any pending criminal, or administrative investigation, or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Name Of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N.A	N.A	N.A

6. I have the required written permission or consent from the **N.A** to be an Independent Director in **N.A**, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

W

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of The Philodrill Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this 29 APR 2026 at MANDALUYONG CITY.

VINCENT L. TEMPONGKO
Affiant

SUBSCRIBED AND SWORN to before me this 29 APR 2026 at MANDALUYONG CITY, affiant exhibiting to me his competent Identification

Doc. No. 284;
Page No. 58;
Book No. II;
Series of 2026.

DOCUMENTARY STAMP TAX PAID
29 APR 2026

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

THE PHILODRILL CORPORATION

8th Floor, Quad Alpha Centrum
125 Pioneer Street, Mandaluyong City, Philippines
Tel: (632) 8631-8151 to 52; Fax: local 127

MANAGEMENT REPORT ACCOMPANYING INFORMATION STATEMENT PURSUANT TO SRC RULE 20 (4)

I. Audited Financial Statements

The Audited Consolidated Financial Statements of the Company for the Fiscal year ended 31 December 2025 are attached hereto.

II. Disagreement with Accountants on Accounting and Financial Disclosure. NONE

III. Management's Discussion and Analysis or Plan of Operations

(a) Full fiscal years

(1) Financial Condition, Changes in Financial Condition and Results of Operations

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**

(2)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.

(3) Key Variable and Other Qualitative and Quantitative Factors

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**

<u>Discussion and Analysis of Material Events and Uncertainties</u>

(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.

a. 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.

b. 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.

c. 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.

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

(ii) 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.

(iii) 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.

(b) Interim Financial Statements

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

Financial Performance

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.

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.

PETROLEUM PROJECTS (2026)

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 the 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 the signatory of the DOE in the Contract from Secretary Raphael Lotilla to Secretary Sharon Garin. 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 the 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, Dennis Morton of G2G discussed the farminee’s corporate restructuring and fundraising activity. Mr. Morton 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. I 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 land ownership (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**: Messrs. Len Diekman and Gene Estuesta of 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.

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 (formerly SC6B (Bonita)*	17.4546	Oriental Pet.& Minerals Corp Nido Petroleum Phils. Pty Forum Energy Phils. Corp. Alcorn Gold Resources Corp	Nido Petroleum	Awaiting award		Northwest Palawan	Appraisal and 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.*

Employees

As at December 31, 2025, the Company has 21 employees.

Type of employee	Exploration/ Technical	Finance/ AdministrationLega l/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.

IV. Brief Description of the General Nature & Scope of Business of the Company

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

16 January 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 SEC approved on 13 April 2009.

With the Company's corporate term expiring by 2019, in 2018 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.

V. Market Price and Dividends

(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	May 14, 2026	0.0087	0.0086
	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 8,505 shareholders of record as of March 31, 2026 and 8,507 shareholders of record as of December 31, 2025. Common shares outstanding as of 31 December 2025 totaled 191,868,805,358 shares.

The Company's last offering was in 2008 when it offered to 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 March 31, 2026:

NAME	NO. OF SHARES HELD	% TO TOTAL
1. PCD NOMINEE CORPORATION FILIPINO	149,230,078,817	77.78%
2. ANGLO PHILIPPINE HOLDINGS CORP.	25,108,936,264	13.09%
3. PCD NOMINEE CORPORATION NON-FILIPINO	1,634,725,162	00.85%
4. ALSONS CONSOLIDATED RESOURCES, INC	566,720,000	00.30%
5. MARGARET S. CHUA CHIACO	530,000,000	00.28%
6. ALAKOR CORPORATION	400,000,000	00.21%
7. TRAFALGAR HOLDINGS PHIL., INC	360,993,600	00.19%
8. ALBERTO MENDOZA &/OR JEANIE C. MENDOZA	317,910,514	00.17%
9. CHRISTINE C. CHUA	254,097,005	00.13%
10. RCBC TRUST ACCOUNT #32-314-4	190,900,000	00.10%
11. PHIL. REMNANTS CO., INC.	188,247,468	00.10%
12. AYALA CORPORATION	188,068,125	00.10%
13. CARMENCITA O. REYES	176,415,750	00.09%
14. INDEPENDENT REALTY CORPORATION	165,807,000	00.09%
15. ANSELMO C. ROQUE	150,000,000	00.08%
16. PAULINO G. PE	135,490,200	00.07%
17. MAUREEN ALEXANDRA S. RAMOS-PADILLA	115,023,892	00.06%
18. ANSALDO, GODINEZ & CO., INC.	112,188,084	00.06%
19.J.A. GONZALEZ	110,400,000	00.06%
20. LUCIO W. YAN &/OR CLARA Y. YAN	107,918,500	00.06%

As of December 31, 2025, the top 20 stockholders are as follows:

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 Board of Directors has the power to fix and determine the amount to be declared for dividends from the Company’s unrestricted retained earnings.

The existence of surplus profit is a condition precedent before a dividend can be declared. The surplus profits are the Company’s Audited Net Income adjusted for unrealized items, including those earmarked for exploration and development projects, which are considered not available for dividend declaration.

During the Company's profitable years, from 2010 to 2016, Philodrill was able to declare cash dividends. The Board approved the amount of such dividends based on a certain percentage of the par value.

However, for the succeeding years, the Company has not been gainfully operating due to the slump in oil prices, coupled with the decline in production volume as a result of the depletion of its petroleum reserves. Starting in 2017, the Company incurred major expenses with the plug and abandonment of some of its operated fields. This was further aggravated by the effects of the Covid-19 pandemic to the Company's operations as some projects were put on hold due to lockdowns and travel restrictions.

With this, Philodrill has not declared any dividend since November 2016.

VI. Corporate Governance

(a) The Company is in compliance with the leading practices on good corporate governance pursuant to the provisions of the Revised Code of Corporate Governance for Publicly Listed Companies.

(b) The Company's CG policies are disclosed in the I-ACGR submitted to the Commission annually on May 30.

VII. Requirements of Section 49 of the Revised Corporation Code

a.1) Description of the Voting and Vote Tabulation procedures used in the previous meeting (2025 Annual Stockholders' Meeting)

In all items for approval, each voting share of stock entitles the registered owner as of the record date (March 19, 2025) to one vote.

In the election of directors, straight and cumulative voting was allowed. Each stockholder voted such number of shares for as many persons as there are directors to be elected, but he is entitled to cumulate the shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or to distribute them on the same principle among as many nominees as he shall see fit; provided that, the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

After successful registration at the Annual Stockholders' Meeting, each stockholder was provided with an electronic ballot to vote on each item or proposal in the Agenda. All votes were counted and tabulated by the Election Committee composed of representatives from the Office of the Corporate Secretary.

Registration for the annual stockholders' meeting and tabulation of votes were conducted in the following manner:

1) Registration is to commence by the filing of a scanned or digital copy of the completed Registration Form together with other required documents to 2025asm@philodrill.com beginning May 26, 2025 at 8:00 am until June 11, 2025 at 5:00pm.

(2) The stockholder has the option to either vote in absentia, in which case the stockholder will have to complete the ballot included in the Registration Form; or to appoint the Chairman of the meeting as Proxy.

(3) Subject to validation by the Company, the stockholder will receive an email confirming their valid registration which shall also contain the link to the live webcast of the Meeting.

(4) The Proxy Validation Committee will tabulate all votes received through Proxy or in absentia, and an independent third party will validate the results.

(5) Stockholders who notified the Company of their intent to attend the meeting remotely can either vote in advance or during the meeting through the link provided to their email addresses. Votes are subject to the validation of an independent third party.

2.) Description of the Opportunity given to Stockholders to ask questions and a record of the questions asked and answers given

Stockholders were given the opportunity to send their questions and/or comments during the meeting by email to *2025asm@philodrill.com* with subject *"ASM Question/Comment"*. Stockholders who participated in the Meeting sent their questions before the meeting. Relevant questions were raised and read by the Moderator and were answered by concerned officers during the meeting.

1. Given the declining Petroleum Production in Palawan, has the company explored the possibility of investing in or transitioning to renewable energy ventures?

2. What is the status of the Cadlao project? When will drilling commence?
3. What are the efforts being done by the Company in order to protect and improve OV share value?

The President responded to the first question stating that, although Philodrill will continue to be an upstream petroleum company, and will continue to develop the projects in its portfolio, management is exploring the possibility of diversifying into renewable energy ventures in order to create a more complete energy company for its shareholders.

On the second question, Mr. Panganiban provided an update on the Cadlao project. Nido Petroleum, the block operator of the service contract, continues to do the necessary preparations for the Cadlao drilling project and is going through the process of securing all the permits for the projects from various government agencies. The long lead items that are necessary to drill the prospect has been procured and currently stored in the energy base in Mabini, Batangas. Once a new contract is awarded to the consortium, Nido will be prepared to proceed with the drilling of the Cadlao prospect.

Response to the last question was given by the President, stating that the Company continues to focus on the development of its legacy assets, especially in Cadlao, in Mindoro and in Palawan, as well as the new prospect in BARRM. While the Company continue to push for the development of these assets, at the same time, it is exploring and diversifying into renewable energy possibilities so that it can create the complete energy company for our shareholders.

3.) Matters discussed and resolutions reached

1. Approval of the Minutes of the 19 June 2024 Annual Stockholders' Meeting

   *"**RESOLVED**, that the Minutes of the Annual Stockholders' Meeting of The Philodrill Corporation held on June 19, 2024, be approved, confirmed and ratified."*

2. Approval of the Company's Management Report

   *"**RESOLVED,** that the Management Report of the Company for the year 2024, including its Audited Financial Statements be noted and approved."*

   With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favour of the proposal.

3. Approval of Acts and Resolutions of the Board of Directors and Management

   ***"RESOLVED**, that the acts and resolutions of the Board of Directors, its Committees, and the Management taken or adopted since the annual stockholders' meeting last June 19, 2024 until May 6, 2025 be approved, confirmed and ratified."*

   With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favour of the proposal.

4. Appointment of Independent External Auditor

   *"**RESOLVED**, that **SyCip Gorres Velayo & Co.** are hereby appointed external auditors of the Company for fiscal year 2025."*

With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favour of the proposal.

5. Election of Directors

*"**RESOLVED**, that the following be elected as members of the Board of Directors of the Company, to serve as such beginning June 18, 2025 and until their successors are elected and qualified:*

MR. GERARD ANTON S. RAMOS
MRS. PRESENTACION S. RAMOS
MR. ADRIAN PAULINO S. RAMOS
MR. CHRISTOPHER M. GOTANCO
MS. MAUREEN ALEXANDRA R. PADILLA
MR. REYNALDO E. NAZAREA
MR. VINCENT L. TEMPONGKO (Independent)
MR. ALLEN L. COPOK (Independent)
MR. JOHN PETER C. HAGER (Independent)"

With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favour of the proposal.

4.) Record of Voting results for each agenda item

There were 112,357,605,997 votes from stockholders owning or representing 58.56% of the outstanding capital stock of the Company entitled to vote, in favor of the approval of the minutes of the Annual Stockholders' Meeting held on June 19, 2024.

There were 112,357,605,997 votes from stockholders owning or representing 58.56% of the outstanding capital stock of the Company entitled to vote, in favor of the approval of the Company's Annual Report and Audited Consolidated Financial Statements for the year ending December 31, 2024, as presented.

There were 112,357,605,997 votes from stockholders owning or representing 58.56% of the outstanding capital stock of the Company entitled to vote, in favor of the Minutes of the meetings, and all acts and resolutions taken or adopted by the Board of Directors, Board Committees and Management since the Annual Meeting of Stockholders on June 18, 2025 up to the date of the 2026 Annual Stockholders' meeting.

A total of 112,357,605,997 representing 58.56% of the Company's outstanding capital stock, approved by the Stockholders re voted in favor of all the proposed amendments.

There were 112,350,605,997 votes from stockholders owning or representing 58.56% of the outstanding capital stock of the Company entitled to vote, in favor of the appointment of the SyCip Gorres Velayo & Co. as external auditor of the Company for fiscal year 2025.

There were 112,357,605,997 votes from stockholders owning or representing 58.56% of the outstanding capital stock of the Company entitled to vote, in favor of the nine (9) elected Board of Directors of the Company, to serve as such beginning June 18, 2025, and until their successors are elected qualified:

1. Mrs. Presentacion S. Ramos
2. Mrs. Maureen Alexandra R. Padilla
3. Mr. Gerard Anton S. Ramos
4. Mr. Adrian Paulino S. Ramos
5. Mr. Christopher M. Gotanco
6. Mr. Reynaldo E. Nazarea
7. Mr. Allen L. Copok (Independent Director)
8. Mr. Vincent L. Tempongko (Independent Director)
9. Mr. John Peter C. Hager (Independent Director)

5.) List of Directors or trustees, officers and stockholders or members who attended the meeting:

Directors

1. Ms.Presentacion S. Ramos
2. Mr. Adrian Paulino S. Ramos
3. Mr. Gerard Anton S. Ramos
4. Ms. Maureen Alexandra Ramos- Padilla
5. Mr. Christopher M. Gotanco
6. Mr. Reynaldo E. Nazarea
7. Mr. Vincent L. Tempongko (Independent)
8. Mr. John Peter C. Hager (Independent)
9. Mr. Allen L. Copok (Independent)

Officers

10. Mr. Dennis V. Panganiban
11. Atty. Adrian S. Arias
12. Ms. Jennifer P. Tombaga
13. Mr. Arturo B. Maulion
14. Atty. Josephine L. Ilas

Stockholders

15. Mr. Nicasio I. Alcantara
16. Mr. Honorio A. Poblador III
17. Mr.Jeciel J. Benavidez
18. Ms. Violeta B. De Leon
19. Mr. Rueben M. Gan
20. Antonio A. Tiope
21. Ms. Mercedita S. Reyes
22. Mr. Pacifico Tombaga

6.B) List of Material Information on the current stockholders, and their voting rights

Voting Right and Right to Participate at Stockholders Meetings

i. In all items for approval, each share of stock entitles its registered owner as of the record date to one vote.

   Voting shall be by poll and the Company shall provide the mechanism to implement the same at every stockholders meeting.

ii. For the election for directors, every stockholder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of candidates.

iii. The stockholders shall also have an opportunity during the stockholders' meeting to ask questions and raise their issues relevant to the agenda items. The minutes of the meeting shall record the shareholder questions and corresponding answers given by the directors and officers of the Company.

iv. The Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available. In addition, the Minutes of the Annual and Special Shareholders' Meeting is also made available on the Company website within five (5) business days from the end of the meeting.

6.F) Directors' Training and Continuing Education

The Company holds annual Corporate Governance seminars for its Directors and Officers. The Company had its online webinar on November 14, 2025 with training provider Risks, Opportunities, Assessment and Management (ROAM).

The following Directors attended the seminar:

- Presentacion S. Ramos
- Adrian Paulino S. Ramos
- Gerard Anton S. Ramos
- Maureen Alexandra R. Padilla
- Christopher M. Gotanco
- Reynaldo E. Nazarea
- John Peter C. Hager
- Allen L. Copok
- Vincent L. Tempongko
- Dennis V. Panganiban
- Arturo B. Maulion

- J.E. Thomas P. Salustiano
- Adrian S. Arias
- Jennifer P. Tombaga
- Josephine L. Ilas

6.G) Directors Attendance Report

Director	No. of Board Meetings Attended (2025)	% of Attendance
1. Gerard Anton S. Ramos	7 of 7	100%
2. Adrian Paulino S. Ramos	7 of 7	100%
3. Presentacion S. Ramos	6 of 7	85.71%
4. Maureen Alexandra Ramos-Padilla	6 of 7	85.71%
5. Christopher M. Gotanco	7 of 7	100%
6. Reynaldo E. Nazarea	7 of 7	100%
7. Allen L. Copok	7 of 7	100%
8. Vincent L. Tempongko	7 of 7	100%
9. John Peter C. Hager	7 of 7	100%

Director	No. of Committee Meetings Attended (2025)	% of Attendance
1. Christopher M. Gotanco (CG, Compensation, AC, RPT)	5 of 5	100%
2. Reynaldo E. Nazarea (Compensation, AC)	3 of 3	100%
3. Allen L. Copok (CG, Compensation, AC, RPT)	5 of 5	100%
4. Vincent L. Tempongko (CG, Compensation, AC, RPT)	5 of 5	100%
5. John Peter C. Hager (CG, Compensation, AC, RPT)	5 of 5	100%

6.H) Appraisals and performance report for the board and the criteria and procedure for assessment.

The company recognizes that in order to sustain good corporate governance within the organization, the same sound culture must be upheld and cultivated from the top. It is therefore of paramount importance to monitor the governance structure and performance of the Board of Directors (the Board) and top management according to their roles, responsibilities and accountabilities.

It has been the policy and practice of the Company for its Board to conduct an Annual Self-Assessment exercise through a questionnaire given to each Director at the last regular meeting for the year, for the purpose of evaluating the performance of the Board that year and the effectiveness of the Company's governance processes, and seeking ways to improve such performance.

The Company continually review this assessment process to take into consideration leading practices in corporate governance. The self-rating form had been revised to cover appraisal of the Board as a governing unit, of individual directors, of the different Board Committees, and of management including the President.

The assessment criteria include the structure, efficiency, and effectiveness of the Board, participation and engagement of each director, contribution of each member director to their respective Committees, and the performance of management. The criteria also reflects the specific duties, responsibilities, accountabilities of each party assessed as provided in the Company's By-Laws, Manual on Corporate Governance, Board Committee Charters and governing policies.

Moreover, the questionnaire allows the Director to provide the comments and suggestions to further enrich the assessment process. In case clarification is needed on this policy and the performance assessment exercise, the Board addresses their queries to the Compliance Officer.

Facilitated by the Corporate Secretary, the annual self-rating form is required to be accomplished and signed by each individual director, then submitted to the Office of the Corporate Secretary within 30 days from receipt of the form.

The Corporate Secretary collates the results of the assessment and reports the same to the Board at a subsequent regular meeting prior to the annual stockholders' meeting. The self-rating form may be further amended by the Office of the Corporate Secretary as deemed necessary, provided that the form remains compliant with the sound corporate governance standards and practices applicable law.

6.I) Directors Compensation Report

(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 Board of Directors are as follows:

Name	Year	Per Diem	Salaries	Profit Sharing	Other Compensation (SARS)	Total
Directors						
	2024	520,000	2,090,000			2,610,000
	2025	610,000	2,140,000			2,750,000
	2026 (estimate)	630,0000	2,354,000			2,984,000

6.K) Directors' disclosures on self-dealing and related party transactions.

There were no transactions with Directors, Officers or any principal stockholders (owning at least 10% of the outstanding shares of the Company) that are not in the ordinary course of business of the Company for 2025. No related party transactions were entered into by any Director in 2025 that required review by the Audit Committee (acting as RPT Committee) and further approval by the Board in accordance with the RPT Policy of the Company. There have been no complaints, disputes or problems regarding related party transactions of the Company. The Company observes an arm's length policy in its dealings with related parties.

May 14, 2026.

ADRIAN S. ARIAS
Corporate Secretary

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,

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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			
Adrian Paulino S. Ramos			
J.E. Thomas P. Salustiano			

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

DOCUMENTARY STAMP TAX PAID
0 7 APR 2026

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. 44734

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

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

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*

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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 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

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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

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*

<u>Financial Instruments</u>
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.

<u>Negotiated DP-3 - West Linapacan Block (formerly SC 14C-2)</u>

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

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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
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
Partner
CPA Certificate No. 116783
Tax Identification No. 214-999-478
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March 24, 2026

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

SUPPLEMENTARY SCHEDULES

Report of Independent Auditor's on Supplementary Schedules

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Annex II Map of the relationships of the companies within the group

Annex III Supplementary schedules required by Annex 68-J, Part II under Revised SRC Rule 68

A. Financial Assets
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Share in Other Comprehensive Income Financial Statements
D. Long-Term Debt
E. Indebtedness to Related Parties
F. Guarantees of Securities of Other Issuers
G. Capital Stock

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

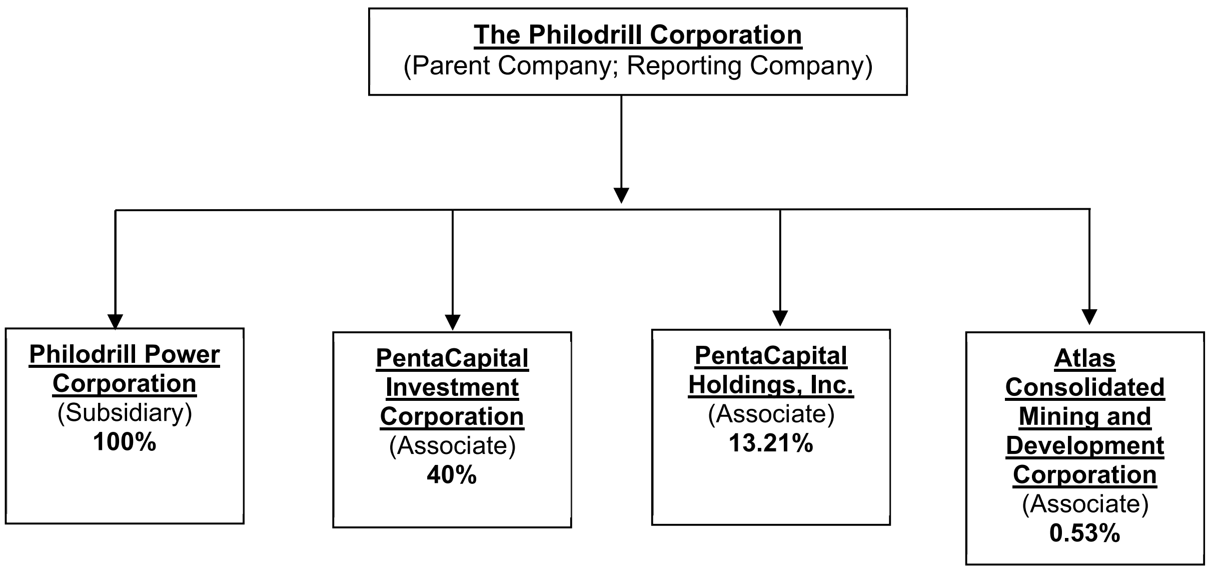
Unappropriated Retained Earnings, ***beginning of the year***		₱502,653,983
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Reversal of Retained Earnings Appropriation	–	
Effect of restatements or prio-period adjustments	–	
		–
Less: Category B: Items that are 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:



<u>**ANNEX III – A**</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 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-		

ANNEX III – F

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-				

<u>**ANNEX III – G**</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 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
- EAFS000315612ITRTY122025.pdf
- EAFS000315612AFSTY122025.pdf
- EAFS000315612RPTTY122025.pdf

Invalid file

- <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 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			
Adrian Paulino S. Ramos			
J.E. Thomas P. Salustiano			

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
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

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
AAPFS	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.*

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.

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:

		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	**72.16620**	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

<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 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.

<u>SC 80 - Sulu Sea Block 1 and SC 81 -Sulu Sea Block 2</u>
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.

<u>SC 86 Octon-Malajon Block (formerly SC6A)</u>
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.

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 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

	January 1, 2025	Net Benefit Cost in Profit or Loss			Benefits Paid	Remeasurements in Other Comprehensive Income			Contributions	December 31, 2025
		Current Service Cost	Net interest Cost (Income)	Subtotal		Actuarial Loss on Defined Benefit Obligation	Remeasurement Loss on Plan Asset	Subtotal		
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

	January 1, 2024	Net Benefit Cost in Profit or Loss			Benefits Paid	Remeasurements in Other Comprehensive Income			Contributions	December 31, 2024
		Current Service Cost	Net interest Cost (Income)	Subtotal		Actuarial Loss on Defined Benefit Obligation	Remeasurement Loss on Plan Asset	Subtotal		
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.

SGV
Building a better working world

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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

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

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Company Information

SEC Registration No.: 0000038683
Company Name: THE PHILODRILL CORPORATION
Industry Classification: C11920
Company Type: Stock Corporation

Document Information

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Period Covered: March 31, 2026
Submission Type: Original Filing
Remarks: None

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

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

S T A M P S

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.

Financial Performance

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
ADRIAN PAULINO S. RAMOS
President

Date: May 14, 2026
J.E. THOMAS P. SALUSTIANO
Treasurer | VP-Finance & Administration

THE PHILODRILL CORPORATION
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*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

Name of Issuing Entity and Description of Investment	BEGINNING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE		Dividends Received/ Accrued from Investments Not Accounted for by the Equity Method
	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	
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.

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.