COVER SHEET

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SEC Registration Number

P E T R 0 E N E R G Y R E S O U R C E S C O R P O R A T I O N

(Company's Full Name)

7 T H F L O O R J M T B U I L D I N G

A D B A V E N U E O R T I G A S C E N T E R

P A S I G C I T Y

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

LOUIE MARK R. LIMCOLIOC	**8637-2917**
(Contact Person)	**(Company Telephone Number)**

1 2	3 1	**PERC 20IS**	0 7	1 8
Month	*Day*		*Month*	*Day*
(Fiscal Year)			(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 ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

PETROENERGY RESOURCES CORPORATION

7th Floor, JMT Building, ADB Avenue
Ortigas Center, Pasig City

8637-2917
Telephone Number

31 December 2024
Fiscal Year Ended

NOTICE OF REGULAR ANNUAL STOCKHOLDERS' MEETING

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SEC Form 20-IS
Information Statement
Pursuant to Section 20
of the Securities Regulation Code
Form Type

PETROENERGY RESOURCES CORPORATION

PETROENERGY RESOURCES CORPORATION

NOTICE OF REGULAR ANNUAL STOCKHOLDERS' MEETING

TO OUR STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Regular Meeting of the Stockholders of PetroEnergy Resources Corporation (the "Company"), will be held **on July 17, 2025 at 4:00 p.m.**, to be called, conducted and presided virtually or via online/remote communications by the presiding officer, with the following agenda:

1. Certification of Service of Notice;
2. Determination of Quorum/Call to Order;
3. Approval of Minutes of the last Regular Stockholders' Meeting held on July 18, 2024;
4. Approval of Management Report and the 2024 Audited Financial Statements contained in the 2024 Annual Report;
5. Confirmation and Ratification of all acts, contracts and investments made and entered into by Management and/or the Board of Directors during the period July 18, 2024 to July 17, 2025;
6. Amendment of the Seventh Article of the Articles of Incorporation - Conversion of 100,000,000 out of 131,288,158 Unissued Common Shares to Preferred Shares.

   The Board of Directors will convene a meeting prior to the Annual Stockholders' Meeting (ASM) on the same day to review and approve the proposed amendment to the Articles of Incorporation, ensuring that all necessary corporate actions are in place ahead of the ASM proceedings.

7. Election of Members of the Board of Directors for 2025-2026:
   a. Approval of the retention and reelection of Mr. Eliseo B. Santiago and Mr. Cesar A. Buenaventura as Independent Directors.
8. Appointment of External Auditors;
9. Other matters; and
10. Adjournment.

Stockholders as of Record Date **May 16, 2025** will be entitled to notice of, and to vote at, the Annual Meeting.

Pursuant to the alternative modes of notice as provided for in the Securities and Exchange Commission's NOTICE dated March 13, 2023, this notice to Stockholders shall be published in the business section of two (2) newspapers of general circulation, in print and online format, for two (2) consecutive days not later than 21 days before the scheduled meeting. The Information Statement, Management Report, SEC Form 17-A, Minutes of the Annual Stockholders Meeting for the year 2024 and other pertinent meeting documents shall be made available in the Company's website (www.petroenergy.com.ph) and via PSE Edge.

The Regular Annual Stockholders' Meeting shall be held virtually or via online/remote communication. The stockholders shall be allowed to cast their votes by proxy, or by remote communication, or *in absentia* pursuant to Section 49 of the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 6-2020.

To participate in the Annual Meeting, stockholders must register from **9:00 a.m. of July 10, 2025** until **5:00 p.m. of July 14, 2025** through the following link: PERC 2025 ASM Registration and follow the steps provided therein. The procedures for participation via remote communication and in absentia may be found in the said link and in **Annex "A"** of the Information Statement.

Stockholders who wish to appoint proxies may submit proxy forms until **5:00 p.m. of July 14, 2025** to the Office of the Corporate Secretary at 7th Floor, JMT Building, ADB Ave., Ortigas Center, Pasig City or by email to corpaffairs@petroenergy.com.ph. Validation of proxies will be held on **July 14, 2025. A sample proxy form (attached as Annex "B") will be enclosed in the Information Statement for your convenience.**

ATTY. SAMUEL V. TORRES
Corporate Secretary

RATIONALE AND BRIEF DISCUSSION OF THE AGENDA

2025 ANNUAL STOCKHOLDERS' MEETING

(THE "ANNUAL STOCKHOLDERS' MEETING")

1. **Call to Order**

   The Chairman of the Board of Directors (or the Chairman of the Meeting, as the case maybe) (the "Chairman") will call the meeting to order.

2. **Determination of Quorum/Report on Attendance**

   The Corporate Secretary (or the Secretary of the Meeting, as the case may be) (the "Secretary") will certify that the written Notice for the meeting was duly sent to stockholders of record, including the date of publication and the newspaper where the notice was published. He will also certify that a quorum exists, and the Stockholders representing at least a majority (or 2/3 in certain cases required by the Revised Corporation Code) of the outstanding capital stock, present in person or by proxy, constitute a quorum for the transaction of business.

   Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, stockholders may participate and vote through remote communication or in absentia. Stockholders may register by submitting the requirements via email at corpaffairs@petroenergy.com.ph and vote in absentia on the matters for resolution at the meeting. Stockholders who will vote in absentia, as well as those who will participate by remote communication, shall be deemed present for purposes of quorum.

   Please refer to **Annex "A"** Procedures and Requirements for Voting and Participation in the 2025 Regular Annual Stockholders' Meeting for complete information on remote participation or voting in absentia, as well as on how to join the livestream for the 2025 ASM.

3. **Approval of the Minutes of the last Stockholders' Meeting held on July 18, 2024**

   The Minutes of the Meeting held on July 18, 2024, showing the agenda items discussed and the resolutions passed thereat, as well as the Meeting's record of attendance, are posted and can be viewed at the PetroEnergy Resources Corporation website: www.petroenergy.com.ph.

4. **Approval of Management Report and the 2024 Audited Financial Statements**

   The Report summarizes the milestones and key achievements of PetroEnergy Resources Corporation ("PERC" or the "Company") and provides a clear picture of how PERC achieved its goals and strategic objectives for the year 2024. The highlights of PERC's audited financial statements are explained in the President and Chief Executive Officer's Report and in the Definitive Information Statement. Copies of the 2024 Audited Financial Statements, which were previously approved by the Board of Directors, were also submitted to the Securities and Exchange Commission (SEC) and the Bureau of Internal Revenue.

5. **Confirmation and Ratification of all acts, contracts and investments made and entered into by Management and the Board of Directors during the period July 18, 2024 to July 17, 2025**

   The actions for approval are those taken by the Board and/or its Committees and/or the Management since the Annual Stockholders' Meeting on July 18, 2024 until July 17, 2025, including the approval of the internal procedures for participation in meetings and voting through remote communication or in absentia. Agreements, projects, investments, treasury-related matters and other matters covered by disclosures to the SEC and the Philippine Stock Exchange will likewise be presented for approval. The acts of the officers were those taken to implement the resolutions of the Board and/or its Committees or made in the general conduct of business.

6. **Amendment of the Seventh Article of the Articles of Incorporation - Conversion of 100,000,000 out of 131,288,158 Unissued Common Shares to Preferred Shares**

   Approval by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock will be sought to amend the Seventh Article of the Articles of Incorporation to allow the Company to convert 100,000,000 out of the 131,288,158 unissued common shares to 100,000,000 preferred shares.

   The proposed conversion is intended to optimize the Company's capital structure, provide greater financial flexibility, and support long-term strategic goals.

7. **Election of Seven (7) members of the Board of Directors (including Independent Directors) for 2025-2026**

   At its meeting held on June 4, 2025, the Corporate Governance Committee, as the standing committee of the Board of Directors constituted for the purpose of reviewing and evaluating the qualifications of persons nominated to become members of the Board of Directors (including the Independent Directors), and pursuant to the provisions of the Code of Corporate Governance for Publicly-Listed Companies, as the same are adopted in the Company's 2017 Manual on Corporate Governance, reviewed the candidates for directorship to ensure that they have all the qualifications and none of the disqualifications for nomination and election as members of the Board of Directors.

   The seven (7) nominees will be submitted for election to the Board of Directors by the stockholders at the Annual Stockholders' Meeting. The profiles of the nominees are provided in the Definitive Information Statement for the Annual Stockholders' Meeting.

   Each shareholder is entitled to one (1) vote per share multiplied by the number of Board seats to be filled, *i.e.* seven (7), and may cumulate his/her votes by giving as many votes as he/she wants to any candidate, provided that the total votes cast shall not exceed the total votes to which he/she is entitled. In the event the votes cast by a stockholder exceeds that to which he/she entitled to vote, the Corporate Secretary, in his discretion, shall deduct such votes cast by the stockholder in favor of any nominee as may be necessary under the circumstances.

   In the event that there would only be seven (7) nominees to fill seven (7) seats in the Board, the Chairman shall direct the Corporate Secretary to cast all votes in favor of those nominated, except the votes of stockholders who object to the said casting of votes, which objection is supported by majority of the stockholders present or represented in the meeting.

   Retention and reelection of Mr. Eliseo B. Santiago and Mr. Cesar A. Buenaventura as Independent Directors. Under the Company's Manual on Corporate Governance and as warranted by the SEC Memorandum Circular No. 19, Series of 2016, the Independent Directors may be retained and reelected upon meritorious justification/s and Stockholders' approval.

8. **Appointment of the Company's External Auditors**

   The Company's Audit Committee assessed and evaluated the performance for the previous year of the Company's external auditors, SYCIP GORRES VELAYO & CO. (SGV). Based on the Audit Committee's endorsement, the Board of Directors will recommend the reappointment of SGV, a SEC-accredited auditing firm and among one of the top in the country, as the Company's external auditors for 2025.

   A resolution for the appointment of the Company's external auditors for 2025 shall be presented to the stockholders for approval.

9. **Other Matters**

   The Chairman will inquire whether there are other relevant matters and concerns to be discussed.

10. **Adjournment**

    Upon determination that there are no other relevant matters to be discussed, the meeting will be adjourned on motion duly made and seconded.

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 : PETROENERGY RESOURCES CORPORATION

3. Province, country or other jurisdiction of Incorporation or organization : Philippines

4. SEC Identification Code : AS094-08880

5. BIR Tax Identification Code : 004-471-419-000

6. Address of the principal office : 7th Floor, JMT Building
ADB Avenue, Ortigas Center
Pasig City 1605

7. Registrant's telephone number including area code : (02) 8637-2917

8. Date, time and place of meeting of security holders : July 17, 2025, 4:00 p.m. virtually or via online/remote communication. **PERC 2025 ASM**

9. Approximate date on which the Information Statement is first to be sent or given to security holders : **June 18, 2025**

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

Title of Each Class	Number of Shares of Stock Outstanding or Amount of Debt Outstanding
Common	568,711,842

11. Are any or all the Registrant's securities listed on a Stock Exchange?

    Yes __√__ No _____

    If so, disclose name of the Exchange: **Philippine Stock Exchange, Inc. – common shares**

PETROENERGY RESOURCES CORPORATION
INFORMATION STATEMENT

A. GENERAL INFORMATION

1. Date, Time and Place of Meeting of Security Holders

The Regular Annual Stockholders' Meeting of PetroEnergy Resources Corporation ("PERC" or the "Company") will be held on Thursday, **July 17, 2025 at 4:00 p.m.**, to be called, conducted and presided virtually or via online/remote communication by the presiding officer at Conference Room 1, 47th Floor, Yuchengco Tower, RCBC Plaza Building, 6819 Cor. Sen. Gil J. Puyat and Ayala Avenues, Makati City,

Mailing Address – 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City 1605

The approximate date on which this Information Statement is first to be sent or given to security holders on or about **June 18, 2025.**

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

2. Dissenter's Right of Appraisal

There are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided under Title X, Section 80 of the Revised Corporation Code of the Philippines.

Although the following actions are not among the matters to be taken up during the **2025** Regular Annual Stockholders' Meeting, the stockholders are herein apprised of their appraisal rights pursuant to Title X of the Philippine Corporation Code. A stockholder shall have the right to dissent and demand payment of fair value of the share in case he voted against the following proposed corporate actions:

a. any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or extending or shortening the term of corporate existence;
b. sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
c. merger or consolidation; and
d. investment of corporate funds for any purpose other than the primary purpose of the Company.

As provided under Section 81 of the Revised Corporation Code, a dissenting stockholder who votes against a proposed corporate action may exercise the Right of Appraisal by making a written demand to the Company for the payment of the fair value of his/her shares held within thirty (30) days from the date on which the vote was taken: Provided, That failure to make the demand within such period shall be deemed a waiver of his/her Right of Appraisal. If the proposed corporate action is implemented, the Company shall pay the dissenting stockholder, upon surrender of the certificate or certificates of stock representing the his/her shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. If, within sixty (60) days from the approval of the corporate action by the stockholders, the dissenting/withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made: Provided, no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment. Upon payment by the Company of the agreed or awarded price, such stockholder shall forthwith transfer the shares to the corporation.

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

The incumbent directors or officers of the Company, since the beginning of the last fiscal year, do not have substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon. None of the incumbent directors informed the Company in writing that he/she intends to oppose any action to be taken during the annual meeting of the stockholders.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof:

a) Number of Common Shares Outstanding as of May 31, 2025: **568,711,842**
Number of Vote each share is Entitled: **One (1) vote per share**

Of the total outstanding common capital stock as of May 31, 2025**, 566,869,163** shares (or **99.6760%)** are owned by Filipino citizens, while 1,842,697 **shares (**or **0.32%)** are owned by Foreigners.

b) All stockholders as of **May 16, 2025** are entitled to notice and to vote at the Regular Annual Stockholders' Meeting.

c) Manner of Voting

Section 7 of Article III of the By-Laws of the Company provides that the stockholders may vote at all meetings the number of shares registered in their respective names either in person or by proxy executed in writing. Section 6 of the same Article provides that no proxy shall be recognized unless presented to the Secretary for inspection and registration at least three (3) calendar days before the date of said meeting (for the 2025 Regular Annual Stockholders' Meeting, the proxy should be presented to the Corporate Secretary not later than 5:00 p.m. on July 14, 2025). The By-Laws of the Corporation does not require notarization of proxies.

In the same vein, Section 23 of the Revised Corporation Code of the Philippines and Section 7, Article III of the Corporation's By-Laws provide that each stockholder may vote in any of the following manner:

1) he/she may vote such number of shares for as many persons as there are Directors to be elected;

2) he/she may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by his/her shares;

3) he/she may distribute them, on the same principle, among as many candidates as he/she may see fit. In any of these instances, the total number of votes cast by the stockholders should not exceed the number of shares owned by him/her as shown in the books of the Corporation multiplied by the total number of Directors to be elected.

d) Security ownership of certain record and beneficial owners and management.

1) Security ownership of certain record and beneficial owners of more than 5% of Registrant securities as of May 31, 2025:

Title of Class	Name, Address of record Owner and relationships With the Issuer	Name of Beneficial Owner and relationship with the record owner	Citizenship	No. of Shares Held	%
Common	PCD Nominee Corp. G/F MSE Bldg., 6767 Ayala Ave., Makati City	PCD Nominee* (Various stockholders-beneficially owned by the participants of the PCD)	Filipino and Non-Filipino	527,957,442	92.83%
Common	Others	(Various stockholders-no holders of 5%)	Filipino	40,754,400	7.17%
TOTAL				**568,711,842**	**100.00%**

*Under PCD account, the following companies owned more than 5%:

a. RCBC Securities, Inc. – 302,584,953 or 53.21% of the Company's outstanding capital stock. The current nominee of RCBC Securities, Inc. is Mr. Jose Luis F. Gomez. (Under RCBC Securities, Inc. with 5% of the Registrant securities). The breakdown of the shareholdings are as follows:

a.	GPL Holdings, Inc.	–	55,218,121 shares or	9.71%
b.	House of Investments, Inc.	–	152,059,734 shares or	26.11%
c.	RCBC Capital, Inc.	–	61,223,808 shares or	10.77%
d.	Various Stockholders	–	34,083,290 shares or	5.91%

b. RCBC Trust Corporation – 61,411,778 shares or 10.80% of the Company's outstanding capital stock. RCBC Trust and Investments are trust accounts between RCBC and Beneficial Owners. The corporate acts of RCBC are carried out by its management through the guidance of its Board of Directors. Ms. Helen Y. Dee is the current Chairman of the Company.

c. Malayan Insurance Company, Inc. – 30,103,023 shares or 5.29% of the Company's outstanding capital stock. Mr. Paolo Y. Abaya is the President and Chief Executive Officer of the Company.

2) Security Ownership of Management (as of May 31, 2025):

The following are the number of shares owned and of record by the Directors, the Chief Executive Officer and each of the key officers of the Company and the percentage of shareholdings of each:

Title of Class	Name of Beneficial Owner Name and Position	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Helen Y. Dee Chairman	Direct 10,662 Indirect 5,006,574	Filipino	0.88%
Common	Milagros V. Reyes President/Director	Indirect 125,695	Filipino	0.02%
Common	Carlos G. Dominguez Independent Director	Direct 1	Filipino	-
Common	Cesar A. Buenaventura Independent Director	Direct 1,300 Indirect 366,844	Filipino	0.04%
Common	Lorenzo V. Tan Director	Direct 1	Filipino	-
Common	Yvonne S. Yuchengco Director/Treasurer	Indirect 435,956	Filipino	0.08%
Common	Eliseo B. Santiago Independent Director	Direct 1	Filipino	-
Common	Francisco G. Delfin, Jr. Executive Vice President & COO	Direct 117,500	Filipino	0.02%
-	Arlan P. Profeta SVP, Corporate Services	-	Filipino	-
-	Maria Victoria M. Olivar SVP for Commercial Operations & Business Development	-	Filipino	-
-	Maria Cecilia L. Diaz de Rivera AVP, Chief Financial Officer	-	Filipino	-
-	Samuel V. Torres Corporate Secretary	-	Filipino	-
-	Louie Mark R. Limcolioc Asst. Corporate Secretary Compliance Officer	-	Filipino	-
-	Vanessa G. Peralta AVP, Corporate Communication & CIO	-	Filipino	-
-	Arlene B. Villanueva AVP, Human Resources & Administration	-	Filipino	-
Total		**6,064,534**		**1.06%**

As of May 31, 2025, the Company's directors and executive officers owned an aggregate of 6,064,534 shares equivalent to 1.06%.

3) Voting Trust Holders of 5% or more

The Company is not aware of any voting trust or similar arrangement among persons holding more than 5% of a class of shares.

e) Changes in Control

There has been no change in the control of the Company since the beginning of last fiscal year. The Company has no existing voting trust or change in control agreements.

5. Directors and Executive Officers:

The members of the Board of Directors are elected at the general meeting of stockholders and shall hold office for a term of one (1) year or until their successors shall have been duly elected and qualified.
The Board Committee Members and other Officers of the Company, unless removed by the Board of Directors, shall serve as such until their successors are elected or appointed.

a. **Directors and Executive Officers**

The following are the names, ages, positions and periods of service of Directors and Executive Officers:

Name	Age	Position	Citizenship	Period of Service
Helen Y. Dee	81	Chairman (NED)	Filipino	2001 to present
Cesar A. Buenaventura	95	Director / Independent * (NED)	Filipino	1998 to present
Carlos G. Dominguez	79	Director / Independent * (NED)	Filipino	2023 to present
Milagros V. Reyes	83	Director / President	Filipino	1998 to present
Yvonne S. Yuchengco	71	Director / Treasurer	Filipino	2004 to present
Lorenzo V. Tan	63	Director (NED)	Filipino	2019 to present
Eliseo B. Santiago	75	Director / Independent * (NED)	Filipino	2013 to present
Francisco G. Delfin, Jr.	63	Executive Vice President & COO	Filipino	2023 to present
Arlan P. Profeta	51	SVP for Corporate Services	Filipino	2023 to present
Maria Victoria M. Olivar	52	SVP for Commercial Operations & Business Development	Filipino	2023 to present
Maria Cecilia L. Diaz de Rivera	57	AVP, Chief Financial Operation	Filipino	2022 to present
Vanessa G. Peralta	39	AVP for Corporate Communication	Filipino	2021 to present
Arlene B. Villanueva	56	AVP for Human Resources & Administration	Filipino	2023 to Present
Samuel V. Torres	60	Corporate Secretary	Filipino	2006 to present
Louie Mark R. Limcolioc	38	Asst. Corporate Secretary	Filipino	2021 to present

NED - Non-Executive Director
* Cumulative Term of Nine (9) Years for Independent Directors elected prior to 2012 is reckoned from 2012.

The following are the Chairperson and Members of the Corporate Governance Committee for 2024-2025.

Chairperson – Mr. Carlos G. Dominguez (Independent Director)
Members – Mr. Cesar A. Buenaventura (Lead Independent Director)
Mr. Eliseo B. Santiago (Independent Director)

Below are the incumbent directors and have been approved for election by the Corporate Governance Committee at its meeting on June 4, 2025.

1. Ms. Helen Y. Dee – Regular Director
2. Ms. Milagros V. Reyes – Regular Director
3. Ms. Yvonne S. Yuchengco – Regular Director
4. Mr. Lorenzo V. Tan – Regular Director
5. Mr. Cesar A. Buenaventura – Lead Independent Director
6. Mr. Carlos G. Dominguez – Independent Director
7. Mr. Eliseo B. Santiago – Independent Director

Nomination and Election of Independent Director:

All independent directors were nominated by Atty. Dan Dyonne Eminiano Q. Gonzales, who has no relations with the Nominees. (Please see attached **Annex "C"** for the Certification of Independent Directors).

Justification for the retention and reelection of Mr. Eliseo B. Santiago as Independent Director

MR. ELISEO B. SANTIAGO's term as Independent Director is sought to be extended in 2024. Below are the noteworthy justifications that would merit his retention and reelection as Independent Director:

Mr. Santiago has demonstrated expertise in the oil and power industry and extensive knowledge of the Company. His multi-discipline experience across global, regional and local markets contributed to the Company's success in his tenure as Independent Director. During his career, he held responsibility for large businesses within the Shell Group, Citadel Pacific Ltd. and Clark Development Corporation. He successfully led business transformations through innovative strategies, strong focus on operational excellence and by developing people and teams.

Undoubtedly, the Company greatly benefits from Mr. Santiago's guidance as a well-respected member of the business community and through his expertise in the oil and power industry. It would be in the Company's best interest for Mr. Santiago to continue providing the same guidance and wisdom as the Company's Independent Director.

Justification for the retention and reelection of Mr. Cesar A. Buenaventura as Independent Director

Mr. Cesar A. Buenaventura's term as Independent Director is sought to be extended in 2024. Below are the noteworthy justifications that would merit his retention and reelection as Independent Director:

Mr. Buenaventura graduated from the University of the Philippines with a degree in BS Civil Engineering. As a Fullbright scholar, he received his Master's Degree in Civil Engineering from Lehigh University in Bethlehem, Pennsylvania. He started his profession in the construction business with David M. Consunji. Thereafter, in 1956, Mr. Buenaventura went on to commence a long-standing career at Pilipinas Shell, serving as the first Filipino Chairman & CEO of the Shell Group of Companies in the Philippines, from 1977 to 1990. Among the many appointments and positions that Mr. Buenaventura has held and continues to hold, one of the most notable would be as a Member of the Monetary Board of the Central Bank of the Philippines, representing the private sector from 1981 to 1987. He was also a Founding Member of the Board of Trustees of the Makati Business Club, a Member of the Board of Regents of the University of the Philippines from 1987 to 1994 and of the Board of Trustees of the Asian Institute of Management from 1994 to 1997. Mr. Buenaventura has also been honored with numerous awards and accolades, including being made an Honorary Officer of the Order of the British Empire (OBE) by HM Queen Elizabeth II.

Assessment by the Corporate Governance Committee on the Qualifications of the Nominees for Directorship

The Corporate Governance Committee passed upon their qualifications and found no disqualifications, as provided for in the By-Laws, the 2017 Manual on Corporate Governance, the Board Charter, and in accordance with SRC Rule 38.

The Company has adopted SRC Rule 38, and compliance therewith has been made. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

The nominees for independent directors were advised of SEC Memorandum Circular No 5, Series of 2017 on the required submission of Certificate of Qualification of Independent Directors (the "Certificate of Qualification") that should include, among others, disclosure of any pending criminal or administrative investigation or proceedings, positions held in Government-Owned and Controlled Corporations and the required written permission or consent from the head of Department/Agency for those in government service. As disclosed by the nominees in their respective Certificate of Qualification, each nominee possesses all of the qualifications and none of the disqualifications.

The Independent Directors were likewise advised of the Company's 2017 Manual on Corporate Governance and the Securities and Exchange Commission (SEC) Memorandum Circular No. 19, Series of 2016 on the term limits for Independent Directors, both of which state that independent directors shall serve a maximum cumulative term of nine (9) years reckoned from 2012. Such term limit, however, may be extended upon meritorious justification/s and stockholders' approval.

Business Experiences during the Past five (5) Years and Educational Background.

<u>Directors</u>

MS. HELEN Y. DEE, 81, Filipino, Chairman (Non-Executive Director)

Publicly-Listed Companies: Ms. Dee has been a Director of the Company since 2001 and Chairman of the Board since 2011. She is also presently the Chairman of House of Investments, Inc., Rizal Commercial Banking Corporation, and a Director of PLDT Inc. She was the Chairman of EEI Corporation.

Non-Listed: She is the Chairman of RCBC Excom Forex Brokers Corporation, Landev Corporation, Mapua Information Technology, Inc., Hi-Eisai Pharmaceuticals, Inc., Pan Malayan Realty Corporation, RCBC Savings Bank, Merchants Bank, La Funeraria Paz-Sucat, Malayan Insurance Company, Inc., Xamdu Motors, Inc., Manila Memorial Park Cemetery, Inc., PetroWind Energy Inc. and Malayan High School of Science, Inc.

She is the Chairman/President of Hydee Management & Resources, Inc.; Financial Brokers Insurance Agency, Inc., RCBC Leasing and Finance Corporation and Mijo Holdings, Inc.; She is also Chairman and CEO of Tameena Resources, Inc. She is the President of Moira Management, Inc., YGC Corporate Services, Inc. and GPL Holdings, Inc. She is the Vice Chairman of Pan Malayan Management and Investment Corporation and West Spring Development Corporation and Vice President of A.T. Yuchengco, Inc. She is also a Member, Board of Trustees of Mapua Institute of Technology, Inc. a leading engineering school in the Philippines, Malayan Colleges Laguna, Inc and Philippine Business for Education, Inc. She also sits in the Board of the following companies, South Western Cement Corp., Great Life Financial Assurance Corp., MICO Equities, Honda Cars Philippines, Inc., Isuzu Philippines, Inc., A.Y. Holdings, Inc. Pan Malayan Express, Honda Cars Kalookan, Sun Life Grepa Financial, Inc., Philippine Integrated Advertising Agency, Inc., Y Realty, Inc., Luis Miguel Foods.

Educational Background: Bachelor of Science in Commerce Major in Administration from the Assumption College; Master in Business Administration Degree from the De La Salle University.

MR. CESAR A. BUENAVENTURA, 95, Filipino, Independent Director.

Publicly-Listed Companies: Mr. Buenaventura is a Non-Executive Director of DMCI Holdings, Inc. and Semirara Mining and Power Corporation. An Independent Director of Concepcion Industrial Corporation, International Container Terminal Services, Inc., iPeople, Inc. Manila Water Company, Inc., and Pilipinas Shell Petroleum Corporation.

Non-Listed and Civic Affiliations: Mr. Buenaventura is also holding the following positions: Chairman at Buenaventura, Echauz and Partners, Inc. He is a director of various companies such as: D.M. Consunji, Inc., The Country Club, and trustee of various foundations such as Pilipinas Shell Foundation, Inc. (Chairman), Bloomberry Cultural Foundation and ICTSI Foundation.

Educational Background and Other Information: Bachelor of Science in Civil Engineering from the University of the Philippines; Master's degree in Civil Engineering majoring in Structures from Lehigh University, Bethlehem, Pennsylvania as a Fulbright Scholar. In 1991, Mr. Buenaventura was made Honorary Officer of the Order of the British Empire (OBE) by Her Majesty Queen Elizabeth II.

MR. CARLOS G. DOMINGUEZ, 79, Filipino, is a product of the Ateneo De Manila University ("Ateneo") with a degree in Bachelor of Arts, Economics. He pursued his Master of Arts, Business Management from the same university and Post-Graduate Studies under the Stanford Executive Program.

Mr. Dominguez was appointed to several posts in the Government, foremost of which are: as Secretary of the Department of Finance and Chairman of the Land Bank of the Philippines from 2016 to 2022; as Secretary of the Department of Agriculture from 1987 to 1989; and as Secretary of the Department of Environment and Natural Resources from 1986 to 1987.

He was a recipient of the Order of Lakandula Rank of Bayani (Grand Cross) from the President of the Philippines and the Order of the Rising Sun Grand Cordon (1st Class) from the Emperor of Japan.

Mr. Dominguez likewise served in the private sector, as follows: President, Lafayette (Philippines) Inc.; Independent Director, RCBC Capital Corporation; Director, Manila Electric Corporation; President, Phil. Associated Smelting and Refining Corporation; Director, Northern Mindanao Power Corporation; Chairman, RCBC Capital Corporation; Director, United Paragon Mining; Chairman and President, Philippine Airlines; President, Phil. Tobacco Flue Curing Redrying Corporation; President, Baesa Redevelopment Corporation; President, Retail Specialist, Inc.; President, BPI Agricultural Development Bank, Vice President, Bank of the Philippines Islands (BPI); Executive Vice President, Davao Fruits Corporation; Executive Vice President, AMS Farming Corporation; Finance Manager, Rubicon, Inc.; and Management Trainee, First National City Bank.

MS. MILAGROS V. REYES, 83, Filipino, Director/President

Publicly-Listed Companies: Seafront Resources Corporation (President) and formerly, iPeople, Inc.

Non-Listed: She is the President/Director of PetroWind Energy Inc. and PetroSolar Corporation; Chairman of PetroGreen Energy Corporation, Maibarara Geothermal, Inc., Rizal Green Energy Corporation, Dagohoy Green Energy Corporation, San Jose Green Energy Corporation, Bugallon Green Energy Corporation, BKS Green Energy Corp.; and Director and Treasurer of Hermosa Ecozone Development Corporation. She previously served as President of Petrofields Corp. (now iPeople, Inc.); Senior Vice President of Basic Consolidated, Inc. (formerly Basic Petroleum and Minerals, Inc.); Vice President and Chief Operating Officer of Mapua Institute of Technology, Inc.; Director and Consultant of PNOC-EC.

Educational Background: Bachelor of Science in Geology and Physical Sciences (Double Degree) from the University of the Philippines. She pursued various technical trainings from the National Iranian Oil Co., University of Illinois, and Ajman Fields in U.

YVONNE S. YUCHENGCO, 71, Filipino, Director/Treasurer

Publicly-Listed Companies: House of Investments, Inc., Seafront Resources Corporation, iPeople, Inc. and National Reinsurance Corporation of the Philippines.

Non-Listed: She is the Chairperson/President/Director of Phil. Integrated Advertising Agency, Inc., Royal Commons, Inc., Y Realty Corporation, Y Tower II Office Condominium Corporation, Yuchengco Museum, Inc., Yuchengco Tower Office Cond. Corporation, Chairperson of XYZ Assets Corporation, Director/President of Alto Pacific Corporation, RCBC Land, Inc., Mico Equities, Inc. She is Director/Treasurer of Honda Cars Kaloocan, Inc., Malayan High School of Science, Inc., Mona Lisa Development Corporation, PetroEnergy Resources Corporation, Water Dragon, Inc., DirectorTreasurer/CFO of Pan Malayan Mgm't. & Inv't. Corp., Director/Vice Chairperson of Malayan Insurance Co., Inc., Director/Vice President/Treasurer of Pan Managers, Inc., Trustee/Chairperson of The Malayan Plaza Condominium Owners Association, Inc., Trustee of AY Foundation, Inc, Mapua Institute of Technology, Inc., Phil-Asia Assistance Foundation, Inc., She is a member of Advisory Committee of Rizal Banking Corporation, Director/Corporate Secretary of MPC Investment Corporation. She is also a member of the Board of Directors of the following companies: Annabelle Y. Holdings & Management Corporation, Asia-Pac Reinsurance Co., Ltd., A.T.Yuchengco, Inc. DS Realty, Inc., Enrique T. Yuchengco, Inc., GPL Holdings, Inc., House of Investment, Inc., HYDee Management and Resource Corp., iPeople, Inc., La Funeraria Paz, Inc.-Sucat, Luisita Industrial Park Corp., Malayan

College Laguna, Inc., Malayan Colleges, Inc., Malayan High School of Science, Inc., Malayan International Insurance Corp., Manila Memorial Park Cemetery, Inc., Pan Malayan Express, Inc., Pan Malayan Realty Corporation, Shayamala Corp. and YGC Corporate Services, Inc, Yuchengco Center, Inc.

Educational Background: Bachelor of Arts in Interdisciplinary Studies from the Ateneo De Manila University

MR. LORENZO V. TAN, 63, Filipino, Non-Executive Director

Publicly-Listed Companies: He is currently an Independent Director of the Philippine Realty Holdings Corporation and Atok-Big Wedge Co., Inc. and a regular director of the House of Investments, Inc., EEI Corporation, and iPeople, Inc.

Non-Listed: He serves as the Vice Chairman of the Pan Malayan Management & Investment Corporation and the TOYM Foundation; a director of the Malayan Insurance Company, Inc., and Sunlife Grepa Financial, Inc; and member of the Board of Advisors of the FICO Group of Companies (Bangkok, Thailand).

Previous Experiences: He previously served as President and CEO of the Rizal Commercial Banking Corporation, Sunlife of Canada (Phil), Inc., the Philippine National Bank, United Coconut Planters Bank; as Director of SMART Communications, Inc., Digital Telecommunications (DIGITEL), and Voyager Innovation, Inc, and CITIBANK NA Singapore; as Group Managing Director of Guoco Holdings (Philippines) Inc.; as President of the Bankers Association of the Philippines and Chairman of the Asian Bankers Association. He was an awardee of the 1999 The Outstanding Young Men (TOYM) in the field of Banking.

Educational Background: He took his Master of Management Degree from J.L. Kellogg Graduate School of Management, Northwestern University Evanston, Illinois, USA, with concentration in Finance and Management Information Systems. He graduated with a degree of Bachelor of Science in Commerce, Major in Accounting from the De La Salle University, Manila, Philippines. He is a Certified Public Accountant in Pennsylvania, USA and in the Philippines.

MR. ELISEO B. SANTIAGO, 75, Filipino, Independent Director

Non-Listed: Mr. Santiago sits in the Board and is a member of the Executive Committee of Isla Petroleum and Gas Corporation. He is also a Director of Citadel Pacific Ltd.. He was formerly Chairman of the Board of the Clark Development Corporation; formerly, Chief Executive of the Shell Eastern Caribbean Group of Companies covering Supply & Trading, Sales & Marketing and Chemicals businesses of the Shell Group in 15 island countries based in Barbados; Managing Director of Pilipinas Shell Petroleum Corporation; Senior Adviser to the Regional Managing Director for Asia Pacific, based in London; Country Chairman of the Shell companies in Thailand and concurrently the Vice President for Retail for the ASEAN countries and Hong Kong, based in Bangkok; Country Chairman of the Shell companies in the Philippines in addition to his regional Retail Sales and Operations for the East, based in Manila.

Educational Background: Mr. Santiago is a graduate of Bachelor of Science degree in Mechanical Engineering from the Mapua Institute of Technology in 1971 and received his professional license as a Mechanical Engineer in the same year.

Executive Officers:

MILAGROS V. REYES, 83	**President and CEO (1998 to present)**
Other Business Experience:	
President/ Director	Seafront Resources Corporation, PetroWind Energy Inc. PetroSolar Corporation
Chairman/Former President	PetroGreen Energy Corporation
Chairman/Director	Maibarara Geothermal, Inc. Dagohoy Green Energy Corporation San Jose Green Energy Corporation Bugallon Green Energy Corporation BKS Green Energy Corp.
Director/Treasurer	Hermosa Ecozone Development Corporation
Former Senior Vice President	Basic Petroleum and Minerals Corporation
Former Director	PNOC-EC, iPeople, Inc.
Educational Background:	Ms. Reyes graduated from the University of the Philippines with a Bachelor of Science degree in Geology and Physical Sciences Double Degree. She pursued Specialization and Training in National Iranian Oil Co., in Teheran, University of Illinois and in Ajman Fields in U.A.E.
FRANCISCO G. DELFIN, JR., 63	**Executive Vice President & COO (2023 to present)**
Other Business Experience:	
Former Vice President	2008 to 2023
President / Director	Maibarara Geothermal, Inc.
President & CEO / Director	PetroGreen Energy Corporation
President	Rizal Green Energy Corporation Dagohoy Green Energy Corporation San Jose Green Energy Corporation Bugallon Green Energy Corporation BKS Green Energy Corp.
President/Director	Buhawind Energy Northern Luzon Corporation Buhawind Energy Northern Mindoro Corporation Buhawind Energy East Panay Corporation
Vice President / Director	PetroSolar Corporation
Executive Vice President for Operations	PetroWind Energy Inc.
Former Undersecretary	Department of Energy
Former Assistant Secretary	Department of Energy
Former Professor, Public Administration & Governance	University of the Philippines, Diliman Campus
Geophysics Supervisor	PNOC-EDC
Educational Background:	Mr. Francisco G. Delfin, Jr. is a graduate of Bachelor of Science in Geology from the University of the Philippines (6th place in the 1982 Geologist Licensure Examination). He received his Master's Degree in Geology from the University of South Florida, Tampa, and his Ph.D. in Public Administration from the University of Southern California.
SAMUEL V. TORRES, 60	**Corporate Secretary (2006 to present)**
Other Business Experience:	
General Counsel/Corporate Secretary	AY Foundation, Inc., Alto Pacific Company, Inc. (Formerly: The Pacific Fund, Inc.), Bankers Assurance Corp., FBIA Insurance Agency, Inc., Bluehounds Security & Invt. Agency, Enrique T. Yuchengco, Inc., First Nationwide Assurance Corp., GPL Holdings, Inc. GPL Cebu Tower Office Cond.

	Corp., GPL Holdings, Inc., Grepaland, Inc., Grepa Reality Holding Corporation, Hexagon Integrated Financial & Insurance Agency, Hi-Eisai Pharmaceutical, Inc., Honda Cars Kalookan, Inc, House of Investments, Inc., Hexagon Integrated Fin. Ins. Agency, Inc., Hexagon Lounge, Inc., iPeople, Inc., Investment Managers, Inc., Landev Corporation, La Funeraria Paz-Sucat, Inc., Malayan High School of Science, Inc., Malayan Insurance Co., Inc., Mico Equities, Inc., Malayan Colleges, Inc., Malayan Colleges Laguna, Inc., Malayan Securities Corporation, Mapua Information Technology Center, Inc., MJ888 Corporation, Mona Lisa Development Corporation, Pan Malayan Management & Investment Corporation, Pan Malayan Realty Corporation, Pan Malayan Express, Inc., Pan Pacific Computer Center, Inc., People eServe Corporation, Philippine Integrated Advertising Agency, Inc., Royal Commons, Inc., RCBC Forex Corporation, RCBC Realty Corporation, RCBC Land, RCBC Securities, Inc., RCBC Bankard Services Corporation, RCBC Securities, Inc., RP Land Development Corporation, Sun Life Grepa Financial, Inc., Yuchengco Museum, YGC Corporate Services, Inc., Y Realty Corporation, Y Tower II Office Condominium Corp., Yuchengco Tower Office Condominium Corp. and Xamdu Motors, Inc.
Educational Background:	Atty. Samuel V. Torres is a graduate of Bachelor of Science in Business Economics from University of the Philippines and Bachelor of Laws from Ateneo de Manila University.

ARLAN P. PROFETA, 51, Senior Vice President for Corporate Services (2023 to present)

Other Business Experience:	
Former Asst. Corporate Secretary	2008 to 2022
Former Compliance Officer	2017 to 2022
Former Corporate Secretary	Maibarara Geothermal, Inc. PetroGreen Energy Corporation PetroSolar Corporation PetroWind Energy Inc.
Former Asst. Corporate Secretary / Former Compliance Officer	Seafront Resources Corporation
Formerly, Tax Manager	Punongbayan & Araullo
Director/VP for Corporate Services	Rizal Green Energy Corporation Dagohoy Green Energy Corporation San Jose Green Energy Corporation Bugallon Green Energy Corporation BKS Green Energy Corp.
Educational Background:	Atty. Arlan P. Profeta graduated with a degree of Bachelor of Science in Accountancy from San Beda College. He is a Certified Public Accountant. He took his Bachelor of Laws degree from the Arellano University School of Law.

MARIA VICTORIA M. OLIVAR, 52, Senior Vice President (2022 to present)

Other Business Experience:	Ms. Olivar is the Senior Vice President for Commercial Operations and Business Development of PetroEnergy Resources Corporation and Assistant Vice President of Maibarara Geothermal, Inc. She worked with PNOC Energy

Development Corporation from 1996 to 2010 and with Comexco, Inc from 1993 to 1996.

Director/ VP for Commercial Operations & Business Development	Rizal Green Energy Corporation Dagohoy Green Energy Corporation San Jose Green Energy Corporation Bugallon Green Energy Corporation BKS Green Energy Corp.
Educational Background:	Ms. Olivar is a graduate of Bachelor of Science in Geology from University of the Philippines. She received her Master's Degree in Geology from the Geothermal Institute, University of Auckland, New Zealand. She received her Diploma on Geothermal Technology from the Geothermal Institute, University of Auckland, New Zealand.
LOUIE MARK R. LIMCOLIOC, 38	**Asst. Corporate Secretary (2021 to present)** **Compliance Officer (2021 to present)** **AVP for Corporate and Legal Affairs**
Other Business Experience:	
Corporate Secretary	PetroGreen Energy Corporation PetroWind Energy Inc. PetroSolar Corporation Buhawind Energy Northern Luzon Corporation Buhawind Energy Northern Mindoro Corporation Buhawind Energy East Panay Corporation
Corporate Secretary	Rizal Green Energy Corporation
Educational Background:	Atty. Louie Mark R. Limcolioc graduated with a degree of Bachelor of Arts in Legal Management from the University of Santo Tomas. He obtained his Bachelor of Laws/Juris Doctor degree from San Beda College Alabang. He worked with Padilla Asuncion Law Office as Associate Lawyer before joining the Company in 2015.

MARIA CECILIA L. DIAZ DE RIVERA, 58, AVP & CFO (2022 to present)

Other Business Experience:	Ms. Diaz De Rivera is the Chief Financial Officer of the Company and former Head of Finance at Maibarara Geothermal, Inc.
Director/Chief Financial Officer	Rizal Green Energy Corporation Dagohoy Green Energy Corporation San Jose Green Energy Corporation Bugallon Green Energy Corporation BKS Green Energy Corp.
Educational Background:	She graduated with a Bachelor of Science in Business Administration, majoring in Accounting, from the University of the Philippines in the Visayas (Iloilo City). She is a CPA and holds a Master's in Business Administration from De La Salle University. She has worked at PNOC EDC in the Planning Department and at the University of Asia and the Pacific as a faculty member in the School of Management.

VANESSA G. PERALTA, 39	AVP for Corporate Communication and CIO (2021 to present) Corporate Communication Senior Manager (2017-2021) Corporate Communication Officer (2016 - 2017) Data Privacy Officer.
Educational Background:	Ms. Peralta is a graduate of Bachelor of Science in Development Communication from the University of the Philippines.

ARLENE B. VILLANUEVA, 56, **AVP for Human Resources and Administration (2023 to present**

Educational Background:	Ms. Villanueva is a graduate of Bachelor of Science in Psychology from the University of the Philippines.

b. Legal Proceedings

The Company is not aware of any legal case, presently or during the last five (5) years, involving the present members of the Board of Directors or Executive Officers or their property before any court of law or administrative body in the Philippines or elsewhere. Moreover, the Company has no information that the above named persons have been convicted by final judgment of any offense punishable under the laws of the Philippines or of any other country.

c. Significant Employees

The Corporation has no employee who is not an executive officer that is expected to make a significant contribution to the business. The Corporation values its human resources. It strives to develop and maintain a safe, healthy, challenging, rewarding, participative, and fair working environment for all employees, and intends to utilize their full talents and expertise through effective selection, mentoring and development. The Company likewise seeks to offer career opportunities to qualified employees, regardless of gender, belief, ethnic or regional origin, and physical condition. It expects each employee act as a team player and do his or her share in achieving the Corporation's set goals.

d. Family Relationships

Ms. Helen Y. Dee and Ms. Yvonne S. Yuchengco are siblings.

e. Certain Relationships and Related Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. A related party relationship also exists between and/or among entities, which are under common control with the reporting enterprises and its key management personnel, directors, or its shareholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Related parties may be individuals or corporate entities.

As a good corporate practice, the Company discloses its related party transactions, if any, in its Audited Financial Statements (AFS). In this regard, please refer to the 2024 Consolidated AFS, Note 27, for the significant transactions with related parties.

f. Disagreement with the Company

No Director has resigned from the Board of Directors since the date of the last meeting of shareholders due to disagreement with the Company on any matter relating to its operations, policies and practices.

6. Compensation of Directors and Executive Officers

Summary of Annual Compensation Table

Name and Principal Position		Year	Salary	Bonus	Other Annual Compensation	Total
Top 5 Highest paid key officers:		**2024**				
Milagros V. Reyes	President					
Francisco G. Delfin	Vice President & COO					
Maria Victoria M. Olivar	SVP for Commercial & Bus Dev					
Arlan P. Profeta	SVP for Legal and Admin					
Maria Cecilia L. Diaz De Rivera	AVP - Finance					
Total salaries top 5 highest paid officers		2020	13,317,746	5,367,137	2,277,415	20,962,298
		2021	13,709,669	4,329,249	2,771,495	20,810,412
		2022	13,528,027	8,386,512	2,837,201	24,751,739
		2023	17,098,945	8,903,502	2,363,461	28,365,908
		2024	18,643,507	10,577,309	4,310,564	33,531,380
		2025 est	19,927,572	8,234,066	2,816,176	30,977,814
All Directors and Officers as a group		2020	13,317,746	4,329,249	7,951,613	25,598,608
		2021	13,709,669	8,386,512	7,661,406	29,757,586
		2022	13,528,027	8,386,512	9,219,001	31,133,540
		2023	17,098,945	8,903,502	12,702,516	38,704,963
		2024	18,643,507	10,577,309	16,553,593	45,774,410
		2025 est	19,927,572	8,234,066	12,177,840	40,339,479

For the recently concluded year, directors received a per diem of ₱30,000 for each Board meeting attended and ₱5,000 for each committee meeting. These per diem rates will remain the same in the ensuing year. In addition, directors also received a Profit Share, which has already been included in the total amount of other annual compensation previously mentioned.

In 2024, the directors of the Company (including independent directors received per diems for Board and committee meetings attended, net of tax as follows:

Name of Director	Position	Amount
Helen Y. Dee	Chairman	190,000
Eliseo B. Santiago	Independent Director	190,000
Cesar A. Buenaventura	Independent Director	190,000
Milagros V. Reyes	Director/President	155,000
Yvonne S. Yuchengco	Director/Treasurer	155,000
Lorenzo V. Tan	Director	155,000
Carlos G. Dominguez	Independent Director	155,000

Aside from those mentioned above, there are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, other than those stated in the above table during the Company's last completed fiscal year and the ensuing year for any service provided as an executive officer or member of the Board of Directors.

No warrants or options were granted to the Directors and Officers up to 2024.

There is no director, executive officer, nominee for director, beneficial holder and family member involved in any business transaction of the Company.

7. External Auditors

a. Appointment of External Auditors

The Company's external auditor is SyCip Gorres Velayo & Co. (SGV & Co.), with office address at SGV Building, 6760 Ayala Avenue, Makati City, Philippines. SGV & Co. has been reappointed during the Company's recent Annual Stockholders' Meeting on July 18, 2024. The representatives of SGV & Co. have always been present at the Annual Stockholders' Meeting held during prior years and shall likewise be present during this year's Stockholders' Meeting to respond to appropriate questions or make statements with reference to matters for which their services were engaged.

The Company is in compliance with SRC Rule 68 paragraph 3 (b)(1V) requiring the rotation of external auditors or engagement partners who have been engaged by the Company for a period of five (5) consecutive years and the mandatory two-year cooling-off period for the re-engagement of the same signing partner or individual auditor. The engagement partner who conducted the audit for 2024, was Ms. Wenda Lynn M. Loyola, *vice* Ms. Ana Lea C. Bergado who already reached the limit set forth by the regulations as the audit engagement partner.

b. Audit and Other Related Fees

Audit and Other Related Fees

The Audit Committee approved SGV & Co.'s fees based on the services rendered and the amount paid from the previous year's audit fees.

c. Changes and Disagreements with Accountants on Accounting and Financial Disclosure.

The Company has not changed SGV & Co. as its auditor and has not had any disagreements on any matter relating to accounting principles or practices, financial statement disclosures, or auditing scope or procedure during the last three years or any subsequent interim periods.

8. Compensation Plans

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. <u>ISSUANCE AND EXCHANGE OF SECURITIES</u>

9. Authorization or Issuance of Securities Other than for Exchange
There is no matter or corporate action to be taken up in the meeting with respect to issuance of securities.

10. Modification or Exchange of Securities
No modification of Outstanding Securities

11. Financial and Other Information
The Company's financial statements for the year ended December 31, 2024 and Management's Discussion and Analysis or Plan of Operations are contained in the Management Report portion of this Information Statement.

12. Mergers, Consolidation, Acquisition and Similar Matters
Not Applicable

13. Acquisition or Disposition of Property
On April 24, 2023, PERC signed a Share Purchase Agreement with EEIPC to acquire, upon fulfillment of all conditions therein, the latter's common shares in PGEC, PSC and PWEI.

14. Restatement of Accounts
None

D. OTHER MATTERS

15. Actions with Respect to Reports

During the scheduled Regular Annual Stockholders' Meeting, the following shall be submitted to the stockholders for their approval:

a) The Minutes of the Annual Stockholders' Meeting held on July 18, 2024;

b) Approval of Management Report and the 2024 Audited Financial Statements contained in the 2024 Annual Report.

c) Confirmation and Ratification of all acts, contracts and investments made and entered into by Management and/or Board of Directors during the period of July 18, 2024 to July 17, 2025.

1) Constitution of various Committees and Appointment of Chairman and Members: (Organizational Meeting held on July 18, 2024), such as:

Audit Committee
- Chairman - Cesar A. Buenaventura (Lead Independent Director)
- Members - Eliseo B. Santiago (Independent Director)
  - Helen Y. Dee (Non-Executive Director)

Corporate Governance Committee
- Chairman - Carlos G. Dominguez (Independent Director)
- Members - Cesar A. Buenaventura (Lead Independent Director)
  - Eliseo B. Santiago (Independent Director)

Board Risk Oversight Committee
- Chairman - Eliseo B. Santiago (Independent Director)
- Members - Cesar A. Buenaventura (Lead Independent Director)
  - Lorenzo V. Tan (Non-Executive Director)

2) Board Approvals

i) Regular BOD July 18, 2024
   a. Retention and re-election of Mr. Eliseo B. Santiago and Mr. Cesar A. Buenaventura as Independent Directors
   b. Appointment of SyCip Gorres Velayo & Co. (SGV & Co.) as External Auditor of the Company
   c. Dividend Declaration – ₱0.05 per share

ii) Regular BOD September 26, 2024
   a. Ratification of the 2024 Second Quarter Financial Statements (SEC Form 17-Q)

iii) Regular BOD November 28, 2024
   a. Ratification of the 2024 Third Quarter Financial Statements (SEC Form 17-Q)
   b. Board of Directors' Meetings for 2025

iv) Regular BOD April 2, 2025
   a. Renewal of Directors' and Officers' Liability Insurance
   b. Approval of the 2024 Audited Financial Statements (SEC Form 17-A)
   c. Approval of Holding the 2025 Annual Stockholders' Meeting
   d. Reactivation and Closure of Dormant BDO Bank Account

16. Matters Not Required to be Submitted

a) Proof of the required notice of the meeting.
b) Proof of the presence of a quorum.

17. Amendments of Charter, By-Laws and Other Documents

The proposed amendment to the Seventh Article of the Articles of Incorporation, which seeks to convert 100,000,000 out of the 131,288,158 unissued common shares into 100,000,000 preferred shares, will be presented to the stockholders during the meeting. Approval of this amendment requires the affirmative vote of stockholders holding at least two-thirds (2/3) of the Company's outstanding capital stock as of the record date.

The Board of Directors will convene a meeting prior to the Annual Stockholders' Meeting (ASM) on the same day to review and approve the proposed amendment to the Articles of Incorporation, ensuring that all necessary corporate actions are in place ahead of the ASM proceedings.

18. Other Proposed Action

None

19. Voting Procedures

Section 23 of the Revised Corporation Code of the Philippines and Section 7 of Article III of the By-Laws of the Corporation provides that:

"At all elections of Directors, each stockholder may vote the shares registered in his name in person or by proxy for as many persons as there are Directors, or he may cumulate said shares and give one candidate as many vote 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 principle among as many candidates as he shall see fit, provided, however, that the whole number of votes cast by him shall not exceed the number of shares owned by him as shown on the Company's stock transfer books multiplied by the whole number of Directors to be elected."

With respect to amendments to various provisions of Articles of Incorporation, the approval of the stockholders owning two-thirds (2/3) of the outstanding capital stock is required. Other items that need action of the stockholders require simple majority.

The voting procedure for election and approval of corporate actions in which Stockholders' approval will be required shall be by "*viva voce*", unless voting by ballot is decided upon during the meeting.

The methods by which votes will be counted, except in cases where voting by ballots is applicable, voting and counting shall be by "*viva voce*". If by ballot, counting shall be supervised by external auditors and transfer agent.

However, considering that the Company will dispense with the physical attendance of its stockholders, the Board of Directors has adopted an internal procedure for the voting and participation in the 2025 Annual Stockholders' Meeting, which covers both electronic voting *in absentia* and proxy voting. For the detailed steps and guidelines, please see attached **Annex "A"** – **Procedures and Requirements for Voting and Participation in the 2025 Annual Stockholders' Meeting.**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on June 10, 2025.

PETROENERGY RESOURCES CORPORATION
By:

ATTY. SAMUEL V. TORRES
Corporate Secretary

Undertaking to Provide Annual Report

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER WITH A COPY OF THE ANNUAL REPORT ON SEC FORM 17-A, FREE OF CHARGE. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHOULD BE ADDRESSED TO THE FOLLOWING:

Office of the Corporate Secretary
PETROENERGY RESOURCES CORPORATION
7th Floor, JMT Building, ADB Avenue
Ortigas Center, Pasig City

MANAGEMENT REPORT TO STOCKHOLDERS
PART I - BUSINESS AND GENERAL INFORMATION

INCORPORATED HEREIN ARE THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PETROENERGY RESOURCES CORPORTION FOR THE YEAR ENDED DECEMBER 31, 2024 WITH THE CORRESPONDING STATEMENT OF MANAGEMENT RESPONSIBILITY and 2024 FIRST QUARTERLY REPORT.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

For the last five (5) years, there have been no disagreements with the independent accountant on any matter of accounting principles or practices, financial statement disclosures or auditing scope or procedure. During the two most recent fiscal years, the independent accountant has not resigned, was dismissed or otherwise ceased performing services for the Company. (Please see discussion on page 17 of the Information Statement Item 7 – Independent Public Accountant, Audit and Audit-Related Fees.

<u>Item 1 - Business Development</u>
PetroEnergy Resources Corporation ("PERC" or "PetroEnergy" or the Parent Company) is a publicly-listed domestic corporation. Its registered office and principal place of business is 7/F, JMT Building, ADB Avenue, Ortigas Center, Pasig City.

PERC was organized on September 29, 1994 as Petrotech Consultants, Inc. to provide specialized technical services to its then parent company, Petrofields Corporation, and to companies exploring for oil in the Philippines.

In 1997, PERC simultaneously adopted its present name and changed its primary purpose to oil exploration and development and mining activities. Subsequently in 1999, PERC assumed Petrofields' oil exploration contracts in the Philippines and the Production Sharing Contract covering the Etame discovery block in Gabon, West Africa.

On August 11, 2004, PERC's shares of stock were listed at the Philippine Stock Exchange (PSE) by way of introduction.

In 2009, following the enactment of Republic Act No. 9513, otherwise known as the "Renewable Energy Act of 2008" (RE Law), PERC amended its articles of incorporation to include among its purposes the business of generating power from renewable sources such as, but not limited to, biomass, hydro, solar, wind, geothermal, ocean and such other renewable sources of power.

On March 31, 2010, PERC incorporated PetroGreen Energy Corporation ("PetroGreen" or "PGEC"), its 75%-owned subsidiary (77%-owned in 2022), to act as its renewable energy arm and holding company. PGEC ventured into renewable energy development and power generation through its subsidiaries and affiliate: (a) Maibarara Geothermal, Inc. ("MGI", 65%-owned) – owner and Renewable Energy (RE) developer of the 20 MW Maibarara Geothermal Power Project (MGPP-1) in Santo Tomas, Batangas and its expansion, the 12 MW MGPP-2; (b) PetroSolar Corporation ("PetroSolar or PSC", 56%-owned) – owner and RE developer of the 50 MW_{DC} Tarlac Solar Power Project (TSPP-1) in Tarlac City and its 20 MW_{DC} expansion (TSPP-2); and (c) PetroWind Energy Inc. ("PetroWind or PWEI", 40%-owned subsidiary in 2023 (joint venture in 2022) – owner and developer of the 36 MW Nabas Wind Power Project (NWPP-1) and its 13.2 MW expansion (NWPP-2) in Nabas and Malay, Aklan.

In 2021, PGEC forged an alliance with Danish energy firm, Copenhagen Energy A/S, to develop three (3) offshore wind power projects in Occidental Mindoro, Ilocos Norte, and Iloilo, under three special purpose vehicles, namely, (a) BuhaWind Energy Northern Mindoro Corporation (BENMC); (b) BuhaWind Energy Northern Luzon Corporation (BENLC); and (c) BuhaWind Energy East Panay Corporation (BEEPC). PGEC owns a 40% equity interest in each of these companies.

In 2022, PERC and PGEC entered into a subscription agreement and a shareholders' agreement with Japanese company, Kyuden International Corporation (KIC), giving KIC a 25% stake in PGEC and reducing PERC's ownership in PGEC to 67.5%. The transaction was completed in early 2023. The proceeds from this transaction will be used to partially finance the new solar power projects under Rizal Green Energy Corporation (RGEC), a holding company incorporated in 2023 and currently PGEC's 100% subsidiary. These solar projects and their respective SPVs are: (a) the 27MW_{DC} Dagohoy Solar Power Project in Bohol under Dagohoy Green Energy

Corporation (DGEC); (b) 10.1MW_{DC} Phase 1 and 9.5MW_{DC} Phase 2 of San Jose Solar Power Project in Nueva Ecija under San Jose Green Energy Corporation (SJGEC); (c) the 25MW_{DC} Bugallon Solar Power Project in Pangasinan under Bugallon Green Energy Corporation (BGEC); and (d) the 6MW_{DC} Phase 1 and 35.3MW_{DC} of the Limbauan Solar Power Project in Isabela under BKS Green Energy Corporation (BKS). All these SPVs, except for BKS, are 100% owned by RGEC. BKS is still 100% owned by PGEC and will eventually be transferred to RGEC.

In April 2023, PetroEnergy acquired the following from EEI Power Corporation: (a) an additional 7.5% equity interest in PGEC, thereby increasing PERC's ownership in PGEC to 75%; (b) direct ownership in PetroWind (20%); and (c) direct ownership in PetroSolar (44%).

On November 20, 2024, PGEC incorporated EcoSolar Energy Corporation ("EcoSolar" or "ESEC"), a subsidiary that will own and develop new RE projects and other energy facilities, including solar power projects and Battery Energy Storage Systems (BESS).

PetroGreen owns majority of the voting power of MGI, PetroSolar, PetroWind, RGEC, and EcoSolar. PetroEnergy, PetroGreen, MGI, PetroSolar, PetroWind, RGEC, and EcoSolar are collectively referred to as the "Group" and were incorporated in the Philippines.

Business of Issuer

Description of Business
The Group's two (2) main energy businesses are: (1) upstream oil exploration and development, and (2) power generation from renewable energy resources such as, (a) geothermal, (b) solar, and (c) wind.

(1) Upstream Oil Exploration and Development
Oil and gas are buried several thousands of meters underneath the earth. The explorationist, therefore, neither sees nor touches his target. This lack of physical access, however, is compensated by applying various geological, geophysical, and geochemical exploration tools.

In the actual drilling of hydrocarbon, computer-guided drilling rigs dig rock layers several kilometers below the surface. In offshore exploration and production, robot submarines are used to emplace and control subsea equipment and materials. These intensive applications of modern technology require large amounts of capital. Oil exploration companies worldwide have adopted the prudent strategy of pooling together in a consortium to pursue exploration in order to distribute risk and minimize financial exposures.

The common financial arrangement between host countries and the exploration companies is the sharing in costs and revenues from the sale of the hydrocarbon products. The host country partakes in the costs by allowing the explorationists to recover an agreed percentage of the historical costs before the net proceeds are divided between the government and the consortium.

Oil Exploration and Development Projects
The principal properties of the Company consist of various oil areas located in the Philippines and in Gabon, West Africa. Petroleum production is on-going in the Etame (Gabon) concession, while the other petroleum concessions in the Philippines are still in the advanced exploration stages or pre-development stages. The following are brief descriptions and updates on these projects.

<u>Foreign Operations</u>

<u>Etame EPSC - Gabon, West Africa</u>
The Group holds approximately 2.525% participating interest in the Exploration and Production Sharing Contract (EPSC) covering the Etame block in Gabon, West Africa (the "Etame Marin Permit"). The other parties in the consortium, Addax Petroleum Etame, Inc. (33.90%) and VAALCO Gabon (Etame), Inc. (63.58%) (the "Gabon Consortium"), are leaders in their respective areas of operation. VAALCO is the Consortium's operator and is in charge of conducting the exploration and production activities in the Gabon contract area.

The EPSC is a contract with the Gabonese Government that gives the holder of the said EPSC exclusive rights and obligations to perform exploration, exploitation, and production activities, and in the case of the Consortium, within the Etame Marin Permit area.

In August 2021, the Consortium entered into a Bareboat Charter Agreement and Operating Agreement with World Carrier Offshore Services Corporation (World Carrier) to provide and operate a Floating Storage and Offloading (FSO) unit at the Etame Marin field for up to eight (8) years with additional option periods available upon the expiration of the 20-year Floating Production, Storage and Offloading (FPSO) contract with BW Offshore in September 2022.

In December 2021, the Consortium commenced a four-well drilling program in the Etame, Avouma and North Tchibala fields using the Borr Norve jack-up drilling rig, aimed to sustain field production to above 20,000 barrels of oil per day (BOPD).

Etame-8H sidetrack was completed in February 2022. Avouma-3H sidetrack was completed in April 2022, South Tchibala-1HB sidetrack in July 2022, and North Tchibala-2H sidetrack in November 2022. Workovers were also conducted on Ebouri-2H, North Tchibala-1H and Southeast Etame-4H wells within 2022. This resulted in an increase in overall crude production of ~18,000-20,000 BOPD by the end of 2022.

For the year 2025, the consortium intends to commence its third well drilling campaign (Phase 3) comprised of four (4) oil production wells and workover of two (2) existing wells in the Etame and Ebouri fields using the Borr Norve jack-up drilling rig. Two wells are expected to be commissioned by Q4 2025 with completion of the drilling campaign by 2026.

Update on Production

Production was routed to the Petroleo Nautipa, the spread-moored FPSO vessel from the Etame, Avouma-Southeast Etame-North Tchibala and Ebouri platforms, and from the wells tied to the subsea Etame manifold. The produced oils were processed and exported from the FPSO, which had a storage capacity of one million barrels of oil (MMBO).

Throughout 2022, facility reconfiguration works were being completed in parallel for the hook-up and commissioning of the new FSO vessel Teli, which replaced the Petroleo Nautipa FPSO vessel in mid-October 2022. The FSO vessel is now operational and receiving crude from all Etame Marin platform wells. The two (2) old subsea wells – Etame-6H and Etame-7H – which were originally connected directly to the old Petroleo Nautipa FPSO, have been hooked-up to the FSO on December 30, 2022.

Crude production comes from four (4) oil fields (Etame, Avouma, Ebouri and North Tchibala).

In 2024, total crude production reached 5.61 MMBO. The Consortium managed eight liftings, resulting in net crude export of 5.05 MMBO, with crude oil market prices ranging from US$ 69.19 – US$ 91.17 per barrel.

Since the Gabon oilfield has been put on-line in 2002, a total of 142.35 MMBO has been extracted to date over the last 22 years.

Philippine Operations

SC 14-C2 - West Linapacan, Northwest Palawan

West Linapacan was discovered in the early 1990s. It produced oil from 1992 to 1996, peaking at 18,000 BOPD, before it was shut-in due to early water incursion.

On May 11, 2023, the SC 14-C2 consortium approved to unitize the service contract with SC 6B, subject to the issuance Department Circular (DC) regarding application for new petroleum service contract by the Department of Energy (DOE). However, following the release of DOE DC No. 2023-12-0033 titled "Guidelines on the Awarding of Petroleum Service Contracts for Development and Production" on December 18, 2023 with supplementary guidelines issued on January 10, 2024, the SC 14-C2 consortium decided to apply for a new Development and Production Petroleum Service Contract (DP PSC) prior to the expiration of the current SC 14-C2 service contract. This new application would combine the SC 14-C2 (West Linapacan) and SC 14-C1 (Galoc) blocks.

SC 14 C2 is due to expire in December 2025.

PERC holds a 4.137% participating interest in SC 14C2.

SC-75 – Offshore Northwest Palawan

Service Contract 75 (SC-75) was signed on December 27, 2013 with partners PXP Energy Corporation (50%) and PNOC-Exploration Corporation (35%). The block covers the West Philippine Sea with an area of 616,000 hectares.

On October 14, 2020, the Department of Energy (DOE) issued a formal notice to the SC-75 consortium, lifting the Force Majeure imposed since September 2015. Through this letter, the consortium was notified to resume its Work Program commitments under SC-75, including the committed ~1,000 sq.km 3D seismic survey over the identified leads in SC-75.
On January 6, 2022, the SC-75 consortium officially engaged Shearwater Geoservices Ltd. for the ~1,100 sq. km 3D seismic survey over SC-75 using the M/V Geo Coral seismic vessel. However, the programmed 3D seismic acquisition campaign was suspended on April 6, 2022 after Operator PXP Energy Corporation received a written directive from the DOE to put all exploration activities on hold until the Security, Justice and Peace Coordinating Cluster (SJPCC) issues the necessary clearance to proceed. On April 11, 2022, PXP declared a Force Majeure event over the suspended seismic survey.

The SC-75 consortium is awaiting further instructions from the DOE, while all contracted vessels and personnel for the seismic survey have since demobilized from the SC-75 area.

As of December 31, 2024 and 2022, the corresponding percentages of the Group's participation in various Petroleum SC areas are as follows:

Gabonese Oil Concessions	2.525%
SC-14-C2 - West Linapacan	4.137%
SC-75 - Northwest Palawan	15.000%

The oil revenues are derived from Gabon Operations. All contractual obligations with the Gabonese Government are complied with. The Philippine contracts are in exploration stage and some contracts are being farmed out to reduce risk inherent to the business.

(2) Development, and power generation from Renewable Energy Resources

(a) Geothermal Energy

<u>*Maibarara Geothermal Power Project*</u>

Geothermal Renewable Energy Service Contract (GRESC) No. 2010-02-012

Following the DOE's Philippine Energy Contracting Round for Geothermal in 2009, PetroEnergy signed the Service Contract for the Maibarara Geothermal Power Project (MGPP) on February 1, 2010. PetroEnergy then conducted pre-development activities in 2010 to 2011. In order to carry out the development and operations of the MGPP, PetroEnergy (through its subsidiary, PetroGreen) then created Maibarara Geothermal, Inc. (MGI) along with Trans-Asia Oil and Energy Development Corporation ("Trans-Asia"), subsequently renamed as PHINMA Energy Corporation or "PHINMA", and now known as ACEN Corporation or ("ACEN") and PNOC Renewables Corporation (PNOC RC), with 65%, 25%, and 10% equity ownerships, respectively.

In June 2019, ACEN, the energy platform of Ayala Corporation, completed the acquisition of PHINMA, including PHINMA's 25% share in MGI.

Both the MGPP-1 and the MGPP-2 are registered with the Board of Investments and are enjoying the incentives under the Renewable Energy Act of 2008.

<u>20 MW Maibarara-1 Geothermal Power Plant (MGPP-1)</u>
The DOE confirmed the commerciality of the 20-MW MGPP-1 in 2011, allowing MGI to proceed with the MGPP's development stage, involving 1) the drilling of two (2) wells to complete the steam production and reinjection well capacities, and 2) the construction of the steamfield and power plant facilities. The MGPP-1's 115kV Transmission Line system was successfully connected to the existing Manila Electric Company (MERALCO) line in September 2013. Upon completion of the reliability and performance testing, the MGPP-1 went on commercial operations on February 8, 2014. All electricity generated is sold to offtaker, ACEN, following the aforementioned acquisition of PHINMA by ACEN.

On February 08-27, 2021, the Maibarara-1 facility had a scheduled minor maintenance shutdown. Various maintenance activities for the unit's mechanical and electrical, and instrumentation facilities, as well as for the switchyard and transmission lines, were carried-out by MGI technical staff and private contractors.

MGPP-1 underwent its second major preventive maintenance shutdowns (PMS) in February 2022; the first having been conducted in 2016. In June 2023, opportunity maintenance was performed while MGPP-1 was briefly shut down to allow relocation of MGI's transmission lines affected by the South Luzon Expressway (SLEX) Toll Road 4 project of SMC SLEX Inc.

MGPP-1 exported 160.27 GWh and 159.85 GWh of electricity in 2024 and 2023, respectively.

<u>12 MW Maibarara-2 Geothermal Power Plant (MGPP-2)</u>
With the stable performance of the reservoir, MGI decided to pursue an expansion of the MGPP. There was at least 5 MW of excess steam supply from the MGPP-1 wells, and with the ~6 MW capacity of the new well, an expansion of 12 MW was decided and approved in 2015.

Major power plant components from Fuji Electric Co. Ltd. ("Fuji", the same supplier as the MGPP-1) were delivered and installed on site from March to April 2017. MGPP-2 was first synchronized to the grid on March 9, 2018, with the full 12 MW attained on March 18, 2018. Reliability tests were then conducted from March 18 to 27, 2018, during which the power plant was on full 12 MW operation.

The Energy Regulatory Commission (ERC) formally notified MGI of the approval of MGPP-2's Certificate of Compliance (COC) application on April 26, 2018. Subsequently, the MGPP-2 was accepted into the Wholesale Electricity Spot Market (WESM) on April 30, 2018 - pegging the MGPP-2's start of Commercial Operations on the same date. This operationally started the application of MGPP-2's Electricity Supply Agreement (ESA) with PHINMA, now ACEN, wherein all of MGPP-2's generated electricity are sold to ACEN.

Workover operations were conducted on production well MB-15D in June 2022. After which, new production well MB-18D was drilled in September 2022 and hooked-up in November 2022. To date, the field's total gross output is now being sustained at ~33 MW.

MGPP-2 exported 96.49 GWh and 95.77 GWh of electricity in 2024 and 2023, respectively.

(b) Solar

<u>Tarlac Solar Power Project (TSPP)- Tarlac City, Tarlac</u>
Solar Energy Service Contract (SESC) No. 2015-03-115
The SESC for the TSPP was awarded by the DOE on March 19, 2015. On June 17, 2015, PGEC and affiliate EEI Power Corporation ("EEIPC", 100% subsidiary of EEI Corporation), incorporated PetroSolar to undertake the development of the TSPP.

50 MWDC Tarlac Solar Power Project-1 (TSPP-1)

On June 22, 2015, PetroGreen and solar farm lot owner, Luisita Industrial Park Corporation (LIPCO), executed a Lease Agreement for the 55-hectare solar farm development. This was assigned to PetroSolar on September 15, 2015. As the LIPCO property is within the Central Technopark, which is under the jurisdiction of the Philippine Economic Zone Authority (PEZA), PetroSolar was able to register as an Ecozone Utilities Enterprise on July 28, 2015, entitling it to the incentives available to PEZA locators.

After only four (4) months of ground works, the TSPP-1 was completed by mid-January 2016 and was able to export power to the grid on January 27, 2016. The DOE eventually gave its Certificate of Endorsement (COE) – Feed-in-Tariff (FiT) for TSPP-1, with an official Commercial Operations Date on February 10, 2016. Subsequently, on April 6, 2016, PSC executed its Renewable Energy Payment Agreement (REPA) with the National Transmission Corporation (TransCo), assuring the TSPP-1's revenues from the FiT payment of ₱ 8.69/kWh from 2016 to 2036.

On April 24, 2023, PERC and EEI Power Corporation (EEIPC) entered into a Share Purchase Agreement (SPA), where PERC agreed to purchase all of EEIPC's equity interests in PetroSolar (44%). The full payments for the EEIPC shares in PSC were made on August 1, 2023.

The total energy exported to the grid was 69.46 GWh and 72.82 GWh in 2024 and 2023, respectively.

20 MWDC Tarlac Solar Power Project (TSPP-2)

On September 17, 2018, the BOI formally awarded to PetroSolar the latter's Certificate of Registration for the 20 MWDC TSPP-2. This approval entitles the TSPP-2 to enjoy duty-free importations, and a seven-year Income Tax Holiday (ITH), among others.

After the site construction works for the TSPP-2 were completed in March 2019 and its registration with the WESM was secured from the Independent Electricity Market Operator of the Philippines Inc. (IEMOP) on April 21, 2019, the TSPP-2 started exporting power to the grid on April 22, 2019 as part of its testing and commissioning activities. The ERC conducted its technical inspections for the TSPP-2 on May 31, 2019, as part of PetroSolar's Certificate of Compliance (COC) for TSPP-2.

On February 27, 2020 and March 18, 2020, the DOE formally issued to PSC the Certificate of Confirmation of Commerciality (COCOC) and the Certificate of Endorsement (COE) for TSPP-2, respectively. The COE is a prerequisite to the issuance of the Certificate of Compliance (COC) by the ERC. The COC will determine the official Commercial Operations Date (COD) for TSPP-2.
In December 2023, PSC completed the construction of the TSPP-2 49 MWac substation. This new substation will be utilized by PSC upon approval by the ERC.

TSPP-2 exported 28.93 GWh and 30.36 GWh of electricity in 2024 and 2023, respectively.

Enrique T. Yuchengco Bldg. Rooftop Solar Power Project (ETY) – Binondo, City of Manila

On April 29, 2021, PGEC completed its first commercial and industrial (C&I) rooftop solar project for the Enrique T. Yuchengco Bldg. in Binondo, Manila.

The building owner E.T. Yuchengco Inc. (ETY) and project owner PGEC signed a 15-year Rent-to-Own Agreement for a 140.8-kWp solar rooftop facility last January 14, 2021. The rental period commenced upon the project's completion in April 2021. After said 15-year cooperation period, PGEC will turn-over the said rooftop solar facility to ETY free of charge.

The ETY rooftop solar facility exported 0.137 GWh and 0.142 GWh of electricity in 2024 and 2023, respectively.

Mapúa Malayan Colleges Mindanao (MMCM) Solar Rooftop Project – Davao City, Davao del Sur

On February 13, 2024, PGEC signed a Solar Rooftop System Installation and Maintenance Agreement with Mapúa Malayan Colleges Mindanao (MMCM) for a 360 kWp solar rooftop project utilizing 600 units of 600 Wp solar panels manufactured by Canadian Solar. The MMCM Solar Rooftop Project was successfully completed on July 8, 2024.

For the year 2024, the project generated 0.208 GWh of electricity.

Dagohoy Solar Power Project (DSPP)
Solar Energy Operating Contract (SEOC) No. 2022-06-629
On June 28, 2022, PGEC was awarded a SEOC by the DOE for its Dagohoy Solar Power Project (DSPP) located in Brgy. San Vicente, Dagohoy, Bohol.

On December 22, 2022, PGEC signed offtake agreement with SN Aboitiz Power – Magat Inc. (SNAP-M).

On August 17, 2023, the Global Environment Center Foundation (GEC) issued announcement stating that DSPP was selected to receive Joint Crediting Mechanism (JCM) subsidy.

Following the incorporation of Dagohoy Green Energy Corporation (DGEC) on September 13, 2023, SEOC No. 2022-06-629 was later transferred to DGEC on February 28, 2024. Consequently, a novation agreement was signed on May 22, 2024, transferring the rights and obligations of PGEC under the offtake agreement to DGEC.

After completing all necessary solar farm and grid connection facilities, the project was successfully energized on November 12, 2024, marking the start of the T&C activities.

For the year 2024, the DSPP exported 4.13 GWh of electricity to the grid.

San Jose Solar Power Project (SJSPP) – San Jose City, Nueva Ecija
Solar Energy Service Contract (SESC) No. 2015-09-251

On July 19, 2023, SESC No. 2015-09-251 was successfully transferred from V-Mars Solar Energy Corporation (V-Mars) to PGEC. Following the incorporation of the San Jose Green Energy Corporation (SJGEC) on October 14, 2023, the same SEOC was transferred to SJGEC on April 16, 2024.

On May 3, 2024, SJGEC signed offtake agreement with SNAP-M.

After completing all necessary solar farm and grid connection facilities, the project was successfully energized on December 21, 2024, marking the start of the T&C activities.

For the year 2024, the SJSPP exported 0.61 GWh of electricity to the grid.

Isuzu Autoparts Manufacturing Corporation (IAMC) Solar Rooftop Project – Biñan City, Laguna

On July 23, 2024, PGEC entered into a Supply and Install Contract for the installation of a 3.002 MWp rooftop solar project at IAMC's manufacturing facility in Biñan City, Laguna.

Construction is scheduled to commence in January 2025.

Bugallon Solar Power Project (BSPP)
Solar Energy Operating Contract (SEOC) No. 2022-04-622

On May 05, 2022, PGEC was awarded by the DOE a Solar Energy Operating Contract (SEOC) covering the Bugallon Solar Power Project (BSPP) in Brgy. Salomague Sur, Bugallon, Pangasinan.

Following the incorporation of Bugallon Green Energy Corporation (BGEC) on October 14, 2023, SEOC No. 2022-04-622 was later transferred to BGEC on April 16, 2024.

From 2022 to 2024, PGEC and later BGEC secured all necessary local and national permits and completed pre-construction activities (pre-engineering studies, site leveling/ grading, etc. and commenced construction of the solar farm and grid connection facilities.

On November 12, 2024, BGEC was awarded with a Certificate of Energy Project of National Significance (CEPNS), entitling the BSPP to all rights and privileges stated in DOE Department of Order No. DO2024-04-0003.

The BSPP was a winning bid in the second round of the Green Energy Auction Program (GEA-2) held in June 2023. Upon its delivery commencement date, the project will be entitled to a Green Energy Tariff of Php 4.4043/kWh for a term of twenty years.

Limbauan Solar Power Project (LSPP) – San Pablo, Isabela
Solar Energy Service Contract (SESC) No. 2017-05-394

On August 16, 2023, PGEC acquired 100% shares of BKS Green Energy Corp. (BKSGEC), which holds the SESC covering the Limbauan Solar Power Project located in Brgy. Limbauan, San Pablo, Isabela and Forest Land Use Agreement (FLAg) covering 29.8 hectares in the same barangay.

The Limbauan Solar Power Project has two separate offtake arrangements: 1) LSPP-1 which will operate under Power Supply Agreement with Isabela II Electric Cooperative (ISELCO-II), and 2) LSPP-2 which will operate under a Renewable Energy Payment Agreement (REPA) with the National Transmission Corporation (TransCo).

For the year 2023 to 2024, BKSGEC accomplished all necessary amendments of local and national permits, completed pre-engineering studies and substantially completed pre-construction activities (site grading/ leveling and fencing). Construction of the solar farm and grid connection facilities expected by Q1 2025.

On November 04, 2024, BKSGEC was awarded with a CEPNS, entitling the LSPP to all rights and privileges stated in DOE Department of Order No. DO2024-04-0003.

The LSPP-2 was a winning bid in the second round of the Green Energy Auction Program (GEA-2) held in June 2023. Upon its delivery commencement date, the project will be entitled to a Green Energy Tariff of Php 4.4043/kWh for a term of twenty years.

EcoSolar Energy Corporation
On November 20, 2024, the SEC approved the incorporation of EcoSolar Energy Corporation (ESEC), currently, a wholly owned subsidiary of PGEC and is planned to hold PGEC's new projects such as large solar, aquavoltaics and Battery Energy Storage Systems (BESS), among others.

(c) Onshore Wind
Nabas Wind Power Project (NWPP)
Wind Energy Service Contract (WESC) No. 2009-09-002

The service contract for the Nabas Wind Power Project (NWPP) covers 2,000 hectares of public and private lands in rolling terrain in the province of Aklan, located near the northwestern tip of the Panay Island. It lies about 6 km southeast of Caticlan, and electricity-deficient Panay and Boracay islands which are natural markets of power from the NWPP.

It was decided that the NWPP will be constructed in two phases: (a) the 36 MW Phase 1 (NWPP-1), consisting of 18 Wind Turbine Generators (WTG) at 2 MW each WTG; and (b) the 13.2 MW Phase 2 (NWPP-2) consisting of six (6) WTGs at 2.2 MW each WTG. Three (3) of the NWPP-2 WTGs are already under testing and commissioning.

Nabas Wind Power Project-1 (NWPP-1)
On May 26, 2013, the DOE issued the Confirmation of Commerciality for the 36 MW NWPP-1, making it the third WESC to be declared commercially feasible. Construction of NWPP-1 started in December 2013 and was completed in the first half of 2015.

On June 16, 2015, the DOE released the COE for FIT Eligibility (COE-FIT), endorsing the official start of commercial operation to be June 10, 2015. On August 17, 2015, the ERC approved PWEI's COC for NWPP-1. This confirms the commercial operations date of the wind farm to be June 10, 2015.

NWPP-1 exported 96.38 GWh and 88.63 GWh electricity to the grid in 2024 and 2023, respectively.

Nabas Wind Power Project-2 (NWPP-2)

On May 13, 2020, the DOE formally awarded PWEI the Certificate of Confirmation of Commerciality (COCOC) for the planned 14-MW Nabas 2 Wind Power Project (Nabas 2). This signifies that NWPP-2 has been approved for construction as being commercially feasible.

In February 17, 2021, the DENR-EMB Region 6 issued the amended Environmental Compliance Certificate (ECC) to PWEI for NWPP-2, while the Forest Land Use Agreement (FLAg) has been signed by the DENR Central Office in January 04, 2022.

On June 24, 2022, PWEI's Nabas 2 was formally announced as the winning bidder for the 20-MW Visayas wind allocation of the DOE's Green Energy Auction Program (GEAP), for a 20-year offtake term. On September 28, 2022, the DOE issued to PWEI its Certificate of Award for the GEAP wind allocation.

On January 13, 2023, DENR signed Special Agreement for Protected Areas (SAPA) of Nabas 2. This agreement allows PWEI to develop Nabas 2 in the approved area for at least 25 years.

On April 24, 2023, PERC and EEIPC entered a SPA, where PERC agreed to purchase all of EEIPC's equity interests in PWEI (20%). The full payments for the EEIPC shares in PWEI were made on May 10, 2023.

Following completion of necessary grid connection facilities, PWEI energized initial three (3) turbines with capacity of 6.6 MW in April 2024. Construction of the remaining three (3) turbines to commence by Q1 2025.

As of December 31, 2024, NWPP-2 exported 18.24 GWh of electricity to the grid.

San Vicente Wind Hybrid Power Project (SVWHPP)
Wind Energy Service Contract (WESC) No. 2017-09-118

On November 11, 2019, the DOE officially awarded to PetroGreen the San Vicente, Palawan WESC. The WESC, effective October 9, 2019, vests PetroGreen with the rights and responsibilities to harness wind energy and develop and operate the corresponding renewable energy facility in the area. The proposed project is situated in the municipality of San Vicente, Palawan, approximately 130 km north of Puerto Princesa.

Activities for the meteorological mast installation program for the San Vicente Wind Hybrid Power Project (SVWHPP) have been put on-hold due to COVID-19-related travel restrictions. Nonetheless, PGEC has secured on May 07, 2020 a Certificate of Non-Coverage (CNC) from the Department of Environment and Natural Resources (DENR) for the mast installation. PGEC also secured a Special Land Use Permit (SLUP) from the DENR on March 09, 2021 for the mast installation in San Vicente.

In December 2020, PGEC's contractor was mobilized to San Vicente, Palawan to carry out the installation works for the 60-meter meteorological mast to be used for the wind measurement campaign of the SVWHPP. The said mast was commissioned and turned-over to PGEC in July, 2021.

The two-year wind measurement campaign, which began on July 2021, was completed by August 2023. On June 2023, PGEC submitted Distribution Impact Study (DIS) to Palawan Electric Cooperative (PALECO) for their evaluation and review.

While PGEC is exploring potential offtake options, it continues to implement its work program commitments (i.e. shortlisting of potential WTG suppliers and negotiation, potential partners and financial modelling).

(e) Offshore Wind

<u>Northern Mindoro Offshore Wind Power Project</u>
Wind Energy Service Contract (WESC) No. 2021-05-156

<u>Northern Luzon Offshore Wind Power Project</u>
Wind Energy Service Contract (WESC) No. 2021-06-160

<u>East Panay Offshore Wind Power Project</u>
Wind Energy Service Contract (WESC) No. 2021-10-183

In 2021, PGEC secured three (3) new Wind Energy Service Contracts (WESC) from the DOE covering three (3) offshore wind blocks, namely 1) Northern Luzon Offshore Wind Power Project or NLOWPP (located offshore of Ilocos Norte), 2) Northern Mindoro Offshore Wind Power Project or NMOWPP (located offshore of Batangas and Occidental Mindoro), and 3) Easy Panay Offshore Wind Power or Project or EPOWPP (located offshore of Iloilo).

These projects will be developed by PGEC alongside Danish energy firm Copenhagen Energy A/S (CE) through three Special Purpose Vehicles, namely; BuhaWind Energy Northern Luzon Corporation (BENLC), BuhaWind Energy Northern Mindoro Corporation (BENMC) and BuhaWind Energy East Panay Corporation (BEEPC), all duly incorporated in November 2022.

Following the formal notices from the DOE, service contracts covering the NLOWPP, NMOWPP and EPOWPP were assigned/ transferred to BENLC, BENMC and BEEPC on February 28, 2024, December 29, 2023 and December 27, 2023, respectively.

From 2022 to 2024, PGEC and CE proceeded with several feasibility studies for the three (3) offshore wind projects, namely 1) desktop wind and met-ocean resource studies, 2) power market study, and 3) desktop site characterization studies in preparation for detailed geophysical and geotechnical studies.

For NLOWPP, PGEC and CE commenced with additional pre-development studies, namely 1) initial environmental pre-scoping study conducted in October-November 2022, 2) Final System Impact Study (SIS) issued by NGCP in December 2024, 3) initial discussions with contractors for on-site wind measurement campaign with target commencement by Q2 2025 and 4) initial offshore wind port layout/ configuration submitted to the DOE in April 2024.

As of December 31, 2024, these entities are still in the pre-development stage and have not yet started their operations.

Products

The Group derives revenues from the sale of electricity generated from renewable energy resources and from its share in crude oil production.

Electricity sales contributed 81.52% of the total revenues as of December 31, 2024. These are from the electricity generated by MGPP-1, MGPP-2, TSPP-1, TSPP-2, NWPP-1, NWPP-2, DSPP and SJSPP.

Oil revenues are derived from PERC's share of producing offshore oil fields in Gabon, West Africa, which contributed 15.10% of the total revenues as of December 31, 2024.

Distribution Method

Electricity Sales

For MGPP-1 and MGPP-2 that started commercial operations on February 8, 2014 and April 30, 2018, respectively, all the energy exported is sold to ACEN Corporation (formerly PHINMA Energy Corporation), a retail electricity supplier (RES), through an electricity supply agreement (ESA).

For the TSPP-1, which started its commercial operations on February 10, 2016 and qualified for the Feed-in-Tariff (FIT) scheme, all energy is exported to the grid and is distributed to all end-users who are connected to the grid. The National Transmission Corp. (TransCo), as the FIT administrator, facilitates the payments to FIT-eligible plants, such as TSPP-1.

For the TSPP-2 that started WESM commercial operations on January 25, 2022, all the energy exported were sold to SN Aboitiz Magat, Inc and Shell Energy Philippines, Inc. in 2022 and 2023, respectively, a retail electricity supplier (RES), through a power supply agreement (PSA).

On September 20, 2023, TSPP-2 entered into a PSA with SEPH. Under this agreement, PetroSolar committed to supply and sell all power generated by $20MW_{DC}$ solar farm (TSPP-2) to SEPH from December 26, 2023 to December 25, 2026.

The NWPP-1 started its commercial operations on June 10, 2015 under the FIT scheme. All energy generated is exported to the grid and is distributed to all end-users who are connected to the grid. The National Transmission Corp. (TransCo), as the FIT administrator, facilitates the payments to FIT-eligible plants, such as NWPP-1.

Crude oil

The Consortium entered into a crude sales agreement with Glencore Energy UK Ltd. where a single buyer is committed to buy based on a pricing scheme that is benchmarked on Dated Brent. Dated Brent represents the value of physical crude oil trading for prompt delivery in the open spot market. With this type of agreement, the Consortium will be assured of its crude oil being purchased at a fixed pricing scheme.

Physical transfer of the oil was effected at the offshore production site from the Floating Production Storage and Offloading Vessel (FPSO) to the buyer's oil tanker. The FPSO was replaced by the FSO in October 2022, carrying out similar functions as the FPSO.

Competition

In the Company's RE business, there is a risk that bigger power producers, particularly those that operate coal power plants, may command lower prices and thus be preferred by potential offtakers over the electricity generation from power generating assets of the Company. To mitigate this risk, long-term contracts have been and will be secured for its RE power projects. MGI has secured a long-term Electricity Supply Agreement with PHINMA, now ACEN Corporation ensuring stable and predictable cash flows for the 20-year duration of the agreement. As for the TSPP-1 and NWPP-1, FIT rates of ₱8.69/kWh and P7.40/kWh, respectively, have been secured from the DOE, with the approval of the Energy Regulatory Commission (ERC). The new solar projects, such as the BSPP and LSPP-2 has assured offtake through the Green Energy Auction Program of the DOE. Both projects received Certificates of Award entitling them to a Green Energy Tarriff of ₱4.4045/kWh for a period of twenty years.

For the local oil industry, industry, companies form a consortium to explore certain areas due to high cost of exploration. Competition arises when 2 or more parties bid for a single block offered by the government and have to come up with the best program for exploration. Oil companies with local presence in the Philippines include: The Philodrill Corporation, ACEN Corporation formerly, PHINMA Energy, Forum Energy Philippines Corporation, PXP Energy Corporation, among others. The Company formed consortiums with these companies in some Philippine service contracts.

Sources and Availability of Raw Materials and Names of Principal Suppliers

The Company is not into manufacturing and has no need for raw materials for its business.

Dependence on a single customer or few customers

For the MGPP-1 and MGPP-2, Electricity Supply Agreements (ESAs) were signed with PHINMA, now ACEN Corporation, for a period of 20 years, wherein it will buy all of the energy exported for a fixed agreed price, re-priced every 5 years. These ESAs were later on amended on August 23, 2019 effecting, among others, the extension of the electricity supply period for both plants until June 25, 2039.

For the TSPP-1, consequent to the issuance of FIT COC in its favor, PSC entered into a REPA with the TransCo on April 6, 2016. Under the REPA, TransCo shall pay the FIT Rate for all metered generation of PSC-TSPP1 for a period of twenty (20) years from start of Commercial Operations.

On December 22, 2022, a Power Supply Agreement (PSA) was signed between PetroSolar and SN Aboitiz Power-Magat, Inc. (SNAP-MI). Under the PSA, PetroSolar agreed to supply and sell all power generated by TSPP-2 to SNAP-MI, on an energy-based and "as available" basis, from December 26, 2022 until December 25, 2023. On September 20, 2023, PetroSolar entered into a PSA with Shell Energy Philippines, Inc. (SEPH). Under this agreement, PetroSolar committed to supply and sell all power generated by TSPP-2 to SEPH from December 26, 2023 to December 25, 2026.

For the oil liftings, these are sold to a single buyer, Glencore Energy UK Ltd.

Transaction with and/or Dependence on Related Parties
Please see “Item 12” for discussion on Related Party transactions.

Summary of principal terms and expiration dates of all patents, trademarks, copyrights, licenses, franchises, concessions and royalty agreements
Aside from the Petroleum Properties and Renewable Energy Service Contracts discussed, there are no other patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements entered into by the Group as of December 31, 2024 and 2023.

Need for Government approvals of Principal Products
Oil industry in the Philippines is regulated by the policies and rules and regulations provided by government agencies like the Departments of Energy (DOE), Finance and Environment and Natural Resources. Moreover, generation and sale of electricity need prior approval from the Energy Regulatory Commission (ERC).

Effect of existing or probable governmental regulations and Costs and Effects of Compliance with Environmental Laws
For the Renewable Energy Projects, the Company conducted extensive studies to determine the environmental impact and possible mitigating actions to reduce, if not, eliminate potential threats to the environment connected with the power plant operations. In all the power plant sites, active coordination and consultation with local government units and other stakeholders are also being carefully observed.

For MGPP, the Environmental Compliance Certificate (ECC) was issued on August 10, 2010. For TSPP, the ECC was issued by the DENR-EMB Region III on August 4, 2015 and was amended on June 13, 2018, prompting the commencement of ground works on the solar park site and project development. For PWEI, the ECC for the 50 MW NWPP was released by the DENR Region 6 office in June 2012, as amended on March 29, 2021.

The ECCs, being a planning tool, guides the respective sites through the Pollution Control Officers (PCOs) in complying with the related environmental rules and regulations. Each power plant religiously implements its respective Environmental Management System to further improve and go beyond compliance in support of the sustainable development goals of the country. Thus, compliance with governmental regulations is embedded in the operations of all the RE projects.

Amount spent on research and development activities

A. Renewable Energy Research and Development
As of December 31, 2024, the group has Deferred development costs amounting to ₱328.20 million representing costs incurred for the prospective solar and wind power projects.

B. Oil Exploration and development – bulk of the additions to the Wells and Platforms Account (Note 11 of the Consolidated AFS) pertains to PERC’s share in the drilling program.

Total Number of Employees and Number of Full-Time Employees

As of December 31, 2024, there were 183 regular employees of the Group. The Group may hire employees in the next twelve (12) months due to increased volume of business, specifically for its renewable energy business.

Below is the break-down of regular employees of PERC and its subsidiaries:

PetroEnergy	17
PetroGreen	43
Maibarara	85
PetroSolar	10
PetroWind	20
Bugallon Green	1
Dagohoy Green	5
San Jose Green	2
Total Employees	183

Risk Factors

Risks Relating to Gabon and the Philippines

Political, Economic and Legal Risks in the Philippines
The Philippines has, from time to time, experienced military unrest, mass demonstrations, and similar occurrences, which have led to political instability. The country has also experienced periods of slow growth, high inflation and significant depreciation of the Peso. The regional economic crisis which started in 1997 negatively affected the Philippine economy resulting in the depreciation of the Peso, higher interest rates, increased unemployment, greater volatility and lower value of the stock market, lower credit rating of the country and the reduction of the country's foreign currency reserves. There have also been growing concerns about the unrestrained judicial intervention in major infrastructure project of the government.

There is no assurance that the political environment in the Philippines will be stable and that current or future governments will adopt economic policies conducive to sustained economic growth.

Continuous and peaceful operations in the project areas are dependent on the Company's good relationships with the host local government units. Presently, the Company's operating renewable energy projects are in the following provinces: Batangas for its geothermal energy project; Tarlac, for its first solar power projects; and Aklan for the wind energy projects. The new solar power projects that are expected to be operating soon are located in Bohol, Isabela, Nueva Ecija, and Pangasinan. The local governments in these areas—from the provincial, municipal and barangay levels—are supportive of these projects. Generally, local government endorsements and resolutions have not been a problem in these areas.

The Company's oil projects, on the other hand, are located in Palawan. Since these are oil exploration projects, getting local government support have been challenging.

To ensure that host local government units give their support and to mitigate the risk of their withdrawal of support of the Company's projects, the Company invests in corporate social responsibility projects (CSR). These CSR projects are geared towards providing long term and sustainable development to the communities within the host local government units, particularly in the areas of health, education, and livelihood. The Company likewise heavily invests in environmental protection and damage mitigation measures to ensure that the projects are environmentally sound and would benefit the host LGUs.

Political, Economic and Legal Risks in Gabon
Despite its internal problems, the State of Gabon is said to be politically stable by African standards. Gabon was led by President Omar Bongo, the continent's second longest-serving head of state, who has been in power since 1967 until his death in 2009. Through an election held soon after, his son, Ali-Ben Bongo Ondimba, succeeded him as President. Its political stability and ample natural resources have helped make Gabon a wealthy nation compared to the rest of Sub-Saharan Africa. It must be noted however that Gabon's wealth is not distributed equitably, and almost half of the population lives below the poverty line.

Gabon held a presidential election in August 2016, and the change in administration also introduced new fiscal terms that could likewise change and negatively impact the Company's business. A new Hydrocarbon Law, which took effect since 2014, introduces new fiscal terms for all upstream operators – which include increased government shares and royalties, decreased cost recovery, and the imposition of 35.0% income tax on profit oil – all of which would significantly work in favor of the Gabonese Government. The Consortium was, however, able to secure favorable concessions from the Gabonese Government, like the non-imposition of the 35% income tax on profit oil, which has now been permanently lifted for all upstream oil operators.

The oil industry is the key to Gabon's economy although the government is trying to distance itself from oil dependence and focus on non-oil businesses such as forestry products due to concerns over the life of the oil reserves.

The general political situation in and the state of economy of Gabon may thus influence the growth and profitability of the Company. Any future political or economic instability in Gabon may have a negative effect on the financial results of the Company.

Furthermore, the continuity of the Gabon Operations is dependent on the validity of the permits and licenses issued the Gabon Consortium. A stable regulatory environment that would allow unhampered operations in Gabon is crucial to the Company's continuous profitability.

Technical Risk
The petroleum exploration industry is a high risk, capital intensive and highly speculative industry. Risks in upstream petroleum exploration include 1) prospectivity of the concession area in terms if actually finding oil in commercial quantity, 2) varying oil prices and project economics, 3) joint venture structuring and key personnel management, among others. Finding oil in commercial quantity is highly dependent on appropriate geologic conditions for oil to accumulate, and be able to be extracted by drilling. Once commercial oil is found, one has to make capital expenditures in terms of field appraisal (determining the extent of the reserves) for proper field development. The Company mitigates this high degree of technical risk through the use of advanced and sophisticated tools, engagement of experienced consultants, and constant intensive discussion and information-sharing with joint venture partners.

From late 2016 onwards, much of the discussions of the Consortium have been over the economic life of the Etame Marin complex. To date, the Consortium believes that it has already recovered 50.00% of the estimated ultimate recoverable reserves, which means that production from the Gamba sand reservoir may soon start to decline as a natural consequence. The planned future drillings in the area are mostly from the deeper Dentale sands. These sands are not as well characterized as the Gamba, thus, putting uncertainty in its production. Two (2) wells are currently producing from these sands.

Moreover, there is not much area to produce the Gamba from within the Etame Marin Permit as some acreage has been relinquished to the government in 2012. There is also the current issue on production of sour gas (hydrogen sulfide gas) within the Gamba sands in the northern Ebouri production sector. Souring usually happens when extraction of oil has already reached deeper in the reservoir.

Souring of wells is a concern which may extend further to the other production fields as extraction continues. Currently, all wells that turned sour are kept shut since the facilities are not designed to handle the corrosive oil. Production from these sour wells may be realized either through installation of processing platforms or re-installation of sour-resistant pipes at the surface facilities. Both options entail high costs.

These risks are key considerations for the Consortium's on-going studies and discussions for the Integrated Field Development Plan (IFDP) for the remainder of the field life. The IFDP aims to 1) augment long-term production by strategic drilling program/s to near-field areas and deeper targets, 2) address the risk of souring by evaluating options for crude sweetening, and 3) optimize the crude handling capacity for more profitable crude sales.

Operational Risk
The production of crude oil may involve many risks such as breakdown of equipment, unexpected levels of output or efficiency, natural disasters, and the need to comply with further directions of the relevant government authority. Moreover, like most oil discovery areas, there are concerns over how long these reserves will last. Any of the foregoing circumstances could significantly reduce revenues or increase the cost of operating the contract area.

As the field matures, the existing wells age and become more prone to mechanical fatigue and failures. In case these wells fail, the Consortium conducts workover operations on these wells to repair these damages and restore lost crude production. These are budgeted and conducted at regular year intervals in anticipation of potential or unexpected failures for the existing wells.

The Consortium entered into a crude sales agreement with Glencore Energy UK Ltd. where a single buyer is committed to buy based on a pricing scheme that is benched mark on Dated Brent. With this type of agreement, the Consortium will be assured of its crude oil being purchased at a fixed pricing scheme. Aside from this, the Consortium also plans to balance its operating expenses and to increase oil production to ensure that revenues do not drop drastically as a result of low oil prices.

The Consortium is currently examining the most optimal drilling program to ensure maximum recoverable oil, while ensuring positive returns for the consortium members. This includes an optimal drilling program in which the Consortium could further extract as much of the Gamba and Dentale reservoirs and address the sour oil from the affected wells while keeping capital expenditures and operating expenses at manageable levels to hope for positive returns. These are all heavily dependent on the global oil price trends.

An equally crucial aspect of the IFDP is the efficiency of the storage and offtake facilities for the produced crude oil from the Etame Marin field. The FPSO contract with BW Offshore that owns the Petroleo Nautipa expired in September 2022 after operating since 2002. This vessel was only capable of handling ~700,000 bbls of crude and suffered various downtimes resulting in curtailed production. Continuous use of this FPSO presented an operational risk. There was, therefore, a need to switch to a new vessel that could handle ~1.1 MMbbls of crude that would help ensure that the field could handle and export more crude, while also reducing vessel-related downtimes and unhampered production. Thus, in August 2021, the Consortium entered into a Bareboat Charter Agreement and Operating Agreement with World Carrier Offshore Services Corporation (World Carrier) to provide and operate a Floating Storage and Offloading (FSO) unit at the Etame Marin field for up to eight (8) years with additional option periods available upon the expiration of the FPSO contract with BW Offshore. Throughout 2022, facility reconfiguration works were being conducted in parallel for the hook-up and commissioning of the new FSO vessel, Teli, which replaced the Petroleo Nautipa FPSO vessel in mid-October 2022. The FSO vessel is now operational and receiving crude from all Etame Marin platform wells. The two (2) old subsea wells – Etame-6H and Etame-7H – which were originally connected directly to the old Petroleo Nautipa FPSO, have been hooked-up to the FSO on December 30, 2022.

Risk of Venturing into Renewable Energy Projects
The following risks on the Group's ventures in geothermal, wind and solar energy developments may have significant effect in the Group's business, financial condition, and results of operations:

- Offtake risks or market risks;
- Breakdown or failure of power generation equipment, steam supply equipment, transmission lines, pipelines or other necessary equipment or processes, leading to unplanned outages and other operational issues;
- Flaws in the design of equipment or in the construction of an electric generation or steam supply plant;
- Problems with the quality and quantity of geothermal, wind, and solar resources;
- Material changes in law or in governmental permit requirements;
- Operator error;
- Performance below expected levels of output or efficiency;
- Labor disputes, work stoppages, and other industrial actions by employees affecting the projects directly;
- Pollution or environmental contamination affecting the operation of the plants;
- Planned and unplanned power outages due to maintenance, expansion and refurbishment;
- The inability to obtain required governmental permits and approvals including the FIT allocation;
- Opposition from local communities and special interest groups;
- Social unrest and terrorism;
- Engineering and environmental problems;
- Construction and operational delays, or unanticipated cost overruns;
- Force majeure and other catastrophic events such as fires, explosions, earthquakes, floods and acts of terrorism and war that could result in forced outages, personal injury, loss of life, severe damage or destruction of a plants and suspension of operations;
- Grid failure and
- Denial of Land Conversion Application with the Department of Agrarian Reform.

The group cannot assure that future occurrences of any of the events listed above or any other events of a similar or dissimilar nature would not significantly decrease or eliminate the expected revenues from any of its power or steam generating assets, or significantly increase the costs of operating any such assets.

The Group avoids or mitigates the operational risks through proper maintenance of machinery and equipment and by making sure that Operations and Maintenance (O&M) contracts with competent third-party service providers are always active and effective. The Group also ensures that the operating units would hire competent personnel. Design flaws are addressed by professional indemnity insurances that could cover losses from the same. Constant communication with regulators and maintenance of good relations with them help in planning ahead for any potential change in regulations or regulatory requirements. For the social aspects of the projects, the Group maintains a good Corporate Social Responsibility Program, with focus on health, education and livelihood programs, thus helping in achieving host community acceptance, and reduction of social unrest and terrorism. The Group also ensures that the operating units are adequately covered by sabotage and terrorism insurance policies.

Foreign Currency Risk
A portion of the Company's revenues are denominated in U.S. Dollars. However, the obligation and expenses of the local areas which do not contribute revenues to the Company are denominated in U.S. Dollars. In addition, a substantial portion of the Company's future capital expenditures in Gabon are denominated in currencies other than the Peso. During the last decade, the Philippine economy has from time-to-time experienced instances of devaluation of the Peso and limited availability of foreign exchange. Recurrence of these conditions may adversely affect the financial condition and results of operations of the Company. The Company does not

normally hedge its foreign currency exposures as it believes that it has sufficient revenues in U.S. Dollar and/or Philippine Peso, as the case may be, to answer for corresponding obligations.

Equity Partnership Risk
The Company has been participating in various oil exploration and development activities in Gabon and the Philippines with other parties. The Company is currently engaged in a production sharing contract with an equity share of 2.525% covering the Etame discovery block in the Atlantic shelf along with its Gabon Consortium partners. Such equity partnership requires the sharing in costs and revenues from the sale of the Etame crude oil. This situation may involve special risks associated with the possibility that the equity partner (i) may have economic or business interests or goals that are inconsistent with those of the Company; (ii) take actions contrary to the interests of the Company; (iii) be unable or unwilling to fulfill its obligations under the production sharing contract or sales contract; or (iv) experience financial difficulties. These conflicts may adversely affect the Company's operations. To date, the Company has not experienced any significant problems with respect to its equity partners.

In the Philippines, the Company, through its subsidiary, PetroGreen, partnered with different foreign and local companies. For MGI, the Company (65.00% through PetroGreen) partnered with PHINMA (25.00%) (PHINMA was acquired by the AC Energy, Inc. and has been renamed to ACEN Corporation or "ACEN") and PNOC RC (10.00%); in PWEI, the Company (40.00% through PetroGreen) partnered with EEIPC (20.00%) and CapAsia ASEAN Wind Holdings Cooperatief U.A. (40.00%) (CapAsia was later acquired by BCPG Public Company Ltd. and renamed to BCPC Wind Cooperatief U.A.); and for PSC, the Company (56.00%) partnered with EEIPC (44.00%), which shares were later on acquired by PERC.

In September 2022, PetroGreen, PetroEnergy and Kyuden International Corporation (KIC), a wholly-owned subsidiary of Japan's Kyushu Electric Power Co., Inc., executed the Subscription Agreement and Shareholders' Agreement. Pursuant to the said documents, PetroGreen will issue 712,251,720 shares in two tranches in favor of KIC equivalent to 25% ownership interest in PetroGreen upon completion of the conditions precedent for the transaction. On January 10, 2023, the date of "Second Closing", the remaining balance of the escrow account amounting to ₱1.63 billion was released and the stock certificate for the 349,006,880 subject shares was issued in favor of Kyuden. After the Second Closing on January 10, 2023, Kyuden already holds 25% ownership interest in PetroGreen.

This situation may involve special risks associated with the possibility that the equity partner (i) may have economic or business interests or goals that are inconsistent with those of the Company; (ii) take actions contrary to the interests of the Company; (iii) be unable or unwilling to fulfill its obligations under the production sharing contract or sales contract; or (iv) experience financial difficulties. These conflicts may adversely affect the Company's operations. Further to these, the Company continues to evaluate joint venture or partnership opportunities.

Cooperation among the joint venture and consortium partners on business decisions is crucial to the sound operation and financial success of these joint venture companies. Although the Company believes it maintains good relationships with its partners, there is no assurance that these relationships will be sustained in the future or that problems will not develop. For example, the Company's joint venture partners may be unable or unwilling to fulfill their obligations, take actions contrary to its policies or objectives, or may experience financial difficulties. If any of these events occur, the businesses of these joint ventures could be severely disrupted, which could have a material adverse effect on PERC's business, financial condition and results of operations.

In order to avoid or mitigate these risks, PERC employs care and prudence in its partner selection. The backgrounds of would be partners are heavily scrutinized; attention is given in knowing the personalities behind the potential partners, their culture, and their industry reputation. The shareholders' agreements or joint venture agreements contain penalty provisions in case a partner refuses or fails to fulfill its obligations. There are likewise exit mechanisms that could be utilized in case the relations among partners become sour.

In 2023, the Company decided to increase its foothold on its existing RE projects by acquiring from EEIPC the following equity interests: (a) additional 7.5% interest in PGEC that increased PERC's ownership over PGEC to 75%; (b) 20% interest in PWEI, thereby giving PERC and PGEC a combined 60% equity interest in PWEI; and (c) 44% in PSC. These acquisitions allow PERC to more effectively direct the operations of these companies and their respective projects.

Risks Relating to Change in Regulations
The Group is compliant with the laws, rules and regulations in the Philippines and Gabon that enable it to legally operate or participate in the energy projects it has invested in. In the same manner, the relevant permits, endorsements, clearances applicable to the respective energy projects which the Group has invested in have either been secured or are currently being processed. These permits are based on present rules, regulations and laws of the Philippines and Gabon. There is a risk that the Philippines and Gabon will change any rule, regulation and law that may affect the Group's and its projects' existing permits. To mitigate this risk, the Group constantly monitors the policy direction of both the governments of the Philippines and Gabon in order to anticipate any change in regulation that may affect the Group and its projects.

Risks relating to the Environment
The Group's projects involve energy exploration, development and utilization, which entail putting up of infrastructure, erection and installation of equipment and facilities, extraction and utilization of natural resources –all of which may involve temporary disturbances to the environment. To minimize and mitigate the risks involved in these temporary disturbances, the Group ensures that environmental risks (such as erosion and siltation) have been considered during the planning stage of the construction activities and thus the necessary mitigating measures and plans have been incorporated in the projects' environmental management plan. In the case of the NWPP, the PWEI installed slope protection measures to prevent erosion and degeneration of the land.

Risk from Natural Calamities
The Philippines is prone to natural calamities such as typhoons, floods, volcanic eruptions, earthquakes, mudslides, and droughts, and thus, the Company's operations and those of its subsidiaries and affiliates may be disrupted by the occurrence of such natural calamities and could thereby materially and adversely affect the Company's and its subsidiaries' and affiliate's ability to generate revenues. There is no assurance that the insurance coverage maintained by the Company and its subsidiaries and affiliates would adequately compensate them for all damages and economic losses resulting from natural calamities including possible business interruptions. To mitigate this, insurance policies are regularly reviewed and updated as necessary in accordance with industry standards. Furthermore, the Company and its subsidiaries and affiliates formulated emergency preparedness plans in order to lessen the impact of natural calamities to their respective operations.

Risk from the COVID-19 and Similar Pandemic
Manpower for operations may be affected due to state-imposed self-quarantine, partial lockdown, and curfew. To address this, the Company has devised an alternative working arrangement of work-from-home and skeletal workforce scheme for its employees. Business support units were equipped with appropriate protocols and digital tools to be able to support the operations unit and ensure unhampered business operations. Due to travel restrictions, scheduled power plant maintenance by third-party foreign suppliers may also be affected. In preparation for this, the Company has communicated with its Operations and Maintenance (O&M) providers to strengthen its remote support and provide contingencies. PERC has also ensured that the insurance coverage maintained for the Company, its subsidiaries and affiliates, would adequately compensate for any business interruptions. In addition, there is also the risk relating to compliance with regulatory permits and submissions due to changes in work schedule both in public and private sectors. As a response, PERC regularly monitors the advisories from relevant Government agencies to ensure that requirements are submitted on time.

Financial Risk Management Objectives and Policies
The Group's principal financial instruments include cash and cash equivalents, financial assets at FVTPL, receivables, restricted cash, loans payable, accounts payable, accrued expenses and dividends payable. The main purpose of these financial instruments is to fund the Group's working capital requirements.

The Group manages and maintains its own portfolio of financial instruments in order to fund its own operations and capital expenditures. Inherent in using these financial instruments are the following risks on liquidity, market and credit.

Please refer to the 2024 Consolidated AFS, Note 28 for the discussion of main financial risks arising from the Group's financial instruments.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may increase its debt from creditors, adjust the dividend payment to shareholders or issue new shares.

Based on the Group's assessment, the capital management objectives were met in 2024 and 2023.

Please refer to the 2024 Consolidated AFS, Note 20 for the discussion the Group's Capital Management.

Item 2 - Properties
The principal properties of the Group consist of various oil areas located in the Philippines and in Gabon, and renewable energy service contracts. Please refer to the *"Business of the Issuer"* for the details of the Production Sharing Contract in Gabon and Service Contracts in the Philippines.

Also, PERC owns a 714-square meter office unit located at 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City. The title of the Company over the property is clean and free from any lien and encumbrance.

The Group does not intend to acquire additional property in the next twelve (12) months.

Item 3 - Legal Proceedings

MGI has outstanding input VAT claims for refund with the BIR, Court of Tax Appeals (CTA) and Supreme Court (SC). The outstanding input VAT claims which are still pending with the CTA and SC amounted to ₱98.79 million as of December 31, 2024 and 2023, respectively.

Aside from the discussions above, The Group is neither a party to, nor is involved in, any litigation that affects or will affect its interests. It has neither any knowledge of any litigation, present or contemplated, against the Company.

There are no other pending legal proceedings to which the Group is a party or which any of its property is subject to.

Item 4 - Submission of Matters to a Vote of Security Holders
There were no matters that were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

<u>Item 5 - Market for Registrant's Common Equity and Related Stockholder Matters</u>

A) Market Price of and on Registrant's Common Equity and Related Stockholder Matters

1. Market Information

Stock Market Price and Dividend on Registrant's Common Equity (last 2 years)

Particulars	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		1st Quarter	June 3
	2024	2023	2024	2023	2024	2023	2024	2023	2025	2025
Par value	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00
High	Php4.95	Php4.86	Php4.60	Php5.10	Php4.30	Php4.77	Php3.90	Php5.00	Php3.84	Php4.39
Low	Php4.10	Php4.13	Php3.97	Php4.53	Php3.66	Php4.19	Php3.45	Php4.15	Php3.00	Php4.07
Volume	6.401MM	1.188MM	1.386MM	3.238MM	6.451MM	1.157MM	2.0MM	6.415MM	1.593MM	16,000 shares

2. Holders

As of May 31, 2025 the Company has 1,985 stockholders.
Hereunder is the list of the top 20 Stockholders (as of May 31, 2025):

	STOCKHOLDERS	SHARES	PERCENTAGE
1	PCD NOMINEE CORP - FILIPINO	526,329,994.00	92.547747
2	HOUSE OF INVESTMENTS, INC.	21,805,861.00	3.834255
3	PAN MALAYAN MANAGEMENT AND INVEST	5,377,079.00	0.945484
4	HYDEE MANAGEMENT & RESOURCE COR	1,880,779.00	0.330709
5	BAGUYO, DENNIS G.	1,698,888.00	0.298726
6	PCD NOMINEE CORP - NON FILIPINO	1,627,448.00	0.286164
7	YAN, LUCIO	355,468.00	0.062504
8	ONG PAC, SALLY C.	327,030.00	0.057504
9	R.P. LAND DEVELOPMENT CORP.	309,078.00	0.054347
10	TAN, JUANITA UY	300,781.00	0.052888
11	DAVID GO SECURITIES CORP.	277,949.00	0.048873
12	LEY, FELY	266,600.00	0.046878
13	MENDOZA, ALBERTO &/OR JEANIE C.	251,492.00	0.044221
14	CHEN HUA BI	213,280.00	0.037502
15	SOLAR SECURITIES, INC.	181,000.00	0.031826
16	PHIL. ASIA EQUITY SEC. INC. U-055	159,959.00	0.028127
17	ORIENTRADE SECURITIES, INC.	121,500.00	0.021364
18	UY-TIOCO, GEORGE	106,640.00	0.018751
19	ROQUE JR., GONZALO &/OR ERIC ROQUE	90,234.00	0.015866
20	CHAN, JUANITO &/OR SUSANA CO	88,865.00	0.015626
	Sub-Total	**561,769,925**	**98.78%**
	Others	6,941,917	1.22%
	Total	**568,711,842**	**100.00%**

Minimum Public Ownership
The Company is compliant with the required Minimum Public Ownership of at least 10% of the total issued and outstanding capital stock, as mandated by Section 3, Article XVIII of the Continuing Listing Requirements of the Listing and Disclosure Rules. As of December 31, 2024, the Company's public float was 37.09%.

1. **Dividends**
   In accordance with the Corporation Code of the Philippines, the Company intends to declare dividends (either in cash or stock or both) in the future. The shareholders of the Company are entitled to receive a proportionate share in cash dividends that may be declared by the Board of Directors out of surplus profits derived from the Company's operations. The same right exists with respect to a stock dividend, the declaration of which is subject to the approval of stockholders representing at least two-thirds (2/3) of the outstanding shares entitled to vote. The amount will depend on the Company's profits and its capital expenditure and investment requirements at the relevant time.

   Dividend declaration in two (2) most recent years

Date of Declaration	Dividends per Share		Record Date	Payment Date
	Cash	Stock		
November 29, 2023	5%	-	December 14, 2023	December 28, 2023
July 18, 2024	5%	-	August 8, 2024	August 30, 2024

2. **Recent Sale of Unregistered Securities**
   There was no sale of unregistered securities for the past three (3) years.

B) Description of Registrant`s Securities

1. Common Stock
   The details of the Company's capital stock are as follows:

	No. of shares	Amount
Authorized - 700 million shares at P1.00 par value		
Issued and outstanding	568,711,842	₱568,711,842

2. Debt Securities - Not Applicable
3. Stock Options - Not Applicable
4. Securities Subject to Redemption call – Not Applicable
5. Warrants – Not applicable
6. Market Information for Securities Other than Common Equity – Not Applicable
7. Other Securities – Not Applicable

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

1. Management's Discussion and Analysis (Amounts are in Philippine Peso (₱)

a. Consolidated Financial Position (As of December 31, 2024 and 2023)

	As of December 31 (Audited)		% Change	% in Total Assets
	2024	Restated 2023		
ASSETS				
Cash and cash equivalents	₱2,770,469,655	₱2,334,304,367	18.69%	11.86%
Short term investments	200,000,000	1,975,286,425	-89.87%	0.86%
Restricted cash	217,290,257	293,744,077	-26.03%	0.93%
Receivables	759,004,222	730,521,441	3.90%	3.25%
Financial assets at fair value through profit and loss (FVTPL)	6,144,437	6,958,720	-11.70%	0.03%
Crude oil inventory	49,440,029	13,676,052	261.51%	0.21%
Contract assets - current portion	161,320,397	127,134,899	26.89%	0.69%
Other current assets	434,581,875	232,238,237	87.13%	1.86%
Property and equipment-net	14,974,940,788	12,245,311,886	22.29%	64.10%
Deferred oil exploration cost	431,416,713	386,796,965	11.54%	1.85%
Intagible assets and goodwill	875,957,481	914,051,525	-4.17%	3.75%
Contract assets - noncurrent portion	675,168,269	609,572,499	10.76%	2.89%
Investment in a joint venture	2,882,000	2,882,000	0.00%	0.01%
Right of use of asset	302,353,808	322,894,463	-6.36%	1.29%
Deferred tax assets-net	8,182,787	18,349,138	-55.41%	0.04%
Investment properties-net	1,611,533	1,611,533	0.00%	0.01%
Other noncurrent assets	1,489,876,484	1,445,572,602	3.06%	6.38%
TOTAL ASSETS	**₱23,360,640,735**	**₱21,660,906,829**	7.85%	100.00%
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	899,967,148	798,052,764	12.77%	3.85%
Current portion of loans payable	1,263,628,373	3,699,707,830	-65.85%	5.41%
Lease liabilities-current	37,063,244	54,756,559	-32.31%	0.16%
Income tax payable	32,721,792	14,329,114	128.36%	0.14%
Loans payable - net of current portion	6,881,665,545	4,178,456,690	64.69%	29.46%
Lease liabilities - net of current portion	282,061,826	269,881,742	4.51%	1.21%
Asset retirement obligation	162,534,249	167,532,915	-2.98%	0.70%
Deferred tax laibilities	138,837,688	138,837,688	0.00%	0.59%
Other noncurrent liability	45,610,791	30,603,592	49.04%	0.20%
TOTAL LIABILITIES	**9,744,090,656**	**9,352,158,894**	4.19%	41.71%
EQUITY				
Attributable to equity holders of the Parent Company	8,069,731,218	7,473,426,939	7.98%	34.54%
Non-controlling interest	5,546,818,861	4,835,320,996	14.71%	23.74%
TOTAL EQUITY	**13,616,550,079**	**12,308,747,935**	10.62%	58.29%
TOTAL LIABILITIES AND EQUITY	**₱23,360,640,735**	**₱21,660,906,829**	7.85%	100.00%

Total assets amounted to ₱23.360 billion and ₱21.643 billion as of December 31, 2024, and December 31, 2023, respectively. Book value is at ₱14.19/share from P13.14/share.

Cash and cash equivalents consist of cash on hand, cash in banks and money market placements with original maturities of not more than three months. The 18.69% net increase from ₱2.334 billion as of December 31, 2023 to ₱2.770 billion as of December 31, 2024 is mainly due to the following:

- RGEC's receipt of Taisei's investment, net of payments relating to new solar projects;
- PGEC's conversion of short-term investments, on maturity date;
- DGEC's loan drawdowns, net of loan interest payments and progress billing payments for EPC contract;
- PWEI's receipt of insurance proceeds; and
- Collection of receivables from electricity sales of operating RE companies and receipt of proceeds from oil liftings, net of payments for Vaalco cash calls, working capital requirements, loan principal and interest requirements and cash dividend payout for the period.

Short term investments with maturities of more than three months decreased by 89.87% due to above-mentioned
conversion of short-term investments to cash and cash equivalents.

Restricted cash decreased as a result of timing difference between funding of PWEI's DSRA for Nabas 1's principal and interest payments and actual debt service.

The **Receivables** account mainly consists of receivables from electricity sales and lifting/sales of crude oil revenue. The 3.90% increase is primarily due to receivables from timewriting for services provided by PERC and PGEC employees for Offshore Wind (OSW) Projects, covering the period, July 2023 to December 2024.

Financial assets at fair value through profit and loss (FVPL) amounted to ₱6.144 million and ₱6.959 million as of December 31, 2024 and 2023, respectively. The decrease is due to average negative stock price movement of investment in stocks covering the period January 2024 to December 2024.

Crude oil inventory increased due to higher number of crude oil barrels lifted compared to production.

Contract assets – current and non-current portions pertain to PWEI's and PSC's receivables from TransCo on FIT arrears, which are currently recorded at net present values since these will be collected over five (5) years. PWEI's and PSC's collections started in 2021 and 2022, respectively. The increase for the current portion is due to the reclassification from non-current to current account. For noncurrent portion, increase is due to recording of additional FIT arrears and amortization of interest income using the adjusted FIT rates applied by TransCo for the period of January 1, 2024 – December 31, 2024, net of reclassification from non-current to current account.

Other current assets consist of supplies inventory, prepaid expenses, and other current assets. The bulk of the net increase of 87.23% is due to set-up of prepaid expenses for insurances for Nabas-2 project, ESEC's advance lease payments, and option fees to be amortized over the lease term.

Property, plant and equipment (PPE) amounted to ₱14.975 billion and ₱12.245 billion as of December 31, 2024 and December 31, 2023, respectively. The 22.29% net increase is mainly due to the purchase of solar modules for Dagohoy Solar Power Project (DSPP), progress billings for EPC contract for San Jose Solar Power Project (SJSPP) and additions to construction in progress on main balance of plant for Nabas-2 Wind Power Project, net of continuous depreciation of the Renewable Energy Power Plants, depletion of oil assets and other assets.

Deferred oil exploration cost increased by 11.54% due to the continuous development of the Gabon oil field.

Intangible assets and goodwill – *Goodwill from acquisition and consolidation of PWEI*
The Group's consolidated financial statements reflect the consolidation of PWEI after the completion of the acquisition of 20% equity interest from EEI Power Corporation effective May 10, 2023. This is in addition to the PERC's existing 40% ownership through PGEC. The Group accounts for the acquired business using the acquisition method, which requires extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets, liabilities and contingent liabilities, if any, at the acquisition date. Any excess in the purchase price over the fair market values of the net assets acquired is recorded as goodwill in the consolidated statement of financial position. Judgment used in estimating the fair values to be assigned to the acquiree's assets and liabilities can materially affect the Group's financial position and performance.

The bulk of **Intangible assets and goodwill** pertain to assets recognized as a result of the business combination of PWEI. The decrease in this account is a result of the amortization of customers relationship account for 2024.

Investment in a joint venture refers to the investment in three (3) BuhaWind Special Purpose Vehicle's (SPV) namely: BuhaWind Energy Northern Luzon Corporation, BuhaWind Energy Northern Mindoro Corporation and BuhaWind Energy East Panay Corporation.

Right of use of asset and lease liabilities – these resulted from the adoption of the new PFRS 16 – leases in 2019. Please refer to Note 14 of the Consolidated AFS. The 6.36% in Right of Use Asset decline pertains to the amortization of the account during the period.

Investment properties-net refers to land and parking lot space, with the cost remains the same as of December 31, 2024.

Other non-current assets amounted to ₱1.490 billion and ₱1.446 billion as of December 31, 2024 and December 31, 2023, respectively. The 3.06% net increase is mainly due to additions to deferred development costs related to the development and expansion of various renewable energy projects.

Accounts payable and accrued expenses increased by 12.77% mainly due to accruals of payables to contractors and suppliers.

Current portion of loans payable decreased by 65.85% due to conversion of short-term loan (STL) to long-term loan (LTL) and partial settlement of loans during the period.

Loans payable – net of current portion increased by 64.69% mainly due to the following:

- drawdowns to fund the development of DSPP and Nabas-2; and
- settlement of STL.

Lease liabilities – current net decrease of 32.31% is mainly due to annual payment of land lease for TSPP-1.

Lease liabilities – net of current portion increased mainly due to the interest recognized during the period.

The increase in **Income tax payable** account mainly pertains to additional set-up of provision during the period.

Asset retirement obligation amounted to ₱162.534 million and ₱167.533 million as of December 31, 2024 and December 31, 2023, respectively. The 2.98% decrease mainly pertains to foreign exchange adjustments during the period.

Other non-current liability pertains to the Group's accrued retirement liability account.

Equity attributable to equity holders of the Parent Company amounted to ₱8.070 billion or ₱14.19 book value per share and ₱7.473 billion or ₱13.14 book value per share, as of December 31, 2024 and December 31, 2023, respectively. The increase in total Equity is mainly due to the continuous income generation from the renewable energy and oil operations.

Non-controlling interest (NCI) pertains to the following:

- 25% share of Kyuden in PetroGreen as of December 31, 2024 and December 31, 2023;
- 25% direct share of AC Energy, the 10% direct share of PNOC-RC, and 16.25% (25% of the 65% of PGEC) indirect share of Kyuden in MGI as of December 31, 2024 and December 31, 2023;
- 14% (25% of 56% share of PGEC) total indirect share of Kyuden in PSC as of December 31, 2024 and December 31, 2023;
- 40% direct share of BCPG in PWEI as December 31, 2024 and December 31, 2023; and
- 25% direct share of Taisei in RGEC as of December 31, 2024 and nil in December 31, 2023.

Non-controlling interest increased by 14.71% from ₱4.835 billion on December 31, 2023 to ₱5.547 to December 31, 2024 billion due to PERC's acquisition of EEIPC's ownership interests in PetroGreen, PetroWind and PetroSolar and Taisei's investment in RGEC in May 2024.

b. Consolidated Results of Operation (As of December 31, 2024, 2023 and 2022)

	Years Ended December 31 (Audited)			% Change 2024 vs. 2023	% in Total Revenues 2024
	2024	Restated 2023	2022		
REVENUES					
Electricity sales	₱2,810,666,553	₱2,326,772,267	₱1,695,931,748	20.80%	81.52%
Oil revenues	520,426,862	623,038,856	726,054,534	-16.47%	15.10%
Other revenues	116,543,194	62,662,074	129,112,773	85.99%	3.38%
	3,447,636,609	3,012,473,197	2,551,099,055	14.45%	100.00%
COST OF SALES					
Cost of electricity sales	1,320,805,417	1,069,685,754	752,403,321	23.48%	38.31%
Oil production	326,298,188	315,347,519	355,336,217	3.47%	9.46%
Depletion	90,653,867	101,223,727	85,286,880	-10.44%	2.63%
Change in crude oil inventory	(35,763,976)	761,140	(1,820,516)	-4798.74%	-1.04%
Cost of sales - Others	106,655,356	60,776,865	127,388,501	75.49%	3.09%
	1,808,648,852	1,547,795,005	1,318,594,403	16.85%	52.46%
GROSS INCOME	1,638,987,757	1,464,678,192	1,232,504,652	11.90%	47.54%
GENERAL AND ADMINISTRATIVE EXPENSES	343,457,096	266,767,569	221,232,231	28.75%	9.96%
OTHER INCOME (CHARGES) - net					
Share in net income of a joint venture	-	50,738,697	81,512,921	-100.00%	0.00%
Interest income	191,203,364	225,839,685	51,154,475	-15.34%	5.55%
Net foreign exchange gains (loss)	3,798,132	(3,103,808)	12,377,485	-222.37%	0.11%
Net loss on fair value changes on financial assets at FVPL	(814,283)	(530,445)	(47,138)	53.51%	-0.02%
Accretion expense	(11,980,721)	(6,944,814)	(3,622,334)	72.51%	-0.35%
Net impairment reversal (loss)	(52,442,592)	(77,167,996)	11,299,369	-32.04%	-1.52%
Interest expense	(555,725,055)	(408,735,771)	(292,324,806)	35.96%	-16.12%
Miscellaneous income	124,260,971	61,036,999	30,047,518	103.58%	3.60%
Loss on remeasurement on previously held interest	-	(514,326,209)	-	100.00%	0.00%
	(301,700,184)	(673,193,662)	(109,602,510)	-55.18%	-8.75%
NET INCOME BEFORE INCOME TAX	993,830,477	524,716,961	901,669,911	89.40%	28.83%
Provision for (benefit from) income tax	112,417,756	58,898,292	38,592,892	90.87%	3.26%
NET INCOME	**₱881,412,721**	**₱465,818,669**	**₱863,077,019**	89.22%	25.57%
NET INCOME ATTRIBUTABLE TO:					
Equity holders of the Parent Company	471,809,019	156,880,236	548,523,238	200.74%	13.68%
Minority interest	409,603,702	308,938,433	314,553,781	32.58%	11.88%
NET INCOME	**₱881,412,721**	**₱465,818,669**	**₱863,077,019**	89.22%	25.57%

The Group generated a consolidated net income and consolidated net income attributable to parent company amounting to ₱881.412 million and ₱471.809 million and ₱465.819 million and ₱156.880 million as of December 31, 2024 and 2023, respectively.

The increases in the above accounts are mainly due to the following:

- Loss on remeasurement in 2023 as a result of final Purchase Price Allocation (PPA) study conducted by a third-party which necessitated the restatement of the 2023 audited financial statements (AFS);
- Full year consolidation of PWEI's financials in 2024 compared to only eight (8) months in 2023 on account of PERC's direct acquisition of EEIPC's 20% equity interest in PWEI in May 2023
- PWEI's receipt of insurance proceeds for Business Interruption and Material Damage relating to WTG2 lightning strike incident; and
- Testing and commissioning generation of Nabas-2's first three (3) WTGs and SJGEC starting April 4, 2024, November 12, 2024 and December 21, 2024, respectively.

The positive impact of PWEI's consolidation of revenues is, however, partly reduced by the following:

- PERC's decline in oil revenues due to lower crude oil production and prices; and
- PSC's lower revenues as a result of reduced average effective rate in 2023.

Revenues:

Electricity sales refer to the electricity power generation from MGPP, TSPP and NWPP. The 20.80% net increase in 2024 versus same period last year is due to testing and commissioning revenues of Nabas-2's first three (3) WTGs, DGEC and SJGEC.

Oil revenues decreased by 16.47% from ₱623.039 million as of December 31, 2023 to ₱520.427 million in December 31, 2024 mainly due to lower crude oil production barrels from average 506Kbbl to 453Kbbl and decline in crude oil price from average US$82.86/bbl to US$80.05/bbl from 2023 to 2024, respectively.

Other revenues pertain to MGI's pass on Meralco wheeling, ancillary and transmission charges and Wholesale Electricity Spot Market (WESM) transactions and PGEC's set-up of revenue for the sale of asset, which is the installation of solar rooftop facility. The increase of 85.99% from ₱62.662 million to ₱116.543 million is mainly due to the one-time recording of revenue for the sale of asset and higher accruals of pass on charges made during the period.

Pass-on charges/costs are reflected in cost of sales-others to offset the amount recorded in other revenue account.

Costs and Expenses:

Cost of electricity sales pertain to the direct costs of generating electricity power including operating and maintenance costs (O&M) of all RE subsidiaries' power plants. The increase is mainly due to the consolidation of PWEI's financials, testing and commissioning activities of DGEC and SJGEC and MGI's increased non-cash expenses relating to the depreciation of additional capital assets.

Oil production operating expenses increased by 3.47% mainly due to adjustments in fuel and personnel costs to actualize based on actual Joint Venture Cost Statements, Vaalco's estimated expenditures per cash call paid.

Depletion decreased mainly due to reduced crude oil production of 5,440 Kbbls in December 2024, compared to 6,074 Kbbls in December 2023.

Any oil produced but not delivered is recognized as crude oil inventory valued at its current crude oil price (net realizable value). The movement in crude oil inventory is presented as **Change in crude oil inventory**.

General and administrative expenses, Other Income (Charges) and Provision for (Benefit from) Income Tax:

General and administrative expenses (G&A) increased by 28.75% primarily due DST on loan term loans with full year tenor in 2024 versus DST on short term loans with 90-day tenor in 2023. The said loans funded PERC's acquisition of EEPC's interest in RE.

Other income (charges) amounted to (₱301.700) million and (₱673.194) million as of December 31, 2024 and 2023, respectively. Below presents the itemized discussion of the changes in other income (charges) – net account.

- 100% decrease in **share in net income of a joint venture** refers to the reversal of PGEC's share in net income of PWEI, initially presented at 40% prior to actual consolidation for the period of May to December 2023;
- The decrease in **interest income** is primarily due to reduction in PGEC's fund investment in money market placements because funds are used for new renewable energy projects.
- **Net forex exchange gain (loss)** of ₱3.798 million and (₱3,104 million) for the years 2024 and 2023, respectively, are due to restatement of USD accounts to Peso;
- **Net loss on fair value changes in financial assetss at FVPL** the increased is due to average negative stock price movement of investment in stocks covering the period January 2024 to December 2024.
- increase in **accretion expense** is mainly due to change in asset retirement obligation estimates as a result of year-end audit.

- recognition of **net impairment loss** amounting to ₱52.443 million is due to decreased projected crude oil production for Integrated Full Field Development Plan (IFDP) wells, lower projected oil prices and increase in carrying values due to Etame reconfiguration project.
- bulk of the **interest expense** pertains to interest due on loans. The increase in interest expense of 35.96% from ₱408.736 million in 2023 to ₱555.725 million in 2024 is mainly due to full year consolidation of PWEI's financials in 2024 as compared to only eight (8) months in 2023 and recording of interest expense for the three (3) completed WTGs of Nabas-2 from April 2024 to December 2024. These are partially offset by reduction in RE subsidiaries' interest expense due to continuous loan principal repayments.
- increase in **miscellaneous income is** mainly due to higher time-writing income relating to offshore wind projects which cover the period July 2023 to December 2024 and receipt of PWEI's insurance claim for WTG2 lightning strike incident; and
- **Loss on remeasurement on previously held interest** is a result of the company valuation performed due to PERC's acquisition of EEIPC's interest in PWEI.

Provision for (benefit from) income tax:
Provision for income tax current pertains to the following:
- PSC's income tax – 5.00% special gross income tax under the PEZA incentives;
- MGI's 10% special corporate income tax rate, after the 7-year income tax holiday (for the MGPP-1), which ended last February 8, 2021, as part of its BOI incentives under RE Law;
- PWEI's 10% special corporate income tax rate since the 7-year income tax holiday of NWPP-1 has ended last June 9, 2022; and
- PERC's and PGEC's 2% minimum corporate income tax.

Net Income Attributable to Non-controlling interest (NCI) is computed using the following equity holdings as of December 31, 2024 and December 31, 2023:
- 25% share of Kyuden in PetroGreen as of December 31, 2024 and December 31, 2023;
- 25% direct share of AC Energy, 10% direct share of PNOC-RC as of December 31, 2024 and December 31, 2023, respectively;
- 14% (25% of 56% share of PGEC) total indirect share of Kyuden in PSC as of December 31, 2024 and December 31, 2023, respectively;
- 40% share of BCPG in PWEI as of December 31, 2024 and December 31, 2023; and
- 25% direct share of Taisei in RGEC as December 31, 2024.

e. Consolidated Financial Position (As of December 31, 2023 and 2022)

	As of December 31 (Audited) Restated 2023	2022	% Change	% in Total Assets
ASSETS				
Cash and cash equivalents	₱2,334,304,367	₱1,677,231,584	39.18%	10.78%
Short term investments	1,975,286,425	946,044,355	108.79%	9.12%
Restricted cash	293,744,077	2,063,387,986	-85.76%	1.36%
Receivables	730,521,441	452,192,649	61.55%	3.37%
Financial assets at fair value through profit and loss (FVTPL)	6,958,720	7,540,090	-7.71%	0.03%
Crude oil inventory	13,676,052	14,437,192	-5.27%	0.06%
Contract assets - current portion	127,134,899	21,949,016	479.23%	0.59%
Other current assets	232,238,237	165,279,803	40.51%	1.07%
Property and equipment-net	12,245,311,886	8,196,897,057	49.39%	56.53%
Deferred oil exploration cost	386,796,965	311,883,011	24.02%	1.79%
Intagible assets and goodwill	914,051,525	140,262,493	551.67%	4.22%
Contract assets - noncurrent portion	609,572,499	274,409,474	122.14%	2.81%
Investment in a joint venture	2,882,000	1,877,522,983	-99.85%	0.01%
Right of use of asset	322,894,463	342,614,655	-5.76%	1.49%
Deferred tax assets-net	18,349,138	10,927,929	67.91%	0.08%
Investment properties-net	1,611,533	1,611,533	0.00%	0.01%
Other noncurrent assets	1,445,572,602	315,620,289	358.01%	6.67%
TOTAL ASSETS	**₱21,660,906,829**	**₱16,819,812,099**	28.78%	100.00%
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	798,052,764	551,463,206	44.72%	3.68%
Current portion of loans payable	3,699,707,830	947,144,643	290.62%	17.08%
Lease liabilities-current	54,756,559	22,734,502	140.85%	0.25%
Income tax payable	14,329,114	5,995,154	139.01%	0.07%
Loans payable - net of current portion	4,178,456,690	2,530,784,409	65.11%	19.29%
Lease liabilities - net of current portion	269,881,742	306,059,838	-11.82%	1.25%
Asset retirement obligation	167,532,915	66,230,330	152.95%	0.77%
Deferred tax liabilities	138,837,688	-	0.00%	0.64%
Other noncurrent liability	30,603,592	12,077,639	153.39%	0.14%
TOTAL LIABILITIES	**9,352,158,894**	**4,442,489,721**	110.52%	43.18%
EQUITY				
Attributable to equity holders of the Parent Company	7,473,426,939	6,763,246,278	10.50%	34.50%
Non-controlling interest	4,835,320,996	3,963,021,100	22.01%	22.32%
Deposit for future stock subscription	-	1,651,055,000	100.00%	0.00%
TOTAL EQUITY	**12,308,747,935**	**12,377,322,378**	-0.55%	56.82%
TOTAL LIABILITIES AND EQUITY	**₱21,660,906,829**	**₱16,819,812,099**	28.78%	100.00%

Total assets amounted to ₱21.643 billion and ₱16.820 billion as of December 31, 2023 and December 31, 2022, respectively. Book value is at ₱13.14/share from P11.89/share. Starting September 2023 reporting, 100% of PWEI's financials are presented as part of PERC's consolidated financial statements.

Cash and cash equivalents consist of cash on hand, cash in banks and money market placements with original maturities of not more than three months. The 39.18% net increase from ₱1.677 billion as of December 31, 2022 to ₱2.334 billion as of December 31, 2023 is mainly due to the effect of consolidation of PWEI and collections from electricity sales, net of payments for loan principal, interest and working capital requirements for the period.

Short term investments with maturities of more than three months increased by 108.79% due to additional money market placements from the proceeds of the Second Final Closing of Kyuden International Corporation's (Kyuden) share subscription on January 10, 2023.

Restricted cash decreased as a result of release of the escrow funds relating to Kyuden share subscription. Restricted cash pertaining to subsidiaries' debt service payment and reserve account also decreased due to payment of principal loan amortization. In addition, the Parent Company's share in the escrow funds related to Etame Abandonment Fund has also been used for payment of FPSO decommissioning and Etame Field Asset Retirement Obligations.

The **Receivables** account mainly consists of receivables from electricity sales and lifting/sales of crude oil revenue. The 61.55% increase is mainly due to effect on consolidation of PWEI, PGEC's receivable from SPVs for pre-development expenditures and more barrels of crude oil lifted in 2023.

Financial assets at fair value through profit and loss (FVTPL) amounted to ₱6.959 million and ₱7.540 million as of December 31, 2023 and 2022, respectively. The market prices of the portfolio are maintained leaving only minimal changes in the account.

Crude oil inventory decreased due to lower number of barrels produced than the actual barrels lifted.

Contract Assets – current and non-current portions pertain to PSC's and PWEI's receivable from TransCo on FIT arrears, which is currently recorded at net present value since this will be collected over five (5) years. PSC's and PWEI's collections started in 2022 and 2020, respectively. The increases in current and noncurrent portions are mainly due to the effect of consolidation of PWEI's financials for the period and additional set-up of the FIT arrears adjustment for TSPP1 for the period.

Other current assets consist of supplies inventory, prepaid expenses, and other current assets. The bulk of the net increase of 40.51% is mainly due to the effect on consolidation of PWEI for the period, prepayments for insurance, real property taxes and business permits to be amortized over the year.

Property, plant and equipment (PPE) amounted to ₱12.245 billion and ₱8.197 billion as of December 31, 2023 and December 31, 2022, respectively. The 49.39% net increase is mainly due to the effect on consolidation of PWEI, net of continuous depreciation of the Renewable Energy Power Plants and other assets, and depletion of oil assets.

Deferred oil exploration cost increased by 24.02% resulting from the continuous development of the Gabon oil field.

Intangible assets and goodwill – *Goodwill from acquisition and consolidation of PWEI*
The Group's consolidated financial statements reflect the consolidation of PWEI after the completion of PERC's acquisition of EEIPC's 20% interest in PWEI effective May 10, 2023. This is in addition to the existing 40% ownership in PWEI through PGEC. The Group accounts for the acquired business using the acquisition method, which requires the extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any excess in the purchase price over the fair market values of the net assets acquired is recorded as goodwill in the consolidated statement of financial position. Judgment used in estimating the fair values to be assigned to the acquiree's assets and liabilities can materially affect the Group's financial position and performance.

The increase of 551.67% is due to the effect of consolidation of PWEI resulting in the recognition of customer relationship and goodwill from the excess of the acquisition cost over the fair value of net assets acquired.

Investment in a joint venture refers to investment in PWEI and three (3) incorporated special purpose vehicles namely: BuhaWind Energy Northern Luzon Corporation, BuhaWind Energy Northern Mindoro Corporation and BuhaWind Energy East Panay Corporation. Bulk of the 99.85% net decrease from ₱1.878 billion to ₱2.882 million is due to transfer of investment to controlling interest after PERC's acquisition of EEIPC's 20% interest in PWEI on May 10, 2023.

Right of use of asset and lease liabilities – these resulted from the first-time adoption of the new PFRS 16 – leases in 2019. Please refer to Note 13 of the Consolidated AFS. The 5.76% decrease in **Right of use of asset** pertains to the amortization of the account during the period.

Deferred tax assets – net is due to timing difference in recognizing temporary deductible expenses and temporary taxable revenues such as accrued profit share, accretion expenses, accrued retirement liability, provision for probable losses, unrealized gains or losses and change in crude oil inventory. As of December 31, 2023 and December 31, 2022, this amounted to -nil- and ₱10.928 million, respectively. The nil balance in 2023 is a result of the effect on consolidation of PWEI's financials for the period.

Investment properties-net account remains the same as of December 31, 2023.

Other non-current assets amounted to ₱1.446 billion and ₱315.620 million as of December 31, 2023 and December 31, 2022, respectively. The 358.01% net increase is mainly due to additions to deferred development costs account related to the exploration and effect of 100% PWEI's financials, development, production, and expansion of various renewable energy projects also contributed to the increase.

Accounts payable and accrued expenses increased by 44.72% mainly due to accruals of payables to contractors and suppliers.

Loans payable current and noncurrent portions increased by 290.62% and 65.11%, respectively due to additional loan for PetroWind (PWEI). On February 22, 2023, PWEI entered into ₱1.81 billion OLSA with DBP to finance the NWPP-2 project. The principal shall be payable in twenty-five (25) equal semi-annual installments in arrears to commence at the earlier of thirty-sixth (36^{th}) month from initial drawdown or six (6) months from COD until fully paid. The interest shall be for fixed two (2) years based on the higher of 2-year BVAL plus 1.0% p.a. or 6.25% p.a. determined at the time of drawdown subject to repricing.

Lease liabilities – current increased mainly due to the interest recognized during the period and reclassification from non-current account.

Lease liabilities – net of current portion decreased due to reclassification to current account which are due in six months.

The increase in the **Income tax payable** account is mainly pertains to additional set-up of provision during the period.

Asset retirement obligation amounted to ₱167.533 million and ₱66.230 million as of December 31, 2023 and December 31, 2022, respectively. The 152.95% increase mainly pertains to the effect of consolidation of PWEI and accretion made during the period.

Other non-current liabilities pertain to the Group's accrued retirement liability account.

Equity attributable to equity holders of the Parent Company amounted to ₱7.473 billion or ₱13.14 book value per share and ₱6.763 billion or ₱11.89 book value per share, as of December 31, 2023 and December 31, 2022, respectively. Changes in equity and equity attributable to PERC Parent are mainly due to consolidation of PWEI's financials in PERC's financial statements.

Non-controlling interest (NCI) pertains to the following:

- 25% share of Kyuden in PetroGreen as of December 31, 2023, 14.53% December 31, 2022;
- Nil share of EEIPC in PetroGreen as of December 31, 2023, 8,55% in December 2022;
- 25% direct share of AC Energy, the 10% direct share of PNOC-RC, and 16.25% (25% of the 65% of PGEC)
- total indirect share of Kyuden and EEIPC in MGI as of December 31, 2023;
- 14% (25% of 56% share of PGEC) total indirect share of Kyuden in PSC as of December 31,2023.and
- 40% direct share of BCPG in PWEI as of December 2023.

Non-controlling interest increased by 22.01% from ₱4.836 billion to ₱3.963 billion due to the acquisition of EEIPC's ownership interests in PetroGreen, PetroWind and PetroSolar.

Deposit for future stock subscription as of December 31, 2022 pertains to the balance of KIC's subscription amount after deducting the shares for the Initial Closing. This account will be converted into shares after the completion of the Second Final Closing on January 10, 2023.

d. Results of Operations (For the years ended December 31, 2023 and 2022)

	Years Ended December 31 (Audited)			% Change 2023 vs. 2022	% in Total Revenues 2023
	Restated 2023	2022	2021		
REVENUES					
Electricity sales	₱2,326,772,267	₱1,695,931,748	₱1,899,726,215	37.20%	77.24%
Oil revenues	623,038,856	726,054,534	461,246,131	-14.19%	20.68%
Other revenues	62,662,074	129,112,773	61,981,804	-51.47%	2.08%
	3,012,473,197	2,551,099,055	2,422,954,150	18.09%	100.00%
COST OF SALES					
Cost of electricity sales	1,069,685,754	752,403,321	760,968,319	42.17%	35.51%
Oil production	315,347,519	355,336,217	236,284,770	-11.25%	10.47%
Depletion	101,223,727	85,286,880	76,513,364	18.69%	3.36%
Change in crude oil inventory	761,140	(1,820,516)	22,473,648	-141.81%	0.03%
Cost of sales - Others	60,776,865	127,388,501	61,357,825	-52.29%	2.02%
	1,547,795,005	1,318,594,403	1,157,597,926	17.38%	51.38%
GROSS INCOME	1,464,678,192	1,232,504,652	1,265,356,224	18.84%	48.62%
GENERAL AND ADMINISTRATIVE EXPENSES	266,767,569	221,232,231	180,825,547	20.58%	8.86%
OTHER INCOME (CHARGES) - net					
Share in net income of a joint venture	50,738,697	81,512,921	100,127,158	-37.75%	1.68%
Interest income	225,839,685	51,154,475	12,913,159	341.49%	7.50%
Net foreign exchange gains (loss)	(3,103,807)	12,377,485	5,086,734	-125.08%	-0.10%
Net loss on fair value changes on financial assets at FVPL	(530,445)	(47,138)	55,641	1025.30%	-0.02%
Accretion expense	(6,944,814)	(3,622,334)	(3,478,294)	91.72%	-0.23%
Net impairment reversal (loss)	(77,167,996)	11,299,369	(164,323,294)	-782.94%	-2.56%
Interest expense	(408,735,771)	(292,324,806)	(333,375,545)	39.82%	-13.57%
Miscellaneous income	61,036,999	30,047,518	18,416,546	103.13%	2.03%
Loss on remeasurement on previously held interest	(514,326,209)	-	-	100.00%	-17.07%
	(673,193,661)	(109,602,510)	(364,577,895)	514.21%	-22.35%
NET INCOME BEFORE INCOME TAX	524,716,962	901,669,911	719,952,782	-41.81%	17.42%
Provision for (benefit from) income tax	58,898,292	38,592,892	54,480,634	52.61%	1.96%
NET INCOME	**₱465,818,670**	**₱863,077,019**	**₱665,472,148**	-46.03%	15.46%
NET INCOME ATTRIBUTABLE TO:					
Equity holders of the Parent Company	156,880,237	548,523,238	325,461,592	-71.40%	5.21%
Minority interest	308,938,433	314,553,781	340,010,556	-1.79%	10.26%
NET INCOME	**₱465,818,670**	**₱863,077,019**	**₱665,472,148**	-46.03%	15.46%

The Group generated a **consolidated net income** and consolidated net income attributable to equity holders amounting to ₱465.819 million and ₱156.880 million; and ₱863.077 million and ₱548.523 million as of December 31, 2023 and 2022, respectively.

The favorable financial performance of the Group is mainly due to the following:

- MGI's full plant operations as of December 2023 as compared to the same period last year when MGI had a major plant preventive maintenance shutdown in February 2022;
- Consolidation of PWEI's financials into PERC's and PGEC's respective financials due to acquisition of EEIPC's share in PWEI; and
- interest income from short term investments

Revenues:

Electricity sales refer to the electricity power generation from MGPP, TSPP and NWPP. The 37.20% net increase in 2023 versus same period last year is due to the effect on consolidation of PWEI and MGI's higher generation as a result of hook-up of MB-18D to the system on November 10, 2022.

Oil revenues decreased by 14.19% from ₱726.055 million as of December 31, 2023 to ₱623.039 million in December 31, 2022 mainly due to the decline in crude oil price from average US$102.20/bbl in 2022 to average US$84.12/bbl in 2023.

Other revenues and Cost of sales- thers pertain to passed on Meralco wheeling, ancillary and transmission charges and Wholesale Electricity Spot Market (WESM) transactions. The decrease of 51.47% in **Other revenues** from ₱129.113 million to ₱62.662 million is mainly due to lower pass-on wheeling charges as a result of MERALCO's rationalization program and decrease in ACEN's WESM purchase settlement transactions.

Pass-on charges/costs are reflected in cost of sales-others to offset and close the amount recorded in other revenues account.

Costs and Expenses:

Cost of electricity sales pertain to the direct costs of generating electricity power including operating and maintenance costs (O&M) of all RE subsidiaries' power plants. The income is due to the effect on consolidation of PWEI's financials, MGI's fluid collection and reinjection system (FCRS), depreciation, and other costs directly attributed to producing electricity.

Oil production operating expenses decreased by 11.25%, primarily due to lower royalty expenses in the Gabon Etame Operations. This decline was caused by reduced oil revenue related to lower crude oil prices.

Depletion increased mainly due to the higher number of barrels of 6,074Kbbls in December 2023 versus 5,752Kbbls in December 2022.

Any oil produced but not delivered is recognized as crude oil inventory valued at its current crude oil price (net realizable value). The movement in crude oil inventory is presented as **Change in crude oil inventory**.

General and administrative expenses, Other Income (Charges) and Provision for (Benefit from) Income Tax:

General and administrative expenses (G&A) increased by 20.58% mainly due to the effect of consolidation of PWEI's financials in PERC's FS and higher expenses incurred during the period related to documentary stamp taxes on loan availment and renewals.

Other income (charges) amounted to (₱673.194) million and (₱109.603) million as of December 31, 2023 and 2022, respectively. Below presents the itemized discussion of the changes in other income (charges) – net account.

- 37.75% net decrease in **share in net income of a joint venture** refers to the reversal of PGEC's share in net income of PWEI, initially presented at 40% prior to actual consolidation for the period of May 2023 to November 2023.
- **interest income** increased mainly due to the full year effect of the interest earned from time deposits, MMPs and savings account derived primarily from KIC's investment.
- Net forex gain (loss) of (₱3.104 million) and ₱12,377 million for the years 2023 and 2022, respectively are due to reinstatement of USD accounts to Peso;
- upturn movement in the market value of the investments in FVPL resulted from net unrealized gain of ₱0.047 million to unrealized gain of ₱0.530 million;
- change in **accretion expense** is mainly due to effect on consolidation of PWEI financials.
- recognition of **net impairment reversal (loss)** amounting to ₱77.168 million in 2023 is due to decreased projected production for Integrated Full Field Development Plan (IFDP) wells by 11.79MMBO, lower projected oil prices and increase in carrying value due to Etame reconfiguration project.
- bulk of the **interest expense** pertains to the interest due from loans. Increase in interest expense of 39.82% from ₱292.325 million to ₱408.736 million in 2022 and 2023, respectively, is mainly due to additional interest on new loans of PERC to fund the acquisition of EEIPC's interests in PWEI, PSC and PGEC and the effect on consolidation of 100% PWEI's interest on loan offset by the decline in subsidiaries' interest expense as a result of loan principal amortization;

- increase in **miscellaneous income** is mainly due to higher time-writing income charges relating to offshore wind projects which cover the period January 2020 to June 2023; and

- Loss on remeasurement on previously held interest amount refers to the valuation performed due to PERC's acquisition of EEIPC's interest in PWEI.

Provision for (benefit from) income tax:
Provision for income tax current pertains to the following:
- PSC's tax payable - 5.00% provision for income tax under the PEZA incentives;
- MGPP's, 10% tax rate, after the income tax holiday (for the M1), which ended last February 8, 2021, as part of its BOI incentives under RE Law;
- PWEI's 10% special corporate income tax rate since the 7- year income tax holiday of Nabas 1 has ended last June 9,2022; and
- 1.5% minimum corporate income tax due for PERC and PGEC

Net Income Attributable to Non-controlling interest (NCI) is computed using the following equity holdings as of December 31, 2023 and December 31, 2022:
- nil share of EEIPC in PetroGreen as of December 31, 2023; 10% as of December 31, 2022;
- 25% share of Kyuden in PetroGreen as of December 31, 2023, 14.53% in December 31, 2022;
- 25% direct share of AC Energy, the 10% direct share of PNOC-RC, and 16.25% (25% of the 65% of PGEC) total indirect share of Kyuden in MGI as of December 31, 2023;
- 14% (25% of 56% share of PGEC) total indirect share of Kyuden in PSC as of December 31,2023; and
- 40% share of BCPG in PWEI as of December 2023.

e. Consolidated Financial Position (As of December 31, 2022 and 2021)

Total assets amounted to ₱16.819 billion and ₱13.215 billion as of December 31, 2022 and December 31, 2021, respectively. Book value is at ₱11.89/share from ₱9.81/share.

Cash and cash equivalents consist of cash on hand, cash in banks and money market placements with original maturities of not more than three months. The 35.07% net increase from ₱1.242 billion as of December 31, 2021 to ₱1.677 billion as of December 31, 2022 is mainly due to the proceeds from issuance of shares to Kyuden International Corporation (KIC).

Short term investments with maturities of more than three months and **Restricted cash** accounts likewise increased as a result of the investments of KIC. Bulk of the restricted cash pertains to the deposit for future stock subscription still under the escrow account as of December 31, 2022.

The **Receivables** account mainly consists of receivables from electricity sales and lifting/sales of crude oil revenue. The 15.16% increase is mainly due to higher outstanding receivables from electricity sales at the end of the year.

Financial assets at fair value through profit and loss (FVPL) amounted to ₱7.540 million and ₱7.587 million as of December 31, 2022 and 2021, respectively. The market prices of the portfolio are maintained leaving only minimal change in the account.

Crude oil inventory increased due to revaluation at a higher price of barrels left unsold during the period.

Contract Assets – current and non-current portion pertains to PSC's receivable from TransCo, pertaining to FIT arrears, which is currently recorded at net present value since this will be collected over five (5) years. PSC's collection started this year 2022. The increase is mainly due to additional set-up of the FIT arrears adjustment for the TSPP1 for the period.

Other current assets consist of supplies inventory, prepaid expenses, and other current assets. The bulk of the net decrease of 10.25% is mainly due to the withdrawal of SRO funds under escrow account. On April 18, 2022, the remaining SRO funds were withdrawn from the escrow account for the purpose of loan principal and interest payment.

Property, plant and equipment (PPE) amounted to ₱8.197 billion and ₱7.985 billion as of December 31, 2022 and December 31, 2021, respectively. The 2.65% net increase is mainly due to the following:

- additional 4 new wells in the Gabon Etame Field;
- net impairment reversal of the oil assets (refer to Note 11 and 12 of the Consolidated AFS)

Deferred oil exploration cost increased by 169.31% due to Etame Reconfiguration Project related to the switch from old Floating Production Storage and Offloading (FPSO) vessel to new Floating Storage and Offloading (FSO) vessel.

Investment in a joint venture refers to the remaining 40.00% shareholdings in PWEI. Bulk of the 8.22% net increase from ₱1.735 billion to ₱1.877 billion pertains to the Group's share in net income generated by PWEI during the period. The Group also made additional investment in three newly incorporated special purpose vehicles namely: BuhaWind Energy Northern Luzon Corporation, BuhaWind Energy Northern Mindoro Corporation and BuhaWind Energy East Panay Corporation. during the period amounting to ₱1.26 million.

Right of use of asset and lease Liabilities – these resulted from the first time adoption of the new PFRS 16 – leases in 2019. Please refer to Note 13 of the Consolidated AFS. The 5.68% decline pertains to the amortization of the account during the period.

Deferred tax assets – net occurs due to timing differences in recognizing temporary deductible expenses and temporary taxable revenues such as accrued profit share, accretion expenses, accrued retirement liability, provision for probable losses, unrealized gains or losses and change in crude oil inventory. As of December 31, 2022 and December 31, 2021, this amounted to ₱10.928 million and ₱12.460 million, respectively. The net decrease pertains to movements of the temporary deductible expenses and temporary taxable revenues during the period.

The Investment properties-net account remains the same as of December 31, 2022.

Other non-current assets amounted to ₱455.883 million and ₱368.875 million as of December 31, 2022 and December 31, 2021, respectively. The 23.59% net increase is mainly due to the additions to Deferred Development Cost related to the exploration, development, production and expansion of renewable energy projects

Accounts payable and accrued expenses increased by 47.04% mainly due to accruals of payables to contractors and suppliers.

Current portion of loan payable increased by 14.41% and Loans payable – net of current portion decreased by 21.76%, mainly because of reclassification of current portion and settlement of principal loans during the period.

Lease liabilities – current and non-current movement is mainly due to the reclassification of current portion for the period.

The decrease in the **Income tax payable** account mainly pertains to the start of TSPP2's tax holiday starting January 2022. The project, which was under the regular tax rate of 25% in previous year is now subject to 5% gross income tax under the PEZA rules.

Asset retirement obligation amounted to ₱66.230 million and ₱92.810 million as of December 31, 2022 and 2021, respectively. The 28.64% decrease resulted from changes in estimates made during the period.

Other non-current liabilities pertains to the Group's accrued retirement liability account, **net** decrease of 34.31% is mainly due to the change in demographic assumptions.

Equity attributable to equity holders of the Parent Company amounted to ₱6.763 billion or ₱11.89 book value per share and ₱5.577 billion or ₱9.81 book value per share, as of December 31, 2022 and December 31, 2021, respectively. The increase is mainly due to continuous income generation from the Renewable Energy Operations and Oil operations.

Non-controlling interest (NCI) pertains to the following:

- 8.55% share of EEI-PC in PetroGreen as of December 31, 2022; 10% as of December 31, 2021
- 14.53% share of KIC in PetroGreen as of December 31, 2022; nil in 2021

- 25% share of Trans-Asia, the 10% share of PNOC-RC, and 23% of the 65% share of EEI-PC (indirect) in MGI;
- 44% share of EEI-PC (direct) and 23% of 56% share (indirect) in PSC;

Non-controlling interest increased by 44.82% from ₱3.963 billion to ₱2.583 billion due to net income from RE projects.

Deposit for future stock subscription as of December 31, 2022 pertains to the balance of the KIC's subscription amount after deducting the subject shares for the Initial Closing. This account will be converted into shares after the completion of the Second Final Closing on January 10, 2023.

f. Results of Operations (For the years ended December 31, 2022 and 2021)

The Group generated a **consolidated net income** and consolidated net income attributable to equity holders amounting to ₱863.077 million and ₱548.523 million; and ₱665.472 million and ₱325.435 million as of December 31, 2022 and 2021, respectively.

The net increase in the Financial Performance of the Group is mainly due to the recovery of crude oil prices, continuous operations of the RE projects; decreasing interest expenses (due to the semi-annual settlement of principal instalment due).

Revenues:

Electricity sales refer to the electricity power generated by MGPP and TSPP. This totalled ₱1.696 billion as compared to last year's ₱1.899 billion. The net decline is mainly due to MGPP's one-month preventive maintenance shutdown of the power plant in February, 2022.

Oil revenues increased because of the recovery of crude oil price from average of US$69.90/bbl in 2021 to US$106.27/bbl in 2022.

Other revenues pertain to passed on Meralco wheeling and ancillary charges. The increase from ₱61.982 million to ₱129.112 million is mainly due to increase in ACEN's IEMOP purchase settlement transactions.

Costs and Expenses:

Costs of electricity sales pertain to the direct costs of generating electricity power including operating and maintenance costs (O&M) of power plant and fluid collection and reinjection system (FCRS), depreciation, and other costs directly attributed to producing electricity; and cost of the passed-on wheeling and ancillary charges. The 13.91% increase mainly pertains to the following:

- PSC's termination of the contracted services for the O&M, and set-up its organic O&M team, which resulted to lower expense during the period; and

- cessation MGI's payment of ancillary charges, beginning 3rd quarter of 2022.

The 50.38% % increase in **oil production expenses** is mainly resulted from variable expenses increase along with the upward movement of the crude oil prices.

Depletion increased mainly due to the additional depletable assets as a result of drilling of new wells.

Any oil produced but not delivered is recognized as crude oil inventory valued at its current crude oil price (net realizable value). The movement in crude oil inventory is presented as **Change in crude oil inventory**.

General and administrative expenses, Other Income (Charges) and Provision for (Benefit From) Income Tax:

General and administrative expenses (G&A) increased by 22.35% mainly due to the the easement of the travel restrictions brought about by the Covid 19 pandemic.

Other income (charges) amounted to (₱109.603) million and (₱364.578) million as of December 31, 2022 and 2021, respectively. Below presents the itemized discussion of the changes in other income (charges) – net account.

- 18.59% net decrease in **share in net income of a joint venture** due to PWEI's lower wind speed for the period.
- **interest income** increased mainly due to the short term investment and interest from KIC subscription funds.
- **net foreign exchange gain** increased mainly because of the conversion of the USD accounts to higher peso values.
- market prices from the stocks traded at the PSE declined resulting to turnaround of the **net unrealized losses from the fair value changes on financial assets at FVPL**.
- change in **accretion expense** is mainly due to amendment in estimates.
- recognition of **net impairment reversal** amounting to ₱11.299 million, due to reversal of Gabon impairment arising from the recovery of crude oil price. The impairment reversal is however partially offset by the impairment of West Linapacan Assets.
- bulk of the **interest expense** pertains to the interest due from loans. The 11.28% decrease in the account is attributed to lower principal loans resulting from annual amortization of principal loans, and
- increase in **miscellaneous income** mainly due to higher time-writing charges during the period.

Provision for (benefit from) income tax:
Provision for income tax current pertains to PSC's tax payable - 5.00% provision for income tax under the PEZA incentives and for MGPP, 10% tax rate, after the income tax holiday (for the M1), which ended last February 8, 2021, as part of its BOI incentives under RE Law.

Non-controlling interest (NCI) as of December 31, 2022 and 2021 pertains to the following:
- 8.55% share of EEI-PC in PetroGreen as of December 31, 2022; 10% as of December 31, 2021
- 14.53% share of KIC in PetroGreen as of December 31, 2022; nil in 2021
- 25% share of Trans-Asia, the 10% share of PNOC-RC, and 23% of the 65% share of EEI-PC (indirect) in MGI;
- 44% share of EEI-PC (direct) and 23% of 56% share (indirect) in PSC.

Key Performance Indicators (please see attached "Schedule of Financial Soundness Indicators")

2. Plan of Operations for the next 12 months

<u>Gabon, West Africa</u>
Crude production will continue from the existing wells as the Gabon Consortium is currently firming up the most feasible Integrated Field Development Plan (IFDP) to extract the remaining recoverable oil volumes.

<u>SC 14C2 - West Linapacan, Northwest Palawan</u>
Operator Philodrill will conduct further G&G activities to validate the feasibility of extracting the remaining recoverable volumes in West Linapacan.

<u>SC 75 - Offshore Northwest Palawan</u>
The SC 75 consortium will continue to coordinate with DOE for the resumption of exploration activities.

<u>Maibarara Geothermal Power Project</u>
Power generation from both Maibarara -1 and Maibarara-2 will continue.

<u>Nabas Wind Power Project</u>
The plant will be in continuous operation from the 18 WTGs comprising the project's Phase 1, while construction of the 6 WTGs for Phase 2 will commence.

<u>Tarlac Solar Power Project</u>
TSPP-1 and TSPP-2 will continue to supply electricity to the grid.

<u>Enrique T. Yuchengco Bldg. Rooftop Solar Power Project (ETY)</u>
The ETY rooftop solar facility will continue to supply electricity to the ETY building.

<u>Bugallon Solar Power Project</u>
PGEC will continue with site development works (installation of fence, tree cutting, land grading) while awaiting for DOE's approval of the assignment/ transfer of the service contract covering the Bugallon Solar Power Project.

Dagohoy Solar Power Project
Construction works for the solar farm and connection facilities will continue. Target completion would be in Q4 2024.

San Jose Solar Power Project (SJSPP)
Site development works to be completed followed by construction of the solar farm and connection facilities of SJSPP-1 while waiting for DOE's approval of the assignment/ transfer of the service contract covering SJSPP. Target completion of SJSPP-1 would be in Q4 2024.

Limbauan Solar Power Project (LSPP)
BKS to continue work program activities such as permitting, shortlisting of candidate solar farm and connections EPCs and site development.

San Vicente Wind Hybrid Power Project
PGEC will continue with initial feasibility studies for SVWHPP, consisting of: 1) Two-year wind measurement campaign, 2) LGU and regulatory permitting works, and 3) technical and economic feasibility works for a potential wind-hybrid system in San Vicente.

Offshore Wind Power Projects
PGEC and CE will continue with the pre-development Work Programs for the three (3) offshore wind blocks, namely 1) on-site wind measurement campaigns, 2) geophysical and geotechnical campaigns, 3) environmental permitting works, and 4) SIS applications for Northern Mindoro and East Panay blocks.

Material Commitments
Aside from the committed developments of the prospective projects, there are no other foreseen material commitments during the period.

Discussion of Indicators of the Company's Level of Performance

Productivity Program
The development of the prospective renewable energy projects will increase the Group's capacity and power generation, while the prospective four-well drilling program in Gabon Etame, aimed to sustain field production to above 20,000 BOPD.

Receivable Management
The group's receivables are mainly due from sale of electricity to ACEN and Transco and crude oil in Etame Gabon, through the consortium operator. These are being recorded once sale is made. Payment is received every 30-45 days following each sale.

For electricity sales form TSPP and NWPP, the payment for the Actual FIT Revenue is sourced from the FIT-All Fund, specifically the Actual FIT Differential (FD) and the Actual Cost Recovery Revenue (ACRR). The FD is the difference between the Actual FIT Revenue and the ACRR and is collected from on-grid consumers as a uniform charge and applied to all billed kilowatt-hours. For FIT-Eligible RE Plants connected to the Wholesale Electricity Spot Market ("WESM"), the ACRR refers to the WESM proceeds remitted to the FIT-All Fund by the Independent Electricity Market Operator of the Philippines, Inc. ("IEMOP"), which took over the Philippine Electricity Market Corporation ("PEMC") as operator of the electricity spot market. PWEI and PSC regularly receive the both the ACRR and FD components on time, which is 45 days after billing date.

PWEI and PSC manage this risk through proper and meticulous allocation of funds, proper timing of expenditures, employment of cost-cutting measures, and sourcing short-term funding requirements from local banks and investment houses or from affiliated companies.

For the twenty (20) years since oil production inception, there was no event that the buyer failed to remit the proceeds of the sale. However, the group is willing to look for another buyer should there be some problem that may happen in the future.

Liquidity Management
Management of liquidity requires a flow and stock perspective. Constraint such as political environment, taxation, foreign exchange, interest rates and other environmental factors can impose significant restrictions on firms in management of their financial liquidity.

The Group considers the above factors and pays special attention to its cash flow management. The Company identifies all its cash requirements for a certain period and invests unrestricted funds to money market placements to maximize interest earnings.

The Group does not anticipate any cash flow or liquidity problems within the next twelve (12) months. The Group is not in default of any, note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments.

Inventory Management
The only inventory is the crude oil produced in Gabon. The buyer lifts certain volume and pays the same in 30 days. The operator sees to it that crude oil inventory does not reach 800,000 barrels at any one time to avoid overflow and to generate revenues to cover production costs.

Cost Reduction Efforts
In order to reduce costs, the Group employs a total of one hundred sixty six (166) employees with multi-task assignments. The group also implements request for quotations to compare prices, quality of the products and services and negotiate the payment terms.

The Company's general and administrative expense is equivalent to 8.67% of the total revenue.

Rate of Return of Each Stockholder
The Company has no existing dividend policy. However, the Company intends to declare dividends in the future in accordance with the Corporation Code of the Philippines. Please see Part II, Item 5, 3. Dividends for the Dividend declared for two (2) most recent years.

<u>Item 7 - Financial Statements</u>
The 2023 Consolidated AFS of the Company are incorporated herein by reference. The schedules listed in the accompanying index to Supplementary Schedules are filed as part of this Form 17-A.

<u>Item 8 – Changes in and Disagreements with Accountants on Accounting and Financial Disclosures</u>

Information on Independent Auditor
The external auditor of the Corporation is the auditing firm SyCip Gorres Velayo & Co. (SGV). The same auditing firm has been endorsed by the Audit Committee to the Board. The Board, in turn, approved the endorsement and will nominate the reappointment of the said auditing firm for the stockholders' approval at the scheduled annual stockholders' meeting. The said auditing firm has accepted the Company's invitation to stand for re-election this year.

Audit services of SGV for the calendar year ended December 31, 2024 are the examination of the financial statements of the Company, review of income tax returns and other services related to filing of reports made with the Securities and Exchange Commission and Bureau of Internal Revenue.

Pursuant to SRC Rule 68 Paragraph 3 (b) (1V) (Re: Rotation of External Auditors), the Company has not engaged Ms. Wenda Lynn M. Loyola , partner of SGV & Co., for more than five (5) years. She was engaged by the Company for examination of the Company's 2024 financial statements.

The company is compliant with the Rotation requirement of its external auditor's certifying partner as required under SRC Rule 68 (3)(b) (1V). A two-year cooling off period shall be observed in the re-engagement of same signing partner or individual auditor.

Disagreements with Accountants on Accounting and Financial Disclosures
As of December 31, 2024, there are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures.

Audit and Other Related Fees
External audit fees (inclusive of VAT) of the Parent Company amounted to:

Particulars	2024	2023	2022
SGV - Audit and review of the registrant's annual financial statements and other services rendered in connection with filing of said financial statements with SEC and BIR.	₱2,298,604	₱1,884,960	₱1,478,400
SGV - Review of quarterly and annual summary of application of proceeds in stock rights offering	19,040	16,006	123,200
Ernts & Young - Filing of tax return to the Gabonese Government and other services	-	1,699,638	1,122,400
Total	₱2,317,644	₱3,600,604	₱2,724,000

PART III – CORPORATE GOVERNANCE

The Company's platform of corporate governance is anchored on its Manual on Corporate Governance (the "Manual"). The Manual has been updated to reflect the requirements stated in the Code of Corporate Governance for Publicly-Listed Companies (SEC Memorandum Circular No. 19, Series of 2016). The Manual institutionalizes the principles of good corporate governance in the entire organization. It also lays down the Company's compliance system and identifies the responsibilities of the Board and Management in relation to good corporate governance.

The Company believes that compliance with the principles of good corporate governance begins with the Board of Directors. It is the Board's duty and responsibility to foster the long-term success of the Company and secure its sustained competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interest of its shareholders and other stakeholders. With these in mind, the Company ensures that its Board of Directors is composed of individuals of proven competence, integrity, and probity. These individuals determine the Company's purposes, vision and mission, and strategies to carry out its objectives, ensure compliance with all relevant laws, regulations and codes of best business practices, adopt a system of internal checks and balances, and install a process of selection to ensure a mix of competent directors and officers.

The Board of Directors endeavors to substantially adhere to and comply with the principles and best practices contained in the Manual. The Company is adopting the Integrated Annual Corporate Governance Report, pursuant to the Code of Corporate Governance for Publicly-listed Companies (CG Code for PLCs), as an evaluation system for the company to measure or determine the level of compliance of the Board of Directors and top management with its Manual of Corporate Governance.

The Board of Directors including its officers likewise attended Corporate Governance seminars in compliance with the requirements of the Securities and Exchange Commission. In this regard, the Company's directors submitted their respective Certifications, as referred to in Annex **"D",** attesting their attendance and participation in required trainings and/or continuing education seminars for directors, to further support their qualification for directorship.

Further, the total corporate organization received copies of the Manual on Corporate Governance (Manual) duly approved by the Board of Directors.

The members of the Board, substantial shareholders, and officers are obligated to disclose all material facts related to RPTs, as well as their direct and indirect financial interest in any transaction or matter that may affect or is affecting the Company. Such disclosure shall be made at the Board and/or Audit Committee Meeting where the RPT will be presented for review and approval and before the completion or execution of the RPT. 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. No related party transactions were entered into by any Director in 2020 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.

Three (3) Independent Directors (namely, Mr. Cesar A. Buenaventura, Mr. Eliseo B. Santiago, and Ms. Maria Mercedes M. Corrales) sit on the Board. The Company adopts the definition of Independence in the Securities Regulation Code and the CG Code for PLCs, and considers as an independent director a person who is independent of Management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Company.
Based on the recommendations under the CG Code for PLCs, as adopted in the Manual, the Board organized the following committees:

- Audit Committee – which has the oversight capability over the Company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The Audit Committee shall likewise review all material-related party transactions and would thus exercise the functions of a Related Party Transaction Committee.

- Corporate Governance Committee – which shall be tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to the Nomination Committee and the Compensation and Remuneration Committee.

- Board Risk Oversight Committee – which shall have the oversight function over the Company's Enterprise Risk Management system, enabling the Board and Management to be in confident position to make well-performed decisions, having taken into consideration risks to significant business activities, plans, and opportunities.

Below are the Committees and their corresponding members:

Audit Committee		
Chairman	-	Mr. Cesar A. Buenaventura – Lead Independent Director
Members	-	Mr. Eliseo B. Santiago – Independent Director
		Ms. Helen Y. Dee – Non-Executive Director
Corporate Governance Committee		
Chairman	-	Mr. Carlos G. Dominguez – Independent Director
Members	-	Mr. Cesar A. Buenaventura – Lead Independent Director
		Mr. Eliseo B. Santiago – Independent Director
Board Risk Oversight Committee		
Chairman	-	Mr. Eliseo B. Santiago – Independent Director
Members	-	Mr. Cesar A. Buenaventura – Lead Independent Director
		Mr. Lorenzo V. Tan – Non-Executive Director

As part of corporate measures to ensure compliance with the principles and policies embodied in the Manual, the Board of Directors designated Atty. Louie Mark R. Limcolioc, as the Company's Compliance Officer (concurrent Assistant Corporate Secretary). Atty. Limcolioc is responsible for, among matters, determining and measuring compliance with the Manual; appearing before the Philippine SEC upon summons on matters relating to the Manual; identifying, monitoring, and controlling compliance with corporate governance matters; and recommending to the Board of Directors the review of the Manual. Atty. Limcolioc works closely with the Board of Directors, top management, and board committees to evaluate and monitor compliance with the Manual. Specifically, he determines the level of compliance and accordingly recommends the adoption of measures to improve such compliance. Likewise, the various board committees perform oversight duties and functions to ensure proper compliance with the Manual and other corporate policies. The Company also submits governance reports required by the Philippine SEC and the PSE to determine compliance with their rules and regulations, the Manual, and the Code of Corporate Governance. Pursuant to the CG Code for PLCs, the positions of the Corporate Secretary and Compliance Officer are no longer performed by the same person.

In line with the Company's aspirations for growth and development, the Company continues to work towards enhancing its adherence to the principles and best practices of good corporate governance.

Director Compensation Report

		Per Diem	Bonus	Other Compensation*	Total
Directors	**2020**	**392,105**	**-**	**5,282,093**	**5,674,198**
	2021	**347,953**	**-**	**5,267,664**	**5,615,617**
	2022	**579,825**	**-**	**5,917,291**	**6,497,116**
	2023	**639,474**	**-**	**9,561,082**	**10,200,556**
	2024	**1,272,222**	**-**	**9,182,451**	**10,454,693**
	2025 est	**1,000,000**	**-**	**8,348,069**	**9,348,069**

*Other compensation pertains to the Director's share in the profit share.

BOARD ATTENDANCE

The record of attendance of the Members of the Board in the Board of Directors' Meetings, Stockholders' Meeting, Organizational Meeting and Board and Audit Committee Meetings for the calendar year 2024.

PETROENERGY RESOURCES CORPORATION
ATTENDANCE FOR 2024 BOARD MEETINGS

BOARD OF DIRECTORS' MEETING	REGULAR	SPECIAL	SPECIAL	REGULAR	REGULAR	REGULAR	TOTAL	%
	21-Mar	15-Apr	15-May	18-Jul	26-Sep	28-Nov		
MS. HELEN Y. DEE	P	P	P	P	P	P	6	100
MS. MILAGROS V. REYES	P	P	P	P	P	P	6	100
MS. YVONNE S. YUCHENGCO	P	P	P	P	P	P	6	100
MR. CESAR A. BUENAVENTURA	P	P	P	P	P	P	6	100
MR. CARLOS G. DOMINGUEZ	P	P	P	P	P	P	6	100
MR. ELISEO B. SANTIAGO	P	P	P	P	P	P	6	100
MR. LORENZO V. TAN	P	P	P	P	P	P	6	100

AUDIT COMMITTEE MEETING	REGULAR	SPECIAL	SPECIAL	REGULAR	SPECIAL	REGULAR	SPECIAL	REGULAR	TOTAL	%
	21-Mar	15-Apr	15-May	18-Jul	12-Aug	26-Sep	08-Nov	28-Nov		
MS. HELEN Y. DEE	P	P	P	P	P	P	P	P	8	100
MR. CESAR A. BUENAVENTURA	P	P	P	P	P	P	P	P	8	100
MR. ELISEO B. SANTIAGO	P	P	P	P	P	P	P	P	8	100

CG MEETING	REGULAR	TOTAL	%
	14-Jun		
MS. HELEN Y. DEE	P	1	100
MR. CESAR A. BUENAVENTURA	P	1	100
MR. CARLOS G. DOMINGUEZ	P	1	100

ORGANIZATIONAL MEETING	REGULAR	TOTAL	%
	18-Jul		
MS. HELEN Y. DEE	P	1	100
MS. MILAGROS V. REYES	P	1	100
MS. YVONNE S. YUCHENGCO	P	1	100
MR. CESAR A. BUENAVENTURA	P	1	100
MR. CARLOS G. DOMINGUEZ	P	1	100
MR. ELISEO B. SANTIAGO	P	1	100
MR. LORENZO V. TAN	P	1	100

STOCKHOLDERS' MEETING	REGULAR	TOTAL	%
	18-Jul		
MS. HELEN Y. DEE	P	1	100
MS. MILAGROS V. REYES	P	1	100
MS. YVONNE S. YUCHENGCO	P	1	100
MR. CESAR A. BUENAVENTURA	P	1	100
MR. CARLOS G. DOMINGUEZ	P	1	100
MR. ELISEO B. SANTIAGO	P	1	100
MR. LORENZO V. TAN	P	1	100

LEGEND: P-Present
A-Absent

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

SECRETARY'S CERTIFICATE

I, **SAMUEL V. TORRES,** Corporate Secretary of **PETROENERGY RESOURCES CORPORATION** ("Corporation"), with office address at 4th Floor, Grepalife Building, 221 Sen. Gil J. Puyat Avenue, Makati City, do hereby certify that:

1. I am duly elected Corporate Secretary of **PETROENERGY RESOURCES CORPORATION** ("the Corporation"), a corporation and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City.

2. I hereby certify that to the best of my knowledge none of the nominated Directors of the Corporation works or connected with Government of the Republic of the Philippines.

IN WITNESS WHEREOF, I have hereunto set my hand this June 10, 2025 in Pasig City, Metro Manila, Philippines

SAMUEL V. TORRES
Corporate Secretary

SUBSCRIBED AND SWORN to before me this June 10, 2025, affiant exhibiting to me his Passport bearing number P2022842C, valid until 13 October 2032 and issued in DFA Manila, as competent evidence of his identity.

Doc. No: 251;
Page No. 52;
Book No. VI;
Series of 2025.
/mdr

ATTY. MARIA CARMELA D. HAUTEA
NOTARY PUBLIC
PASIG
SAN JUAN
PATEROS
PHILS.
ROLL NO. 66585

MARIA CARMELA D. HAUTEA
Appointment Number 182 (2025-2026)
Notary Public for the City of Pasig
and the Municipality of Pateros
Commission Expires on December 31, 2026
7F, JMT Bldg., ADB Ave., Ortigas Center, Pasig City
Roll of Attorneys No. 66585
MCLE Compliance No. VII-0016267
IBP No. 491450/01-01-2025/RSM
PTR No. 03041435AA/01-09-2025/Pasig City

ANNEX "A"

PETROENERGY RESOURCES CORPORATION
Procedures and Requirements for Voting and Participation in the 2025 Annual Stockholders' Meeting

PetroEnergy Resources Corporation (the "Company") will dispense with the physical attendance of its stockholders for the 2025 Annual Stockholders' Meeting (ASM). Instead, the Company will conduct the 2025 ASM scheduled on July 17, 2025 at 4:00 p.m. by remote communication and will conduct electronic voting in absentia.

Only stockholders of record as of **May 16, 2025** are entitled to participate and vote in the 2025 ASM.

The Company has adopted the following procedures and requirements to enable its stockholders to participate and vote in the 2025 ASM:

I. ONLINE REGISTRATION STEPS AND REQUIREMENTS

A. Stockholders may register **from 9:00 AM of July 10, 2025 until 5:00 PM of July 14, 2025** to signify his/her/its intention to participate in the 2025 ASM by remote communication. The registration steps and requirements are available through the following link: PERC 2025 ASM Registration

B. To register, stockholders shall submit the following requirements to the Office of the Corporate Secretary via email at corpaffairs@petroenergy.com.ph:

B.1. **For Individual Stockholders:**
- (i) Scanned valid government issued identification card;
- (ii) Valid email address and active contact number;

B.2. **For Stockholders with Joint Accounts:**
- (i) Authorization letter signed by all stockholders indicating the name of the person authorized to cast the votes;
- (ii) Valid email address and active contact number of the authorized stockholder;
- (iii) Scanned copy of valid government-issued identification card of the authorized stockholder;

B.3. **For Stockholders under PCD Participant/Brokers Account or holding 'Scripless Shares':**
- (i) Broker's Certification on the stockholder's number of shareholdings;
- (ii) Valid email address and active contact number of the stockholder;
- (iii) Scanned copy of valid government-issued identification card of stockholder; and

B.4. **For Corporate Stockholders:**
- (i) Secretary's Certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder;
- (ii) Valid email address and active contact number of authorized representative; and
- (iii) Valid government-issued identification card of authorized representative.

C. The documents submitted will then be verified by the Office of the Corporate Secretary with the assistance of the Stock Transfer Agent. The validation process will be completed by the Company no later than three (3) business days from the stockholder's receipt of an email from the Company acknowledging receipt of the stockholder's registration documents. Once validated, the stockholder will receive an email that his/her/its account has been verified and shall be provided instructions for the stockholder's access to the Company's electronic voting and to access the ASM livestreaming link.

II. ELECTRONIC VOTING IN ABSENTIA

A. Duly registered stockholders have the option to vote for the matters contained in the agenda for the 2025 ASM through electronic voting in absentia. The deadline for registration is 5:00 PM of July 14, 2025. Beyond this date, stockholders may no longer avail of the option to electronically vote in absentia.

B. After verification, the Company shall send a ballot to the registered stockholder through his/her/its e-mail address which shall contain all the agenda items for approval as indicated in the Notice of Meeting and the registered stockholder may vote as follows:

(1) For items other than Election of Directors, the registered stockholder has the option to vote: In Favor of, Against, or Abstain. The vote is considered cast for all the registered stockholder's shares.
(2) 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 total number of votes the stockholder is allowed to cast shall be based on the number of shares he/she or it owns.
(3) Once voting on the agenda items is finished, the stockholder can proceed to submit the accomplished ballot via email to corpaffairs@petroenergy.com.ph.
(4) After the ballot has been submitted, the stockholder may no longer change his/her vote. The stockholder will receive a confirmation email that his/her/its vote has been recorded.

C. Thereafter, the Office of the Corporate Secretary and the Transfer Agent, shall tabulate all valid and confirmed votes cast through electronic voting, together with the votes through proxies.

D. Registered stockholders shall have until 5:00 PM of July 14, 2025 to cast their votes in absentia. Stockholders will not be allowed to cast votes during the livestream of the 2025 ASM.

III. VOTING BY PROXY

A. For individual stockholders holding certificated shares of the Company – Download the proxy form that is available at https://petroenergy.com.ph/ir-contact.

B. For stockholders holding 'scripless' shares, or shares held under a PCD Participant/Broker – Download the proxy form that is available at https://petroenergy.com.ph/ir-contact. Stockholders are advised to coordinate with their brokers first for the execution of this type of proxy.

C. For corporate stockholders - Download the proxy form that is available at https://petroenergy.com.ph/ir-contact. A copy of the duly signed and notarized Secretary's Certificate must be submitted together with the proxy form.

D. General Instructions on Voting by Proxy:

(1) Download and fill up the appropriate proxy form. Follow the instructions on how to cumulate or allocate votes in the election of directors.
(2) Send the scanned copy of the duly executed proxy form via email to corporate secretary via corpaffairs@petroenergy.com.ph or submit the original proxy form to the Office of the Corporate Secretary at 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City.
(3) Deadline for the submission of proxies is at 5:00 PM of July 14, 2025.
(4) Validation of proxies will be on July 14, 2025.
(5) If a stockholder avails of the option to cast his/her vote electronically in absentia and also issues proxy votes with differing instructions, the duly accomplished ballots sent through e-mail shall replace the proxy votes issued by the stockholder.

IV. PARTICIPATION BY REMOTE COMMUNICATION

A. Only duly registered stockholders will be included in determining the existence of a quorum.
B. Duly registered stockholders may send their questions and/or comments prior to the ASM through email at corpaffairs@petroenergy.com.ph. The deadline for submitting questions shall be at **5:00 PM of July 14, 2025.**
C. The proceedings during the 2025 ASM will be recorded. For any clarifications, please contact the Office of the Corporate Secretary via email at corpaffairs@petroenergy.com.ph.

ANNEX "B"

SAMPLE ONLY
PROXY PETROENERGY RESOURCES CORPORATION
2025 STOCKHOLDERS' MEETING

I/WE hereby name and appoint, ______________________________, or in her absence, the Chairman of the meeting, as my/our proxy at the annual stockholders' meeting of **PETROENERGY RESOURCES CORPORATION ("PERC")** to be held on **July 17, 2025** and/or at any postponement or adjournment thereof, and/or any annual stockholders' meeting of PERC, which appointment shall not exceed five (5) years from date hereof.

In particular, I hereby direct my said proxy to vote all my shares on the agenda items set forth below as I have expressly indicated by marking the same with an "X".

Item No.	Subject	Action		
		For	Against	Abstain
I.	Approval of the Minutes of the Annual Meeting held on July 18, 2024			
II.	Approval of Management Report and the 2024 Audited Financial Statements contained in the 2024 Annual Report			
III.	Confirmation and Ratification of all acts, contracts and investment made and entered during the period July 18, 2024 to July 17, 2025			
IV.	Amendment of the Seventh Article of the Articles of Incorporation			
V.	Election of Directors for the year 2025-2026			
	1. Helen Y. Dee			
	2. Milagros V. Reyes			
	3. Yvonne S. Yuchengco			
	4. Carlos G. Dominguez-Independent Director			
	5. Cesar A. Buenaventura *(For Retention and Reelection as Independent Director)*			
	6. Eliseo B. Santiago *(For Retention and Reelection as Independent Director)*			
	7. Lorenzo V. Tan			
VI.	Appointment of External Auditors			

I am accomplishing this Proxy Form this _____ day of July 2025.

____

____

PRINTED NAME OF STOCKHOLDER **AUTHORIZED SIGNATORY**

THIS PROXY SHOULD BE SUBMITTED UNTIL **5:00 PM OF JULY 14, 2025**, TO THE OFFICE OF THE CORPORATE SECRETARY AT 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City OR BY EMAIL AT corpaffairs@petroenergy.com.ph. THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT. A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF

THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON. THIS PROXY DOES NOT NEED TO BE NOTARIZED.

ANNEX "B-1"

PETROENERGY RESOURCES CORPORATION
2025 STOCKHOLDERS' MEETING

ELECTRONIC VOTING IN ABSENTIA

A. Duly registered stockholders have the option to vote for the matters contained in the agenda for the 2025 ASM through electronic voting in absentia. The deadline for registration is **5:00 PM of July 14, 2025**. Beyond this date, stockholders may no longer avail of the option to electronically vote in absentia.

B. After verification, the Company shall send a ballot to the registered stockholder through his/her/its e-mail address which shall contain all the agenda items for approval as indicated in the Notice of Meeting and the registered stockholder may vote as follows:

(1) For items other than Election of Directors, the registered stockholder has the option to vote: In Favor of, Against, or Abstain. The vote is considered cast for all the registered stockholder's shares.

(2) 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 total number of votes the stockholder is allowed to cast shall be based on the number of shares he/she or it owns.

(3) Once voting on the agenda items is finished, the stockholder can proceed to submit the accomplished ballot via email to corpaffairs@petroenergy.com.ph.

(4) After the ballot has been submitted, the stockholder may no longer change his/her vote. The stockholder will receive a confirmation email that his/her/its vote has been recorded.

B. Thereafter, the Office of the Corporate Secretary and the Transfer Agent, shall tabulate all valid and confirmed votes cast through electronic voting, together with the votes through proxies.

D. Registered stockholders shall have until **5:00 PM of July 14, 2025** to cast their votes in absentia. Stockholders will not be allowed to cast votes during the livestream of the 2025 ASM.

Item No.	**Subject**	**Action**		
		For	**Against**	**Abstain**
I.	Approval of Minutes of the Annual Meeting held on July 18, 2024			
II.	Approval of Management Report and the 2024 Audited Financial Statements contained in the 2024 Annual Report			
III.	Confirmation and Ratification of all acts, contracts and investment made and entered during the period July 18, 2024 to July 17, 2025			
IV.	Amendment of the Seventh Article of the Articles of Incorporation			
V.	Election of Directors for the year 2025-2026			
	1. Helen Y. Dee			
	2. Milagros V. Reyes			
	3. Yvonne S. Yuchengco			
	4. Carlos G. Dominguez-Independent Director			
	5. Cesar A. Buenaventura *(For Retention and Reelection as Independent Director)*			
	6. Eliseo B. Santiago *(For Retention and Reelection as Independent Director)*			
	7. Lorenzo V. Tan			
VI.	Appointment of External Auditors			

CERTIFICATES OF INDEPENDENT DIRECTORS
(ANNEX “C”)

Certification of ID 2025.pdf

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CESAR A. BUENAVENTURA,** Filipino, of legal age and a resident of #27 Kasiyahan Homes, 58 Mckinley Road, Forbes Park, Makati City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **PETROENERGY RESOURCES CORPORATION** and been Independent Director since 1998 to present.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY / ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Pilipinas Shell Foundation, Inc.	Chairman	1982 to present
DMCI Holdings, Inc.	Vice Chairman	1995 to present
PetroEnergy Resources Corporation	Director	1995 to present
DM Consunji, Inc.	Director	1995 to present
Semirara Mining and Power Corp.	Director	1997 to present
Buenaventura Echauz & Partners, Inc.	Chairman	2001 to present
Manila Water Company, Inc.	Independent Director	2021 to present
Concepcion Industrial Corporation	Independent Director	2013 to present
Bloomberry Cultural Foundation	Trustee	2015 to present
VIATechnik, Inc.	Chairman	2015 to present
ICTSI Foundation	Trustee	2015 to present
The Country Club	Independent Director	2016 to present
International Container Terminal Services, Inc.	Independent Director	2019 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PETROENERGY RESOURCES CORPORATION**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to the following director/officer/substantial shareholder of **PETROENERGY RESOURCES CORPORATION** its subsidiaries and affiliates, other than the relationship provided under the Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR / OFFICER / SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or am affiliated with a government agency or GOCC.

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 **PETROENERGY RESOURCES CORPORATION** of any changes in the abovementioned information within five (5) days from its occurrence.

Done this May 26, 2025 at Pasig City, Philippines.

CESAR A. BUENAVENTURA
Lead Independent Director

SUBSCRIBED AND SWORN to before me this May 26, 2025 affiant personally appeared before me and exhibited his Philippine Passport No. P9753800A issued on 29 November 2018 and valid until 28 November 2028, as competent evidence of his identity.

Doc. No.: 241;
Page No.: 56;
Book No.: VI;
Series of 2025.
/mdr

ATTY. MARIA CARMELA D. HAUTEA
NOTARY PUBLIC
PASIG
SAN JUAN
PATEROS
PHILS.
ROLL NO. 66585

MARIA CARMELA D. HAUTEA
Appointment Number 162 (2025-2026)
Notary Public for the City of Pasig
and the Municipality of Pateros
Commission Expires on December 31, 2026
7F, JMT Bldg., ADB Ave., Ortigas Center, Pasig City
Roll of Attorneys No. 66585
MCLE Compliance No. VII-0016267
IBP No. 491450/01-01-2025/RSM
PTR No. 03041435AA/01-09-2025/Pasig City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ELISEO B. SANTIAGO,** Filipino, of legal age and a resident of #23 Spinach Street, Valle Verde 5, Pasig City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **PETROENERGY RESOURCES CORPORATION** and been Independent Director since 2013 to present.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY / ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Isla Petroleum and Gas Corporation	Member, Executive Committee	2012 to present
Citadel Pacific Ltd.	Director	2016 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PETROENERGY RESOURCES CORPORATION**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to the following director/officer/substantial shareholder of **PETROENERGY RESOURCES CORPORATION** its subsidiaries and affiliates, other than the relationship provided under the Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR / OFFICER / SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or am affiliated with a government agency or GOCC.

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 **PETROENERGY RESOURCES CORPORATION** of any changes in the abovementioned information within five (5) days from its occurrence.

Done this May 26, 2025 at Pasig City, Metro Manila, Philippines.

ELISEO B. SANTIAGO
Independent Director

SUBSCRIBED AND SWORN to before me this May 26, 2025, affiant personally appeared before me and exhibited his Tax Identification No. 106-210-036 as competent evidence of his identity.

Doc. No.: 240;
Page No.: 49;
Book No.: VI;
Series of 2025.
/mdr

ATTY. MARIA CARMELA D. HAUTEA
NOTARY PUBLIC
PASIG
SAN JUAN
PATEROS
PHILS.
ROLL NO. 66585

MARIA CARMELA D. HAUTEA
Appointment Number 162 (2025-2026)
Notary Public for the City of Pasig
and the Municipality of Pateros
Commission Expires on December 31, 2026
7F, JMT Bldg., ADB Ave., Ortigas Center, Pasig City
Roll of Attorneys No. 66585
MCLE Compliance No. VII-0016267
IBP No. 491450/01-01-2025/RSM
PTR No. 03041435AA/01-09-2025/Pasig City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CARLOS G. DOMINGUEZ III,** Filipino, of legal age and a resident of No. 151 Sarangani St., Ayala Alabang Village, Muntinlupa City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **PETROENERGY RESOURCES CORPORATION.**

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY / ORGANIZATION	POSITION	PERIOD OF SERVICE
Lafayette (Philippines) Inc.	President	2006 – 2008
RCBC Capital Corp	Independent Director	2002 – 2016
Manila Electric Corporation	Director	2001 – 2003
Phil. Associated Smelting and Refining Corp.	President	1999 – 2002
Northern Mindanao Power Corp.	Director	1994 – 2006
RCBC Capital Corporation	Chairman	1994 – 2002
United Paragon Mining	Director	1993 – 2016
Philippine Airlines	Chairman & President	1993 – 1995
Phil. Tobacco Flue Curing Redrying Corporation	President	1992 – 2016
Baesa Redevelopment Corp.	President	1992 – 2016
Retail Specialist Inc.	President	1991 – 2016
BPI Agricultural Development Bank	President	1983 – 1986
BPI	Vice President	1983 – 1986
Davao Fruits Corporation	Exec.Vice President	1975 – 1982
AMS Farming Corporation	Exec.Vice President	1971 – 1975
Rubicon Inc.	Finance Manager	1969 – 1971
First National City Bank	Management Trainee	1965 – 1967
PAST POSITION – GOVERNMENT	**POSITION**	**PERIOD OF SERVICE**
Department of Finance	Secretary	2016 – 2022
Land Bank of the Philippines	Chairman	2016 – 2022
Department of Agriculture	Secretary	1987 – 1989
Department of Environment and Natural Resources	Secretary	1986 – 1987

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PETROENERGY RESOURCES CORPORATION**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to the following director/officer/substantial shareholder of **PETROENERGY RESOURCES CORPORATION** its subsidiaries and affiliates, other than the relationship provided under the Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR / OFFICER / SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or am affiliated with a government agency or GOCC.

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 **PETROENERGY RESOURCES CORPORATION** of any changes in the abovementioned information within five (5) days from its occurrence.

Done on May 26, 2025, in Pasig City, Philippines.

CARLOS G. DOMINGUEZ III
Independent Director

SUBSCRIBED AND SWORN to before me on May 26, 2025, affiant personally appeared before me and exhibited his Philippine Passport No. Philippine Passport No. P5511151A issued on 04 January 2018 and valid until 03 January 2028, as competent evidence of his identity.

Doc. No.: 239;
Page No.: 49;
Book No.: VI;
Series of 2025.
/mdr

ATTY. MARIA CARMELA D. HAUTEA NOTARY PUBLIC PASIG SAN JUAN PATEROS PHILS. ROLL NO. 66585

MARIA CARMELA D. HAUTEA
Appointment Number 162 (2025-2026)
Notary Public for the City of Pasig
and the Municipality of Pateros
Commission Expires on December 31, 2026
7F, JMT Bldg., ADB Ave., Ortigas Center, Pasig City
Roll of Attorneys No. 66585
MCLE Compliance No. VII-0016267
IBP No. 491450/01-01-2025/RSM
PTR No. 03041435AA/01-09-2025/Pasig City

CERTIFICATIONS
(attendance and participation in required trainings)
(ANNEX "D")

https://edge.pse.com.ph/openDiscViewer.do?edge_no=29fa4d915470ca29abca0fa0c5b4e4d0

PetrEnergy
PETROENERGY RESOURCES CORPORATION

7F JMT Building, ADB Avenue, Ortigas Center,
Pasig City 1600, Metro Manila, Philippines
Tel: (+632) 8637-2917
Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph

August 20, 2024

PHILIPPINE STOCK EXCHANGE
6TH Floor, PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City
Taguig City

Attention: **ATTY. STEFANIE ANN B. GO**
Officer-in-Charge
Disclosure Department

Gentlemen:

In compliance with the Philippine Stock Exchange rules and disclosure requirements, **PETROENERGY RESOURCES CORPORATION** (the "Company") respectfully submits the attached Certificates of Attendance of its Board of Directors and Officers. These certificates confirm their participation in the webinar titled 2024 YGC Annual Corporate Governance Seminar – "Transformer Boards to Succeed in a World of Disruption", sponsored by Rizal Commercial Banking Corporation Regulatory Affairs Group on July 6, 2024.

We trust that you will find everything in order.

Thank you and best regards.

Sincerely,

ATTY. LOUIE MARK R. LIMCOLIOC
Compliance Officer
Assistant Corporate Secretary

mdr

YUCHENGCO GROUP OF COMPANIES

This

Certificate of Attendance

is presented to

Helen Y. Dee

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar

"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

YUCHENGCO GROUP OF COMPANIES

This

Certificate of Attendance

is presented to

Milagros V. Reyes

PetroEnergy Resources Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar

"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

YUCHENGCO GROUP OF COMPANIES

This

Certificate of Attendance

is presented to

Yvonne S. Yuchengco

Malayan Insurance Company, Inc.

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar

"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

YUCHENGCO GROUP OF COMPANIES

This

Certificate of Attendance

is presented to

Eliseo B. Santiago

PetroEnergy Resources Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar

"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

This

Certificate of Attendance

is presented to

Lorenzo V. Tan

House of Investments, Inc.

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar

"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

YUCHENGCO GROUP OF COMPANIES

This

Certificate of Attendance

is presented to

Francisco G. Delfin, Jr.

PetroEnergy Resources Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar

"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

YUCHENGCO GROUP OF COMPANIES

This

Certificate of Attendance

is presented to

Maria Cecilia L. Diaz De Rivera

PetroEnergy Resources Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar

"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

YUCHENGCO GROUP OF COMPANIES

This

Certificate of Attendance

is presented to

Samuel V. Torres

RCBC Securities, Inc.

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar

"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

YUCHENGCO GROUP OF COMPANIES

This

Certificate of Attendance

is presented to

Louie Mark R. Limcolioc

PetroEnergy Resources Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar

"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

YUCHENGCO GROUP OF COMPANIES

This

Certificate of Attendance

is presented to

Vanessa G. Peralta

PetroEnergy Resources Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar

"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

2024 MINUTES OF ANNUAL STOCKHOLDERS' MEETING

https://www.petroenergy.com.ph/assets/downloads/disclosures/FOR%20APPROVAL-Minutes%20of%20the%20Annual-Stockholders-Meeting.pdf

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
OF PETROENERGY RESOURCES CORPORATION
7th Floor, JMT Building, ADB Ave., Ortigas Center, Pasig City

DATE	**:**	**July 18, 2024**
TIME	**:**	**4:00 p.m.**
MANNER	**:**	**Via Electronic Means of Communication (via Zoom application)**

I. CALL TO ORDER

The Chairman, Ms. Helen Y. Dee, welcomed all the stockholders to the 2024 Regular Annual Stockholders' Meeting (ASM), and stated that the ASM will be conducted through online and recorded video-streaming.

She also mentioned that the procedures for the ASM were embodied in the Company's Definitive Information Statement duly approved by the Securities and Exchange Commission (SEC). She added that the Stockholders were advised to register online to accord them the opportunity to participate in the ASM; that only questions and concerns submitted online prior to the given deadline will be addressed during the ASM; and that those raised during the ASM itself will be addressed through email after the ASM and will be included in the minutes, accordingly.

The incumbent members of the Board of Directors of the Company, were thereafter introduced while their photos were shown on-screen, as follows:

Ms. Helen Y. Dee	–	Chairman
Ms. Milagros V. Reyes	–	Director/President
Ms. Yvonne S. Yuchengco	–	Director/Treasurer
Mr. Cesar A. Buenaventura	–	Lead Independent Director
Mr. Carlos G. Domingguez	–	Independent Director
Mr. Eliseo B. Santiago	–	Independent Director
Mr. Lorenzo V. Tan	–	Director

Please see list of attendees as **Annex "A".**

II. CERTIFICATION OF SERVICE OF NOTICE

The Corporate Secretary, Atty. Samuel V. Torres, was called to submit proof of the Notice of Meeting. The Corporate Secretary certified that, pursuant to the alternative mode for distributing and providing the notice of meeting in connection with the holding of the ASM for 2024, notices of the meeting were sent to all stockholders of record as of May 27, 2024 in four (4) ways to reach as many stockholders as possible.

First, through publication of the Notice of the ASM, including the agenda, for two (2) consecutive days on June 20 and 21, 2024 in The Manila Bulletin and in the Philippine Star, both in print and online editions, as evidenced by the Affidavits of Publication executed by the respective representatives of said publishers. Second, by disclosure with the Philippine Stock Exchange. Third, by posting on the Company's website. Finally, through email for those who have successfully registered online, consistent with applicable SEC Rules and the Company's internal guidelines on participation by electronic means of communication or in absentia.

III. DETERMINATION OF QUORUM

The Corporate Secretary certified that there was a quorum for the transaction of any business that may be properly brought before the Body, that out of **568,711,842** outstanding shares entitled to vote, a total of **423,585,481** shares are present, **129,465** shares in person and **423,456,016** shares in proxy, representing **74.48%** of the total outstanding shares.

On the basis of the Corporate Secretary's certification, the Chairman called the meeting to order.

IV. APPROVAL OF THE MINUTES OF THE LAST REGULAR ANNUAL STOCKHOLDERS' MEETING HELD ON JULY 27, 2023

The Chairman declared that the minutes of the last Regular Annual Stockholders' Meeting held on July 27, 2023 were made available in the Company's website.

Stockholders owning 423,585,481 representing 74.48% of the outstanding shares have voted in favor of the following resolution:

*"**RESOLVED,** That the Minutes of the Regular Annual Stockholders' Meeting held on July 27, 2023 be, as it is hereby, approved."*

V. APPROVAL OF MANAGEMENT REPORT AND THE 2023 AUDITED FINANCIAL STATEMENTS

The Chairman requested the President, Ms. Milagros V. Reyes, to deliver the Management Report as follows:

"Dear Fellow Stockholders:

We concluded 2023 with significant asset growth and enhanced financial performance. Our consolidated assets grew by 30% from ₱16.8 billion in 2022 to ₱21.9 billion in 2023. Furthermore, our bottom-line increased by 9% reaching ₱944 million in 2023, despite various impairments, compared to ₱862 million in 2022. These outcomes were mainly driven by our strategic decision to raise equity interests in our three (3) Renewable Energy (RE) operating units – PetroWind Energy Inc., PetroSolar Corporation, and PetroGreen Energy Corporation (PGEC) – and by the exceptional performance of our RE power plants.

Our RE facilities collectively generated 471 GWh of electricity translating to total revenues of ₱2.33 billion, mitigating the impact of declining crude oil prices in our Gabon operations. I am also pleased to report that on April 4, 2024, we successfully started the partial commissioning of our 6th RE power plant, the Nabas-2 Wind Power Facility in Aklan. This milestone enabled Nabas-2 to supply much needed-power to the Panay grid and communities.

We are also delighted to welcome a new partner in our RE joint venture, TAISEI Corporation, one of Japan's and the world's leading infrastructure companies. Such investment not only underscores our team's credibility as a worthwhile partner, but also enhances our financial, technical, and institutional capacities in meeting the country's rapidly evolving energy opportunities.

Exciting developments are underway with the progress of two of our new solar power projects in Luzon and Visayas. The development of the 27MWDC Dagohoy Solar Power Project in Bohol and the 20MWDC San Jose Power Project in Nueva Ecija are in full swing and we aim to commence their commissioning by end of 2024. Additional two solar power plants are in early development in Pangasinan and Isabela.

Moreover, in July this year, we formally expanded the Company's commercial operations to Mindanao with the commissioning of PGEC's first solar rooftop project in Davao City - the 360KWp Mapua Malayan Colleges Mindanao (MMCM) solar rooftop power project. This initiative by PGEC and MMCM is an important milestone for both organizations, symbolizing the collective effort of YGC-member companies to take action in the call for a net-zero future. The project will not only contribute cost-savings for the school, but will also serve as a learning site for students of engineering and environment-related courses.

Thirty years into the business, we continue to reflect on these transformations and achievements – the first Philippine upstream oil and gas company to successfully venture overseas, the first to put-online a compact and integrated geothermal power facility under the 2008 RE Law, the first to build a high elevation wind power plant in Panay, the first to invest and operate a merchant solar power plant, and the first to build a utility-scale solar power facility in Bohol. Even as we have transformed PetroEnergy today into a largely clean energy developer, we will not rest on these accomplishments and will not fail on our corporate duties to the country and society.

With your constant support, we shall strive for more growth in order to help meet the country's energy demands, provide value to our shareholders, develop our human resources, and uplift the communities where we operate.

Thank you."

After the President's presentation, the Corporate Secretary mentioned that Stockholders owning 423,585,481 representing 74.48% of the outstanding shares have voted in favor of the following resolution:

> ***"RESOLVED,*** *as it is hereby resolved, that the 2023 Management Report and the 2023 Audited Financial Statements, as made available to the stockholders, be as they are hereby, noted and approved."*

VI. CONFIRMATION AND RATIFICATION OF ALL ACTS, RESOLUTIONS, CONTRACTS AND INVESTMENTS MADE AND ENTERED INTO BY THE BOARD OF DIRECTORS AND MANAGEMENT DURING THE PERIOD JULY 27, 2023 TO JULY 18, 2024

A resolution for the confirmation and ratification of all acts, resolutions, contracts and investments made and entered into by the Management and/or the Board of Directors for the period July 27, 2023 to July 18, 2024 was shown on the screen. After which, the Corporate Secretary stated that stockholders owning 74.48% of the outstanding shares have voted in favor of the resolution, to wit:

> ***"RESOLVED,*** *as it is hereby resolved, that all acts, resolutions, contracts and investments made by Management and/or the Board of Directors for the period July 27, 2023 to July 18, 2024, be as they are hereby confirmed, ratified and approved."*

VII. ELECTION OF SEVEN (7) MEMBERS OF THE BOARD OF DIRECTORS FOR THE YEAR 2024-2025

The Chairman then tackled the next item in the Agenda. She asked the Corporate Secretary if he has the list of nominees to the Board of Directors. The Corporate Secretary replied that as of June 14, 2024, the deadline for nominations, seven (7) nominees were screened and short-listed by the Corporate Governance Committee for election as members of the Board of Directors, namely:

1. HELEN Y. DEE – Director
2. MILAGROS V. REYES – Director
3. YVONNE S. YUCHENGCO – Director

4. CESAR A. BUENAVENTURA – Independent Director
5. ELISEO B. SANTIAGO – Independent Director
6. CARLOS G. DOMINGUEZ – Independent Director
7. LORENZO V. TAN – Director

The Corporate Secretary underscored that among these nominees, Independent Directors, Mr. Cesar A. Buenaventura and Mr. Eliseo B. Santiago, exceeded the nine (9) year term limit as Independent Directors. Mr. Buenaventura and Mr. Santiago were, however, nominated for retention and re-election as Independent Directors. He then explained that under the Company's Manual on Corporate Governance and as warranted by SEC Memorandum Circular No. 19, Series of 2016, Independent Directors may be retained and reelected upon meritorious justification/s and Stockholders' approval. The justifications for said retention and reelection have been provided to the Stockholders in advance through the Information Statement.

The Corporate Secretary stated that all the shares represented in the meeting or **423,585,481** shares (74.48%) of the outstanding shares, have voted in favor of the election of all the seven (7) nominees, including the extension and retention of Mr. Buenaventura and Mr. Santiago as Independent Directors.

The Chairman then proclaimed the above-named nominees as elected members of the Board of Directors of the Corporation for the year 2024-2025.

VIII. APPOINTMENT OF THE COMPANY'S EXTERNAL AUDITOR

The Chairman mentioned that the Audit Committee recommended the re-appointment of the firm SyCip Gorres Velayo & Company (SGV) as the Company's external auditor for the year ending December 31, 2024.

The Corporate Secretary stated that Stockholders owning 423,585,481 representing 74.48% of the outstanding shares have voted in favor of the resolution reappointing SGV as external auditor for the year ending December 31, 2024, to wit:

*“**RESOLVED**, That the auditing firm SyCip Gorres Velayo & Company be, as it is hereby, reappointed as External Auditor of the Company for the calendar year ending December 31, 2024.”*

IX. OTHER MATTERS

The Chairman announced that the Board of Directors has approved the declaration of 5% cash dividends, equivalent to ₱0.05 per share to all stockholders of record as of August 8, 2024, payable on August 30, 2024.

The Chairman then opened the floor for questions from the shareholders. She then asked the Management led by the Company’s Executive Vice President & Chief Operating Officer Mr. Francisco G. Delfin, Jr. to address these questions.

Questions and Answers were presented as follows:

Q: How much is the Company's capacity target for its RE portfolio?

A: The Company’s medium-term growth target is to have at least 500MW by 2028/2029. In the short-term, the Company will double the present generation capacity of 144MW to around 280MW by 2026. After 2028/2029, we anticipate bigger growth to come from our offshore wind portfolio.

Q: What are the projects in the pipeline for 2024?

A: For 2024, Nabas-2 wind plant is now partially commissioned, supplying power to the Panay grid, and we have completed our first commercial/industrial rooftop solar in Mindanao with the 360KWp Mapua Malayan Colleges Mindanao solar rooftop power project. Before end of this year, we expect to complete the 27MW Dagohoy Solar Power Project in Bohol and the 20MW San Jose Solar Power Project in Nueva Ecija.

Q: Given the strong 2023 performance, does the Company have plans in investing in other RE technologies apart from solar, wind, and geothermal?

A: The new technologies that the Company, through its subsidiary, PetroGreen, is considering for the medium-term growth are energy storage as well as bigger industrial commercial/industrial rooftop solar projects.

X. ADJOURNMENT

Since no other business was brought to the table and that Since no other business was brought to the table, the meeting was adjourned, upon motion duly made and seconded.

ATTY. SAMUEL V. TORRES
Corporate Secretary

ATTEST:

HELEN Y. DEE
Chairman

ANNEX "A"

PETROENERGY RESOURCES CORPORATION
2024 Annual Stockholders' Meeting
List of Attendees

PRESENT:

Ms. Helen Y. Dee	–	Chairman/Director Makati City
Ms. Milagros V. Reyes	–	Director/President Pasig City
Ms. Yvonne S. Yuchengco	–	Director/Treasurer Makati City
Mr. Cesar A. Buenaventura	–	Lead Independent Director BGC, Taguig
Mr. Eliseo B. Santiago	–	Independent Director Portland, Oregon
Mr. Carlos G. Dominguez	–	Independent Director Muntinlupa City
Mr. Lorenzo V. Tan	–	Director Makati City

OFFICERS:

Atty. Samuel V. Torres	–	Corporate Secretary Corporate Information Officer
Atty. Louie Mark R. Limcolioc	–	Asst. Corporate Secretary Compliance Officer Alternate Information Officer AVP for Corporate and Legal Affairs
Mr. Francisco G. Delfin, Jr.	–	Executive Vice President & COO
Atty. Arlan P. Profeta	–	SVP for Corporate Services Chief Risk Officer
Ms. Maria Victoria M. Olivar	–	SVP for Commercial Operations & Business Development
Ms. Maria Cecilia L. Diaz De Rivera	–	AVP/Chief Financial Officer
Ms. Arlene V. Villanueva	–	AVP, HR and Administration
Ms. Vanessa G. Peralta	–	AVP for Corporate Communication/ CIO/Data Privacy Officer

STOCKHOLDERS/OTHERS:

Carlota R. Viray	Consultant
Shirley Belarmino	Consultant
Irene S. Samaniego	PERC
Helen D. Agtarap	PERC
Lordes May L. Duenas	PERC
Zennia Lazaro	PGEC
Peewee Cruz	PGEC
Luzviminda B. Ledda	PGEC
Jim Codia	PGEC
Mark Medrano	PGEC
Ryan Erick Quindoza	PGEC
Ellen Gay J. Cantos	PGEC
Ceejay V. Indaya	PGEC
Dimple Mallari	PGEC
Moana Boncales	PGEC
Ed Marie N. Lucion	PGEC
Edel Reina De Leon	PGEC
Andreana Cole R. Bravante	PGEC
Mariel E. Tapang	PGEC
Marjorie L. Casitas	PGEC
Mariel P. Quiapos	PGEC
Anna Lea C. Bergado	SGV & Co.
Cristy I. Cezar	SGV & Co.
Ring Joven	House of Investments, Inc.
Tess Bautista	House of Investments, Inc.
Leah Grace Ignacio	House of Investments, Inc.
Maria Elisa De Lara	House of Investments, Inc.
Antonio B. Madrid	RCBC Stock Transfer
Paula Jane Flores	RCBC Stock Transfer

MODERATORS:

Ms. Vanessa G. Peralta
Ms. Janet Millicent P. Oriel
Ms. Maritess D. Reyes

PETROENERGY RESOURCES CORPORATION
ANNUAL STOCKHOLDERS' MEETING
July 18, 2024, 4:00PM
SUMMARY OF REGISTERED ATTENDEES
as of 27-May-24

	PROXIES	IN PERSON	TOTAL
TOTAL	423,456,016	129,465	423,585,481
% TO TOTAL			
OUTSTANDING SHARES	74.46%	0.05%	74.48%

- END OF LIST –

NOTE: Bulk of the shares represented are those of YGC. The remainder are those of the Company's Directors and officers and other unaffiliated persons.

2024 AUDITED FINANCIAL STATEMENTS

https://edge.pse.com.ph/openDiscViewer.do?edge_no=81292e8a99b57b62ec6e1601ccee8f59

From: noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>
Sent: Tuesday, April 15, 2025 9:47 PM
Subject: SEC eFast Initial Acceptance

Greetings!

SEC Registration No: AS94008880
Company Name: PETROENERGY RESOURCES CORP.
Document Code: SEC_Form_17-A

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

Thank you.

REMINDER:
TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instruction stated in the form.

Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer.

1. General Information Sheet (GIS-Stock)
2. General Information Sheet (GIS-Non-stock)
3. General Information Sheet (GIS- Foreign stock & non-stock)
4. Broker Dealer Financial Statements (BDFS)
5. Financing Company Financial Statements (FCFS)
6. Investment Houses Financial Statements (IHFS)

7. Publicly – Held Company Financial Statement
8. General Form for Financial Statements
9. Financing Companies Interim Financial Statements (FCIF)
10. Lending Companies Interim Financial Statements (LCIF)

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements.

A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

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

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	4	-	0	8	8	8	0

COMPANY NAME

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

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

7th Floor, JMT Building,
ADB Avenue, Ortigas Center,
Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	SEC	N/A

COMPANY INFORMATION

Group's Email Address	Group's Telephone Number	Mobile Number
corpaffairs@petroenergy.com.ph	8637-2917	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,977	7/27	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
Maria Cecilia L. Diaz de Rivera	mlderivera@petroenergy.com.ph	8637-2917	09999910722

CONTACT PERSON's ADDRESS

7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig 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 efficiencies.*

SGV
Building a better working world

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 the Stockholders
PetroEnergy Resources Corporation
7th Floor, JMT Building, ADB Avenue
Ortigas Center, Pasig City

Opinion

We have audited the consolidated financial statements of PetroEnergy Resources Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, 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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024 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 (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements 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 each matter below, our description of how our audit addressed the matter 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 these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Wells, Platforms and Other Facilities and Related Assets

The Group has significant investments consisting of wells, platforms and other facilities under Property, plant and equipment amounting to ₱446.76 million, deferred oil exploration costs amounting to ₱365.87 million, and production license presented under Intangible assets amounting to ₱17.34 million as of December 31, 2024. The recoverability of the investments is affected by fluctuating crude oil prices and discount rate, among others, and that are tested for impairment when there are indications that the carrying values of these investments may exceed their recoverable amounts. The assessment of the recoverable amount of these investments requires significant judgment and involves estimation using assumptions about future production levels and costs, as well as external inputs such as crude oil prices and discount rate. Hence, such assessment is a key audit matter in our audit.

The disclosures in relation to oil reserves are included in Notes 5, 11, 12 and 16 to the consolidated financial statements.

Audit response

We involved our internal specialist in evaluating the methodologies and the assumptions used in the impairment testing of these investments. These assumptions include future production levels and costs, as well as external inputs such as crude oil prices and discount rate. We compared the key assumptions used such as future production levels against crude oil reserves and costs against historical data. We tested the parameters used in the determination of the crude oil prices and discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect in the determination of the recoverable amounts of these investments.

Estimation of asset retirement obligations

The Group has provisions for the close-down, restoration and environmental obligations on its solar power plant in Tarlac, geothermal power plant in Batangas, wind power plant in Aklan, and interest in oil fields in Gabon totaling to ₱162.53 million as of December 31, 2024. The Group uses an external technical specialist to assess its share in abandonment cost in the Gabon oil fields, and an internal technical group to estimate the future restoration costs of its solar, geothermal and wind power plant sites. The estimation of the provisions requires significant management judgment in estimating future costs given the nature of each site, the operating activities done, and the facilities constructed, among other considerations. This calculation also requires the management to use a discount and inflation rates for these future costs to bring them to their present value at reporting date.

The Group's disclosures about asset retirement obligations are included in Notes 5 and 20 to the consolidated financial statements.

Audit response

We considered the competence, capabilities and objectivity of management's internal and external technical specialists given their qualifications, experience and reporting responsibilities. We reviewed the decommissioning reports and obtained an understanding from the internal and external technical specialists about their bases for identifying and estimating the Group's share in abandonment costs in the Gabon oil fields and restoration costs of its solar, wind and geothermal power plant sites. We also evaluated the discount and inflation rates used by comparing these to external data. We also reviewed the Group's disclosures on the assumptions that have the most significant effect in the determination of the amounts of these obligations.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 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, 2024 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 such 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 units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group 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 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.

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 Wenda Lynn M. Loyola.

SYCIP GORRES VELAYO & CO.

Wenda Lynn M. Loyola

Wenda Lynn M. Loyola
Partner
CPA Certificate No. 109952
Tax Identification No. 242-019-387
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-117-2025, January 8, 2025, valid until January 7, 2028
PTR No. 10465322, January 2, 2025, Makati City

April 2, 2025

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023 (As restated, see Note 13)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱2,770,469,655**	₱2,334,304,367
Short-term investments (Note 6)	**200,000,000**	1,975,286,425
Restricted cash (Note 7)	**217,290,257**	293,744,077
Receivables (Note 8)	**759,004,222**	730,521,441
Financial assets at fair value through profit or loss (Note 9)	**6,144,437**	6,958,720
Crude oil inventory (Note 24)	**49,440,029**	13,676,052
Current portion of contract assets (Note 35)	**161,320,397**	127,134,899
Other current assets (Note 10)	**434,581,875**	232,238,237
Total Current Assets	**4,598,250,872**	5,713,864,218
Noncurrent Assets		
Property, plant and equipment (Note 11)	**14,974,940,788**	12,245,311,886
Deferred oil exploration costs (Note 12)	**431,416,713**	386,796,965
Contract assets - net of current portion (Note 35)	**675,168,269**	609,572,499
Investments in joint ventures (Note 13)	**2,882,000**	2,882,000
Right-of-use assets (Note 14)	**302,353,808**	322,894,463
Investment properties (Note 15)	**1,611,533**	1,611,533
Intangible assets (Note 16)	**875,957,481**	914,051,525
Deferred tax assets - net (Note 22)	**8,182,787**	18,349,138
Other noncurrent assets (Notes 17)	**1,489,876,484**	1,445,572,602
Total Noncurrent Assets	**18,762,389,863**	15,947,042,611
TOTAL ASSETS	**₱23,360,640,735**	₱21,660,906,829
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 18)	**₱899,967,148**	₱798,052,764
Loans payable - current portion (Note 19)	**1,263,628,373**	3,699,707,830
Lease liabilities - current portion (Note 14)	**37,063,244**	54,756,559
Income tax payable	**32,721,792**	14,329,114
Total Current Liabilities	**2,233,380,557**	4,566,846,267
Noncurrent Liabilities		
Loans payable - net of current portion (Note 19)	**6,881,665,545**	4,178,456,690
Lease liabilities - net of current portion (Note 14)	**282,061,826**	269,881,742
Asset retirement obligations (Note 20)	**162,534,249**	167,532,915
Deferred tax liabilities - net (Note 22)	**138,837,688**	138,837,688
Accrued retirement liabilities (Note 20)	**45,610,791**	30,603,592
Total Noncurrent Liabilities	**7,510,710,099**	4,785,312,627
Total Liabilities	**9,744,090,656**	9,352,158,894

(Forward)

	December 31	
	2024	2023 (As restated, see Note 13)
Equity		
Attributable to equity holders of the Parent Company		
Capital stock (Note 21)	**₱568,711,842**	₱568,711,842
Additional paid-in capital (Note 21)	**2,156,679,049**	2,156,679,049
Retained earnings (Note 21)	**3,754,431,369**	3,311,057,942
Remeasurement losses on net accrued retirement liabilities - net of tax (Note 20)	**(20,161,301)**	(12,472,150)
Cumulative translation adjustment (Note 21)	**114,499,681**	114,499,681
Equity reserve (Note 21)	**1,495,570,578**	1,334,950,575
	8,069,731,218	7,473,426,939
Non-controlling interests (Note 31)	**5,546,818,861**	4,835,320,996
Total Equity	**13,616,550,079**	12,308,747,935
TOTAL LIABILITIES AND EQUITY	**₱23,360,640,735**	₱21,660,906,829

See accompanying Notes to Consolidated Financial Statements.

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023 (As restated, see Note 13)	2022
REVENUE			
Electricity sales (Notes 4 and 35)	**₱2,810,666,553**	₱2,326,772,267	₱1,695,931,748
Oil revenues (Note 35)	**520,426,862**	623,038,856	726,054,534
Other revenues (Note 35)	**116,543,194**	62,662,074	129,112,773
	3,447,636,609	3,012,473,197	2,551,099,055
COST OF SALES			
Cost of electricity sales (Note 23)	**1,320,805,417**	1,069,685,754	752,403,321
Oil production (Note 24)	**326,298,188**	315,347,519	355,336,217
Depletion (Note 11)	**90,653,867**	101,223,727	85,286,880
Change in crude oil inventory (Note 24)	**(35,763,976)**	761,140	(1,820,516)
Cost of other revenues (Note 23)	**106,655,356**	60,776,865	127,388,501
	1,808,648,852	1,547,795,005	1,318,594,403
GROSS INCOME	**1,638,987,757**	1,464,678,192	1,232,504,652
GENERAL AND ADMINISTRATIVE EXPENSES (Note 25)	**343,457,096**	266,767,569	221,232,231
OTHER INCOME (CHARGES) - Net			
Interest income (Notes 6, 7, 8, 17 and 35)	**191,203,364**	225,839,685	51,154,475
Net foreign exchange gains (losses)	**3,798,131**	(3,103,807)	12,377,485
Share in net income of a joint venture (Note 13)	**–**	50,738,697	81,512,921
Loss on remeasurement of previously held interest (Note 13)	**–**	(514,326,209)	–
Fair value changes on financial assets at fair value through profit or loss (Note 9)	**(814,283)**	(530,445)	(47,138)
Accretion expense (Note 20)	**(11,980,721)**	(6,944,814)	(3,622,334)
Reversal of (provision for) impairment loss - net (Notes 5, 11 and 12)	**(52,442,592)**	(77,167,996)	11,299,369
Interest expense (Notes 14 and 19)	**(555,725,055)**	(408,735,771)	(292,324,806)
Miscellaneous income - net (Note 26)	**124,260,972**	61,036,998	30,047,518
	(301,700,184)	(673,193,662)	(109,602,510)
INCOME BEFORE INCOME TAX	**993,830,477**	524,716,961	901,669,911
PROVISION FOR INCOME TAX (Note 22)	**(112,417,756)**	(58,898,292)	(38,592,892)
NET INCOME	**881,412,721**	465,818,669	863,077,019
OTHER COMPREHENSIVE INCOME (LOSS)	**–**		
Item not to be reclassified to profit or loss in subsequent periods	**–**		
Remeasurement gains (losses) on net accrued retirement liabilities - net of tax (Note 20)	**(10,019,785)**	(18,868,006)	9,668,661
Share in other comprehensive income of a joint venture (Note 13)	**–**	78,815	761,152
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**(10,019,785)**	(18,789,191)	10,429,813
TOTAL COMPREHENSIVE INCOME	**₱871,392,936**	₱447,029,478	₱873,506,832

(Forward)

	Years Ended December 31		
	2024	2023 (As restated, see Note 13)	2022
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱471,809,019**	₱156,880,236	₱548,523,238
Non-controlling interests (Note 31)	**409,603,702**	308,938,433	314,553,781
	₱881,412,721	₱465,818,669	₱863,077,019
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱464,119,868**	₱140,382,664	₱557,736,949
Non-controlling interests (Note 31)	**407,273,068**	306,646,814	315,769,883
	₱871,392,936	₱447,029,478	₱873,506,832
EARNINGS PER SHARE FOR NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY - BASIC AND DILUTED (Note 30)	**₱0.8296**	₱0.2759	₱0.9645

See accompanying Notes to Consolidated Financial Statements.

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Capital stock (Note 21)	**Additional paid-in capital** (Note 21)	**Retained earnings** (Note 21)	**Remeasurement gain (loss) on net accrued retirement liabilities**	**Share in OCI of joint ventures** (Note 13)	**Cumulative translation adjustment** (Note 21)	**Equity reserve** (Note 21)	**Total**	**Non-controlling Interests** (Note 31)	**Deposit for Stock Subscription** (Notes 21 and 31)	**Total**
BALANCES AT DECEMBER 31, 2021	**₱568,711,842**	**₱2,156,679,049**	**₱2,662,525,652**	**(₱4,570,914)**	**(₱617,375)**	**₱114,499,681**	**₱80,049,238**	**₱5,577,277,173**	**₱2,736,537,487**	**₱–**	**₱8,313,814,660**
Net income	–	–	548,523,238	–	–	–	–	548,523,238	314,553,781	–	863,077,019
Remeasurement gain on net accrued retirement liabilities	–	–	–	8,675,151	–	–	–	8,675,151	993,510	–	9,668,661
Share in OCI of a joint venture	–	–	–	–	538,560	–	–	538,560	222,592	–	761,152
Total comprehensive income	–	–	548,523,238	8,675,151	538,560	–	–	557,736,949	315,769,883	–	873,506,832
Cash dividends (Note 21)	–	–	(28,435,592)	–	–	–	–	(28,435,592)	(122,800,000)	–	(151,235,592)
Deposit for stock subscription	–	–	–	–	–	–	–	–	–	1,651,055,000	1,651,055,000
Change in ownership without loss of control	–	–	–	–	–	–	656,667,748	656,667,748	1,030,763,730	–	1,687,431,478
Increase in non-controlling interests - stock issuances	–	–	–	–	–	–	–	–	2,750,000	–	2,750,000
BALANCES AT DECEMBER 31, 2022	**568,711,842**	**2,156,679,049**	**3,182,613,298**	**4,104,237**	**(78,815)**	**114,499,681**	**736,716,986**	**6,763,246,278**	**3,963,021,100**	**1,651,055,000**	**12,377,322,378**
Net income	–	–	156,880,236	–	–	–	–	156,880,236	308,938,433	–	465,818,669
Remeasurement loss on net accrued retirement liabilities	–	–	–	(16,576,387)	–	–	–	(16,576,387)	(2,291,619)	–	(18,868,006)
Share in OCI of a joint venture	–	–	–	–	78,815	–	–	78,815	–	–	78,815
Total comprehensive income (loss)	–	–	156,880,236	(16,576,387)	78,815	–	–	140,382,664	306,646,814	–	447,029,478
Cash dividends (Note 21)	–	–	(28,435,592)	–	–	–	–	(28,435,592)	(25,000,000)	–	(53,435,592)
Application of deposit for stock subscription (Note 21)	–	–	–	–	–	–	–	–	1,634,762,579	(1,651,055,000)	(16,292,421)
Change in ownership without loss of control (Note 21)	–	–	–	–	–	–	598,233,589	598,233,589	(598,233,589)	–	–
Acquisition of non-controlling interests (Notes 21 and 31)	–	–	–	–	–	–	–	–	(1,965,153,794)	–	(1,965,153,794)
Acquisition of NCI from business combination (Note 13)	–	–	–	–	–	–	–	–	1,314,865,270	–	1,314,865,270
Increase in non-controlling interests - stock issuances (Note 31)	–	–	–	–	–	–	–	–	204,412,616	–	204,412,616
BALANCES AT DECEMBER 31, 2023 (As restated, see Note 13)	**568,711,842**	**2,156,679,049**	**3,311,057,942**	**(12,472,150)**	**–**	**114,499,681**	**1,334,950,575**	**7,473,426,939**	**4,835,320,996**	**–**	**12,308,747,935**
Net income	**–**	**–**	**471,809,019**	**–**	**–**	**–**	**–**	**471,809,019**	**409,603,702**	**–**	**881,412,721**
Remeasurement loss on net accrued retirement liabilities	**–**	**–**	**–**	**(7,689,151)**	**–**	**–**	**–**	**(7,689,151)**	**(2,330,634)**	**–**	**(10,019,785)**
Share in OCI of a joint venture	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income (loss)	**–**	**–**	**471,809,019**	**(7,689,151)**	**–**	**–**	**–**	**464,119,868**	**407,273,068**	**–**	**871,392,936**
Cash dividends (Note 21)	**–**	**–**	**(28,435,592)**	**–**	**–**	**–**	**–**	**(28,435,592)**	**(50,000,000)**	**–**	**(78,435,592)**
Change in ownership without loss of control (Note 21)	**–**	**–**	**–**	**–**	**–**	**–**	**170,170,003**	**170,170,003**	**(250,170,003)**	**–**	**(80,000,000)**
Share issuance costs	**–**	**–**	**–**	**–**	**–**	**–**	**(9,550,000)**	**(9,550,000)**	**–**	**–**	**(9,550,000)**
Increase in non-controlling interests - stock issuances (Note 31)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**604,394,800**	**–**	**604,394,800**
BALANCES AT DECEMBER 31, 2024	**₱568,711,842**	**₱2,156,679,049**	**₱3,754,431,369**	**(₱20,161,301)**	**₱–**	**₱114,499,681**	**₱1,495,570,578**	**₱8,069,731,218**	**₱5,546,818,861**	**₱–**	**₱13,616,550,079**

See accompanying Notes to Consolidated Financial Statements

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023 (As restated, see Note 13)	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱993,830,477**	₱524,716,961	₱901,669,911
Adjustments for:			
Depletion, depreciation and amortization (Notes 11, 14, 16, 23, 24 and 25)	**831,328,554**	740,810,992	551,078,397
Interest expense (Notes 14 and 19)	**555,725,055**	408,735,771	292,324,806
Provision for (reversal of) impairment loss - net (Notes 5, 11 and 12)	**52,442,592**	77,167,996	(11,299,369)
Accretion expense (Note 20)	**11,980,721**	6,944,814	3,622,334
Movements in accrued retirement liabilities (asset)	**6,472,709**	(2,129,878)	(4,343,624)
Provision for probable losses (Notes 17, 18 and 25)	**4,648,449**	12,011,345	6,105,757
Fair value changes on financial assets at fair value through profit or loss (Note 9)	**814,283**	530,445	47,138
Loss on remeasurement of previously held interest (Note 13)	**–**	514,326,209	–
Share in net income of a joint venture (Note 13)	**–**	(50,738,697)	(81,512,921)
Change in estimate of ARO	**–**	–	(1,232,259)
Dividend income (Note 9)	**(18,893)**	(26,969)	(79,047)
Net gain on sale of equipment and investment (Note 26)	**(543,532)**	(1,671,563)	(337,611)
Net unrealized foreign exchange loss (gain)	**(3,798,131)**	3,103,807	(2,663,406)
Interest income (Notes 6, 7, 8, 17 and 35)	**(191,203,364)**	(225,839,685)	(51,154,475)
Operating income before working capital changes	**2,261,678,920**	2,007,941,548	1,602,225,631
Decrease (increase) in:			
Receivables	**(104,208,320)**	(154,034,306)	(37,465,978)
Contract assets (Note 35)	**(99,781,268)**	(60,510,461)	(74,120,369)
Other current assets	**(161,653,795)**	69,546,872	(749,567,023)
Increase in accounts payable and other liabilities	**83,949,749**	134,757,967	153,102,244
Net cash generated from operations	**1,979,985,286**	1,997,701,620	894,174,505
Interest received	**266,928,903**	152,770,663	28,340,045
Income taxes paid, including movement in creditable withholding taxes	**(82,703,088)**	(78,878,062)	(51,390,749)
Net cash provided by operating activities	**2,164,211,101**	2,071,594,221	871,123,801
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for:			
Acquisitions of property, plant and equipment (Note 11)	**(3,574,290,337)**	(1,843,551,556)	(659,351,144)
Deferred oil exploration costs (Note 12)	**(40,052,013)**	(75,217,430)	(208,597,575)
Deferred development costs (Note 17)	**(89,505,254)**	(427,579,398)	(74,301,563)
Acquisitions of intangibles (Note 16)	**(1,029,434)**	(3,899,131)	(8,704,649)
Advances to contractors (Note 17)	**(100,619,459)**	(33,521,873)	(45,777,526)
Acquisition through business combination - net of cash acquired (Note 13)	**–**	(210,446,391)	–
Dividends received (Note 9)	**18,893**	26,969	79,047
Proceeds from sale of property, plant and equipment	**543,532**	82,013	1,110,936
Decrease in short-term investments	**1,775,286,425**	740,401,839	–
Decrease (increase) in other noncurrent assets	**58,611,711**	(46,426,555)	(61,405,058)
Net cash used in investing activities	**(1,971,035,936)**	(1,900,131,513)	(1,056,947,532)

(Forward)

	Years Ended December 31		
	2024	2023 (As restated, see Note 13)	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availments of debt - net of deferred financing costs (Notes 19 and 32)	**₱4,271,681,074**	₱3,946,036,089	₱561,000,000
Subscription of capital stock - NCI (Note 31)	**604,394,800**	204,412,637	1,693,681,477
Payments of:			
Acquisition of NCI (Notes 21 and 31)	**–**	(1,965,153,794)	–
Loans (Notes 19 and 32)	**(3,995,568,818)**	(1,272,135,055)	(1,155,920,789)
Interest (Notes 19 and 32)	**(492,370,770)**	(337,024,238)	(291,405,251)
Dividends to NCI (Notes 31 and 32)	**(72,500,000)**	(2,500,000)	(122,800,000)
Lease liabilities (Notes 14 and 32)	**(38,419,188)**	(38,214,856)	(37,490,050)
Payment of equity issuance cost (Note 21)	**(9,550,000)**	(16,292,421)	–
Dividends by the Parent Company (Notes 21 and 32)	**(28,475,106)**	(27,969,026)	(28,435,593)
Net cash generated from financing activities	**239,191,992**	491,159,336	618,629,794
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**3,798,131**	(5,549,261)	2,663,420
NET INCREASE IN CASH AND CASH EQUIVALENTS	**436,165,288**	657,072,783	435,469,483
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,334,304,367**	1,677,231,584	1,241,762,101
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱2,770,469,655**	₱2,334,304,367	₱1,677,231,584

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information**

a. Organization

PetroEnergy Resources Corporation ("PERC" or "PetroEnergy" or the "Parent Company") is a publicly-listed domestic corporation. Its registered office and principal place of business is 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City.

PERC was organized on September 29, 1994 as Petrotech Consultants, Inc. to provide specialized technical services to its then parent company, Petrofields Corporation, and to companies exploring for oil in the Philippines.

In 1997, PERC simultaneously adopted its present name and changed its primary purpose to oil exploration and development and mining activities. Subsequently in 1999, PERC assumed Petrofields' oil exploration contracts in the Philippines and the Production Sharing Contract covering the Etame discovery block in Gabon, West Africa.

On August 11, 2004, PERC's shares of stock were listed on the Philippine Stock Exchange (PSE) by way of introduction.

In 2009, following the enactment of Republic Act No. 9513, otherwise known as the "Renewable Energy Act of 2008" (RE Law), PERC amended its articles of incorporation to include among its purposes the business of generating power from renewable sources such as, but not limited to, biomass, hydro, solar, wind, geothermal, ocean and such other renewable sources of power.

On March 31, 2010, PERC incorporated PetroGreen Energy Corporation ("PetroGreen" or "PGEC"), its 75%-owned subsidiary (77%-owned in 2022), to act as its renewable energy arm and holding company. PGEC ventured into renewable energy development and power generation through its subsidiaries and affiliate: (a) Maibarara Geothermal, Inc. ("MGI", 65%-owned) - owner and Renewable Energy (RE) developer of the 20 MW Maibarara Geothermal Power Project (MGPP-1) in Santo Tomas, Batangas and its expansion, the 12 MW MGPP-2; (b) PetroSolar Corporation ("PetroSolar or PSC", 56%-owned) - owner and RE developer of the 50 MW_{DC} Tarlac Solar Power Project (TSPP-1) in Tarlac City and its 20 MW_{DC} expansion (TSPP-2); and (c) PetroWind Energy Inc. ("PetroWind or PWEI", 40%-owned subsidiary in 2023 (joint venture in 2022) - owner and developer of the 36 MW Nabas Wind Power Project (NWPP-1) and its 13.2 MW expansion (NWPP-2) in Nabas and Malay, Aklan.

In 2023, PetroEnergy made direct acquisition of shares in PetroWind and PetroSolar and additional acquisition of equity shares in PetroGreen. In 2023 also, PGEC incorporated new RE entities which are disclosed in detail in Note 1d. The subsidiaries of PetroEnergy and the respective percentages of ownership are disclosed in Note 4.

In 2023, the Securities and Exchange Commission approved the incorporation of Rizal Green Energy Corporation (RGEC) as a wholly owned subsidiary of PGEC to develop new solar projects. In 2024, Taisei Corporation acquired a 25% equity stake in RGEC.

RGEC subsequently established three (3) renewable energy entities: Dagohoy Green Energy Corporation (DGEC) for the Dagohoy Solar Power Project, San Jose Green Energy Corporation (SJGEC) for the San Jose Solar Power Project (SJSPP), and Bugallon Green Energy Corporation (BGEC) for the Bugallon Solar Power Project (BSPP).

Separately, on August 16, 2023, PGEC acquired 100% of BKS Green Energy Corp. (BKSGEC or BKS), which holds the service contract for the Limbauan Solar Power Project in Isabela. BKSGEC was subsequently sold by PGEC to RGEC on December 19, 2024.

On November 20, 2024, EcoSolar Energy Corporation (ESEC) was incorporated. ESEC is a 100%-owned subsidiary of PGEC, that holds shares in RE companies that will develop the solar power projects in Panitan, Capiz. PGEC is a 75%-owned subsidiary of PERC.

b. Nature of Operations

The Group's two (2) main energy businesses are: (1) upstream oil exploration and development, and (2) power generation from RE resources including, (a) geothermal, (b) solar, and (c) wind.

Upstream Oil Exploration and Development

Petroleum production is on-going in the Etame (Gabon) concession, while the other petroleum concessions in the Philippines are still in the advanced exploration stages or pre-development stages.

Renewable Energy

Geothermal Energy

MGI's geothermal projects are the 20 MW MGPP-1 in Sto. Tomas, Batangas that started commercial operations on February 8, 2014 and its expansion, the 12 MW MGPP-2 that started commercial operations on April 30, 2018.

Solar Energy

PetroSolar's solar power projects are the 50 MW_{DC} TSPP-1 in Tarlac City, Tarlac that started commercial operations on February 10, 2016 and its 20 MW_{DC} TSPP-2 which started exporting power to the grid on April 22, 2019.

Other solar power projects currently undergoing testing and commissioning include the 27 MW_{DC} Dagohoy Solar Power Project (DSPP) in Dagohoy, Bohol, which began exporting power to the grid on November 12, 2024, and the 19.6 MW_{DC} San Jose Solar Power Project (SJSPP) in San Jose, Nueva Ecija, which started exporting power on December 21, 2024.

Additionally, the 25 MW_{DC} Bugallon Solar Power Project (BSPP) in Bugallon, Pangasinan, is under construction, with target commercial operations date by December 2025, along with the 40MW_{DC} Limbauan Solar Power Project (LSPP) in Isabela, which is also set for commercial operations date by December 2025.

Wind Energy

PetroWind's Nabas Wind Power Projects are located in Nabas and Malay, Aklan. Phase 1 with a capacity of 36 MW NWPP-1 commenced commercial operations on June 10, 2015. On the other hand, the 13.2 MW NWPP-2 is underway. The first three (3) 6.6 MW turbines started its testing and commissioning on April 4, 2024.

c. Acquisition of Shares of Stock

On April 24, 2023, PERC and EEI Power Corporation (EEIPC) entered into a Share Purchase Agreement (SPA), wherein PERC agreed to purchase all of EEIPC's equity interests in PGEC (7.5%), PetroSolar (44%), and PWEI (20%) on different payment schedules. PERC executed the respective Deeds of Absolute Sale and fully paid EEIPC the purchase price for the latter's shares in PWEI, PSC and PGEC on May 10, 2023, August 1, 2023, and August 31, 2023, respectively.

This acquisition resulted in changes in the classification of PGEC's and PERC's investment in PWEI as well as Group's interest and non-controlling interests (NCI) in the three entities mentioned (see Notes 4, 5, 13, 21 and 31).

In 2024, the purchase price allocation was completed in relation to the investment in PWEI. Provisional goodwill and customer relationship which were initially recorded in 2023 comparative balances were finalized and restated (see Notes 4, 5, 13, 21 and 31).

d. Pipeline RE Projects
On March 5, 2021, PetroGreen and Copenhagen Energy A/S, a Danish company and affiliate of CE Pacific ApS (CE), executed the Heads of Terms as basis for the potential collaboration on the development of offshore wind (OSW) power projects in the Philippines and creation of SPVs that will develop the projects. Pursuant to the Heads of Terms, PGEC and CE entered into Joint Venture Agreements (JVAs) that will govern the obligations of the parties in the development of the Northern Luzon, Northern Mindoro and East Panay OSW projects, and incorporated three (3) special purpose vehicles (SPVs) in November 2022 namely: BuhaWind Energy Northern Luzon Corporation (BuhaWind NL or BENLC), BuhaWind Energy Northern Mindoro Corporation (BuhaWind NM or BENMC) and BuhaWind Energy East Panay Corporation (BuhaWind EP or BEEPC) [collectively called BuhaWind Energy Philippines or BEP]. PGEC owns 40% and 60% equity interest in BEP as of December 31, 2023 and 2022, respectively. The DOE approved the assignment of PGEC's DOE wind service contracts to BEEPC, BENMC and BENLC on December 27, 2023, December 29, 2023 and February 21, 2024, respectively.

On August 31, 2023, the Securities and Exchange Commission (SEC) approved the incorporation of Rizal Green Energy Corporation (RGEC), PGEC's 100%-owned subsidiary in 2023 and 75%-owned in 2024, that shall hold shares in the RE companies that will develop the solar power projects in Bohol, Pangasinan, Isabela and Nueva Ecija.

On September 13, 2023, the SEC approved the incorporation of Dagohoy Green Energy Corporation (DGEC), a wholly owned subsidiary of RGEC, the RE entity that will own, develop, and operate the Dagohoy Solar Power Project in Bohol. On February 28, 2024, the DOE approved the assignment of Solar Energy Operating Contract (SEOC) No. 2022-06-629 from PGEC to DGEC and issued the corresponding new Certificate of Registration (COR) with Registration No. SEOC 2022-06-629-AF1.

On October 14, 2023, the SEC approved the incorporation of San Jose Green Energy Corporation (SJGEC), a wholly owned subsidiary of RGEC, the RE entity that will own, develop and operate the San Jose Solar Power Project in Nueva Ecija. On July 19, 2023, the DOE approved the assignment of V-Mars Solar Energy Corporation's DOE service contract to PGEC, allowing PGEC to develop the San Jose Solar Power Project in Nueva Ecija. On April 16, 2024, the DOE approved the assignment of SEOC No. 2015-09-251-AFI from PGEC to SJGEC and issued the corresponding new COR with Registration No. SEOC 2015-09-251-AF2.

On October 14, 2023, the SEC approved the incorporation of Bugallon Green Energy Corporation (BGEC), a wholly owned subsidiary of RGEC, the RE entity that will own, develop, and operate the Bugallon Solar Power Project (BSPP) in Pangasinan. On April 16, 2024, the DOE approved the assignment of SEOC 2022-04-622-AFI from PGEC to BGEC and issued the corresponding new COR with Registration No. SEOC 2022-04-622-AF1.

On August 16, 2023, PGEC acquired 100% of BKS Green Energy Corp.'s (BKS) shares of stock, a Filipino corporation that holds the service contract over the Limbauan Solar Power Project (LSPP) in Isabela. BKSGEC was subsequently sold to RGEC on December 19, 2024. The transaction was accounted for business combination under common control.

On November 20, 2024, the SEC approved the incorporation of ESEC, currently, a wholly owned subsidiary of PGEC, that is planned to hold the new projects of PGEC, such as utility-scale solar, aquavoltaics and Battery Energy Storage Systems (BESS), among others.

e. Approval of Consolidated Financial Statements
The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 2, 2025.

2. **Basis of Preparation and Statement of Compliance**

Basis of Preparation
The accompanying consolidated financial statements have been prepared under the historical cost basis, except for financial assets carried at fair value through profit or loss (FVTPL) which are measured at fair value, and crude oil inventory which is valued at net realizable value (NRV).

The consolidated financial statements are presented in Philippine Peso (P`HP or ₱), which is the Parent Company's functional currency. All amounts are rounded to the nearest PHP unless otherwise stated.

Statement of Compliance
The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

3. **Changes in 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 new standards effective 2024. The Group has not early adopted any standards, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have any impact on the consolidated financial statements of the Group.

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2025

- Amendments to PAS 21*, Lack of exchangeability*

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

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

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Annual Improvements to PFRS Accounting Standards - Volume 11

  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*
  The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9
  a) Lessee Derecognition of Lease Liabilities
     The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

  b) Transaction Price
     The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*
  The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

On February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standards.

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

  The standard replaces PAS 1, *Presentation of Financial Statements* and responds to investors' demand for better information about companies' financial performance. The new requirements include:

  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

- PFRS 19, *Subsidiaries without Public Accountability*

  The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

Deferred effectivity

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Material Accounting Policy Information

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024. The financial statements of the subsidiaries are prepared in the same reporting year as the Parent Company, using consistent accounting policies.

Below are the subsidiaries, which are all incorporated in the Philippines, with their respective percentage ownership as of December 31:

	2024	2023	2022
Direct interest:			
PetroGreen [(1)]	**75%**	75%	76.92%
PetroSolar[(2)]	**44%**	44%	–
PetroWind[(3)]	**20%**	20%	–
Navy Road Development Corporation (NRDC) - dormant company	**100%**	100%	100%
Indirect interest:			
Percentage share of PetroGreen in its subsidiaries:			
MGI	**65%**	65%	65%
PetroSolar	**56%**	56%	56%
PetroWind[(3)]	**40%**	40%	–
BKS[(4)]	**–**	100%	–
RGEC[(5)]	**75%**	100%	–
ESEC[(6)]	**100%**	–	–
Subsidiaries of RGEC:			
DGEC[(5)]	**100%**	100%	–
SJGEC[(5)]	**100%**	100%	–
BGEC[(5)]	**100%**	100%	–
BKS[(7)]	**100%**	–	–

[1] *Change in % of ownership is the result of PERC's acquisition of PetroGreen's shares from EEIPC and new shares issued to Kyuden (Notes 1, 21 and 31)*
[2] *Arises from PERC's acquisition of PetroSolar's shares from EEIPC (Notes 1, 21 and 31)*
[3] *Arises from PERC's acquisition of PetroWind's shares from EEIPC which resulted in consolidation of PetroWind; effective interest of the Group is 50% thereafter (Notes 1 and 13)*
[4] *Acquired subsidiary in 2023 (Note 1)*
[5] *Incorporated subsidiaries in 2023 (Note 1)*
[6] *Incorporated subsidiary in 2024 (Note 1)*
[7] *PGEC sold its 100% shares in BKS to RGEC (Note 1)*

Subsidiaries are entities controlled by PERC. PERC controls an investee if and only if PERC has:

a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
b) exposure, or rights, to variable returns from its involvement with the investee; and
c) the ability to use its power over the investee the amount of the investor's returns.

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

a) the contractual arrangement with the other vote holders of the investee;
b) rights arising from other contractual arrangements; and
c) the Group's voting rights and potential voting rights.

PERC re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidations of a subsidiary begins when PERC obtains control over the subsidiary and ceases when PERC loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date PERC gains control until the date PERC ceases to control the subsidiary.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments where necessary are made to ensure consistency with the policies adopted by the Group. All intra-group balances and transactions, intra-group profits and expenses and gains and losses are eliminated during consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests (NCI), the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

NCI are presented separately from the Parent Company's equity. The portion of profit or loss and net assets in subsidiaries not wholly owned are presented separately in the consolidated statement of comprehensive income and consolidated statement of changes in equity, and within equity in the consolidated statement of financial position under 'Non-controlling interests'.

Cash and Cash Equivalents
Cash includes cash on hand and in banks (demand deposits). Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the dates of acquisition and that are subject to an insignificant risk of change in value.

Short-term Investments
This pertains to interest bearing time deposits with terms of more than 3 months but not more than one year.

Restricted Cash
Restricted cash is recognized when the Group reserves a portion of its cash for a specific purpose such as to pay loan interest charges and loan principal amortization, and that there are contractual restrictions directly related to the use of and access of the bank accounts. This includes cash held under escrow accounts. Restricted cash that are expected to be used for a period of no more than 12 months after the financial reporting period are classified as current assets, otherwise, these are classified as noncurrent assets.

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.

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 FVTPL.

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. 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.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flow 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.

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.

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 FVTPL

The Group has no financial asset classified as financial assets at FVOCI.

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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, Short-term investments, Receivables, Restricted cash, and Refundable deposits.

Financial assets at FVTPL
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established.

The Group's financial assets at FVTPL includes marketable equity securities and investment in golf club shares.

Impairment of financial assets
The Group recognizes an allowance for Expected Credit Loss (ECL) for all debt instruments not held at FVTPL. 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.

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).

The Group may 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.

Financial Liabilities - Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and other financial liabilities at amortized cost. The initial measurement of financial liabilities, except for designated at FVTPL, includes transaction costs.

As of December 31, 2024 and 2023, the Group's financial liabilities are classified as other financial liabilities.

The Group's financial liabilities include Accounts payable and accrued expenses, excluding statutory liabilities, Loans payable and Lease liabilities. The Group does not have financial liabilities at FVTPL.

Subsequent measurement
After initial recognition, other financial liabilities 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 consolidated statement of comprehensive income.

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

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities
A financial liability (or part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Crude Oil Inventory
Crude oil inventory is stated at NRV at the time of production. NRV is the estimated selling price less cost to sell. The estimated selling price is the market values of crude oil inventory at the time of production.

Other Current Assets
This account comprises supplies inventory, refundable deposits, prepayments and advances to suppliers.

Supplies inventory refers to parts purchased for used in operations. Supplies inventory are stated at the lower of cost or NRV. Cost is determined using the specific identification method. NRV is the current replacement cost of supplies inventory.

Prepayments are expenses paid in advance and recorded as asset before these are utilized. The prepaid expenses are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred. Prepayments that are expected to be realized for a period of no more than 12 months after the financial reporting period are classified as current assets, otherwise, these are classified as noncurrent assets.

Advances to suppliers are reclassified to the proper asset or expense account and deducted from the supplier's billings as specified in the provisions of the contract.

Property, Plant and Equipment
Property, plant and equipment, except for land, are stated at cost less accumulated depletion, depreciation and amortization and any accumulated impairment losses. Land is stated at cost less any accumulated impairment losses. The initial cost of the property, plant and equipment consists of its purchase price, including any import duties, taxes and any directly attributable costs of bringing the assets to its working condition and location for its intended use and abandonment costs.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to the consolidated statement of comprehensive income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation of an item of property, plant and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Wells, platforms and other facilities related to oil operations are depleted using the units-of-production method computed based on estimates of proved reserves. The depletion base includes the exploration and development cost of the producing oilfields.

Land improvements consist of betterments, site preparation and site improvements that ready land for its intended use. These include excavation, non-infrastructure utility installation, driveways, sidewalks, parking lots, and fences.

Property, plant and equipment (except wells, platforms and other facilities related to oil operations subjected to depletion per units-of-production) are depreciated and amortized using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Power plants	25
FCRS and production wells	25
Land improvements	5
Office condominium units	15
Office condominium improvements	3 to 5
Transportation equipment	4 to 5
Office furniture and other equipment	2 to 3

The useful lives and depletion, depreciation and amortization methods are reviewed periodically to ensure that the period and method of depletion, depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Construction in progress represents property, plant and equipment under construction and is stated at cost. This includes the cost of construction to include materials, labor, professional fees, borrowing costs and other directly attributable costs. Construction in progress is not depreciated until such time the construction is completed.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is credited or charged to current operations.

When the assets are retired or otherwise disposed of, the cost and the related accumulated depletion, depreciation and amortization and any accumulated impairment losses are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Business Combination and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI

in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

PFRS 3 provides that if the initial accounting for a business combination can be determined only provisionally by the end of the reporting period in which the combination occurs because either the fair values to be assigned to the acquiree's identifiable assets or liabilities or the consideration of the combination can be determined only provisionally, the acquirer shall account for the business combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months from the acquisition date as follows: (i) the carrying amount of the identifiable assets or liabilities that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable assets or, liabilities being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

<u>Business Combination of Entities Under Common Control</u>
Business combination of entities under common control are accounted for by applying the pooling-of-Interests method. The pooling-of-interests method generally involved the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair value or recognize any new assets or liabilities at the date of combination. The only adjustments that are made are those adjustments to harmonize accounting policies.

- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the entity acquired is reflected within equity.
- Equity reserve is recognized for the difference between the considerations paid or transferred and the net assets of the entity acquired through business combinations involving entities under common control.

Deferred Oil Exploration Costs
PERC follows the full cost method of accounting for exploration costs determined on the basis of each SC area. Under this method, all exploration costs relating to each SC are tentatively deferred pending determination of whether the area contains oil reserves in commercial quantities.

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 comprehensive 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.

The exploration costs relating to the SC where oil in commercial quantities are discovered are subsequently reclassified to “Wells, platforms and other facilities” shown under “Property and equipment” account in the consolidated statements of financial position upon substantial completion of the development stage.

Deferred Development Costs - Geothermal included in Other Noncurrent Assets
All costs incurred in the geological and geophysical activities such as costs of topographical, geological and geophysical studies, rights of access to properties to conduct those studies, salaries and other expenses of geologists, geophysical crews, or others conducting those studies are charged to profit or loss in the year such costs are incurred.

If the results of initial geological and geophysical activities reveal the presence of geothermal resource that will require further exploration and drilling, subsequent exploration and drilling costs are accumulated and deferred under the “Other noncurrent assets” account in the consolidated statement of financial position.

These costs include the following:

- costs associated with the construction of temporary facilities;
- costs of drilling exploratory and exploratory type stratigraphic test wells, pending determination of whether the wells can produce proved reserves; and
- costs of local administration, finance, general and security services, surface facilities and other local costs in preparing for and supporting the drill activities, etc. incurred during the drilling of exploratory wells.

If tests conducted on the drilled exploratory wells reveal that these wells cannot produce proved reserves, the capitalized costs are charged to expense except when management decides to use the unproductive wells for recycling or waste disposal.

Once the project’s technical feasibility and commercial viability to produce proved reserves are established, the exploration and evaluation assets shall be reclassified to “Property, plant and equipment” and depreciated accordingly.

Deferred Development Costs - Solar and Wind Power Projects included in Other Noncurrent Assets
These are costs incurred in the development of the RE projects. Costs are capitalized if the technological and economic feasibility is confirmed, usually when a project development has reached a defined milestone according to an established project management model. These costs include the following:

- costs incurred for the RE projects
- costs of administration, finance, general and security services and other costs attributed to the RE projects.

Deferred development costs of RE projects are recognized under "Other noncurrent assets" in the consolidated statement of financial position. Once the project's technical feasibility and commercial viability has been established, development costs shall be reclassified to "Property, plant and equipment" and depreciated accordingly.

Investment in Joint Ventures (JV)
A JV is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Investment in a JV is accounted for under the equity method of accounting.

Under the equity method, the investment in a JV 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 JV since the acquisition date.

The consolidated statement of comprehensive income reflects the Group's share of the financial performance of the joint venture. 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 JV, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses from transactions between the Group and the JV are eliminated to the extent of the interest of the JV.

The aggregate of the Group's share in profit or loss of a JV is shown under "Other income (charges)" in the consolidated statement of comprehensive income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the JV.

The financial statements of the JV are prepared in the same reporting period of 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 for the investment in a JV, the Group determines whether it is necessary to recognize an impairment loss on its investment in a JV. At each reporting date, the Group determines whether there is objective evidence that the investment in JV is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the JV and its carrying value, then recognizes the loss in the consolidated statement of comprehensive income.

Upon loss of joint control over the JV, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income.

Contract Assets
A contract asset is recognized for the earned consideration for goods or services transferred to a customer before the customer pays or before payment is due. Contract assets are measured at the present value of future collections to be received over a period of time. Contract assets that are expected to be received within 12 months after the financial reporting period are classified as current assets, otherwise, these are classified as noncurrent assets.

Intangible Assets (Other than Goodwill)
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets are amortized using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Customer relationship	27
Land rights	25
Production license	10
Software license	1.5 to 3

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Interest in Joint Operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognized in relation to its interest in a joint operation its:
- assets, including its share of any assets held jointly
- liabilities, including its share of any liabilities incurred jointly
- revenue from the sale of its share of the output arising from the joint operation
- share of the revenue from the sale of the output by the joint operation
- expenses, including its share of any expenses incurred jointly

The Group accounts for the assets it controls and the liabilities it incurs, the expenses it incurs and the share of income that it earns from the sale of crude oil by the joint operations.

The Group's participating interest in the Etame block in Gabon, West Africa and participating interests in Philippine service contracts (SCs) are classified as joint operations.

Impairment of Nonfinancial Assets (excluding Goodwill)
The Group assesses at each reporting date whether there is an indication that an asset (e.g., Property, plant and equipment, Investment properties, Deferred costs, Intangible assets and Right-of-use assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depletion, depreciation and amortization had no impairment loss been recognized for the asset in prior years.

Capital Stock and Additional Paid-in Capital
The Group records common stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity shares. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. When any member of the Group purchases the Group's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity.

Retained Earnings
Retained earnings represent the cumulative balance of consolidated net income, effects of changes in accounting policy and other capital adjustments, net of dividend declaration.

Cumulative Translation Adjustment
Cumulative translation adjustment represents the resulting exchange differences in the remeasurement of accounts due to change in functional currency.

Equity Reserve
Equity reserve is made up of equity transactions other than equity contributions such as gain or loss resulting from increase or decrease of ownership without loss of control.

Dividend Distribution
Cash dividends on capital stock are recognized as a liability and deducted from retained earnings when approved by the BOD.

Revenue Recognition
Revenue is recognized when the control of petroleum and electricity are transferred to the customer at an amount that reflects the consideration which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements.

Electricity sales
Revenues from sale of electricity using renewable energy is consummated and recognized over time whenever the electricity generated by the Group is transmitted through the transmission line designated by the buyer, for a consideration.

Oil revenues
Revenue from crude oil is recognized at a point in time when the control of the goods has transferred from the sellers (Consortium) to the buyer at the delivery point. Revenue is measured at the fair value of the consideration received.

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*.

Other Revenues
Revenues from pass-on wheeling charges are consummated and recognized over time whenever the electricity generated by the Group is transmitted through MERALCO's distribution system, for a consideration. Revenues from pass-on Wholesale Electricity Spot Market (WESM) transactions are consummated and recognized over time whenever the electricity generated by the Group is traded through WESM, for a consideration.

Interest income
Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Dividend income
Dividend income is recognized according to the terms of the contract, or when the right of the payment has been established.

Share in Net Income of a Joint Venture
Share in net income of a joint venture represents the Group's share in profit or loss of its joint venture.

Miscellaneous Income
Miscellaneous income is recognized when the Group's right to receive the payment is established.

Costs and Expenses
Cost of electricity sales
Costs of electricity sales pertain to direct costs in generating electricity power which includes operating and maintenance costs (O&M) for power plant and fluid collection and reinjection system (FCRS), depreciation and other costs directly attributed to producing electricity.

Oil production
Oil production are costs incurred to produce and deliver crude oil inventory, including transportation, storage and loading, among others.

Change in crude oil inventory
Change in crude oil inventory pertains to the movement of beginning and ending crude oil inventory charged as part of cost of sales.

General and administrative expenses
General and administrative expenses constitute costs of administering the business.

Costs and expenses are recognized as incurred.

Income Taxes
Current Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences except to the extent that the deferred tax liabilities arise from the: a) initial recognition of goodwill; or b) the initial recognition of an asset or liability in a transaction which is not: i) a business combination; and ii) at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences with certain exceptions, and carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred tax assets, however, are not recognized when it arises from the: a) initial recognition of an asset or liability in a transaction that is not a business combination; and b) at the time of transaction, affects neither the accounting income nor taxable profit or loss.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date, and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered. The Group does not recognize deferred tax assets and deferred tax liabilities that will reverse during the income tax holiday (ITH).

Deferred tax assets and liabilities are measured at the tax rates that are applicable 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 as of the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit or loss or other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Subsidiaries operating in the Philippines file income tax returns on an individual basis. Thus, the deferred tax assets and deferred tax liabilities are offset on a per entity basis.

Leases

Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use assets includes the amount of lease liability recognized, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

	Number of Years
Office space	2
Land	18 to 25

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies to the leases of low-value assets recognition exemption to leases that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Retirement Benefits
The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to consolidated statement of comprehensive income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Asset Retirement Obligation (ARO)
The Group records present value of estimated costs of legal and constructive obligations required to restore the oilfields and plant sites upon termination of its operations. The nature of these restoration activities includes dismantling and removing structures, rehabilitating settling ponds, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is constructed or the ground or environment at the sites are disturbed. When the liability is initially recognized, the present value of

the estimated cost is capitalized as part of the carrying amount of the ARO assets (included under "Property, plant and equipment") and ARO liability.

Liability and capitalized costs included in oil properties is equal to the present value of the Group's proportionate share in the total decommissioning costs of the consortium on initial recognition. Additional costs or changes in decommissioning costs are recognized as additions or charges to the corresponding assets and ARO when they occur.

For closed sites or areas, changes to estimated costs are recognized immediately in the consolidated statement of comprehensive income.

If the decrease in liability exceeds the carrying amount of the asset, the excess shall be recognized immediately in profit or loss.

For the oil operation, the Group depreciates ARO assets based on units-of-production method.
For the renewable energy, the Group depreciates ARO assets on a straight-line basis over the estimated useful life of the related asset or the service contract term, whichever is shorter, or written off as a result of impairment of the related asset.

The Group regularly assesses the provision for ARO and adjusts the related liability and asset.

Foreign Currency-Denominated Transactions and Translation
The consolidated financial statements are presented in PHP, which is the Parent Company's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency using the exchange rate at date of transaction. Monetary assets and liabilities denominated in foreign currencies are reinstated to the functional currency using the closing exchange rate at reporting date.

All exchange differences are taken to the consolidated statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Earnings Per Share
Basic earnings per share is computed on the basis of the weighted average number of shares outstanding during the year after giving retroactive effect to any stock split or stock dividends declared and stock rights exercised during the current year, if any.

Diluted earnings per share is computed on the basis of the weighted average number of shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The Parent Company does not have any potentially dilutive ordinary shares for the years ended December 31, 2024, 2023 and 2022.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services, serves different markets subject to different risks and returns. Financial information on business segments is presented in Note 29 to the consolidated financial statements.

Provisions and Contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's situation at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRS Accounting Standards requires the Group to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments, estimates and assumptions are reflected in the consolidated financial statements, as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of Functional Currency
The Parent Company determines its functional currency based on economic substance of underlying circumstances relevant to the Parent Company. The functional currency has been determined to be the PHP based on the economic substance of the Parent Company's business circumstances.

Capitalization of Deferred Oil Exploration Costs and Deferred Development Costs
Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. If the accounting policy on capitalization of development costs are not met, such costs are expensed.

As of December 31, 2024 and 2023, the carrying value of deferred oil explorations costs amounted to ₱431.42 million and ₱386.80 million, respectively (see Note 12), and the Group's deferred development costs amounted to ₱328.20 million and ₱560.89 million as of December 31, 2024 and 2023, respectively (see Note 17).

Classification of Joint Arrangements
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 assesses their rights and obligations arising from the arrangement and specifically 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, considered on a case by case basis

This assessment often requires significant judgment. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting of the investment.

The Group's investment in PWEI in 2022 and BEP are structured in a separate incorporated entity. The Group and the parties to the agreement only have the right to the net assets of the joint venture through the terms of the contractual arrangement. Accordingly, the joint arrangement is classified as a joint venture. As of December 31, 2024 and 2023, the Group's investment in joint ventures amounted ₱2.88 million (Note 13).

The Group and the parties to the agreement in investment in Gabon, West Africa and investments in petroleum concessions in the Philippines have joint control over its rights to the assets and obligations for the liabilities, relating to the arrangement. Accordingly, the joint arrangements are classified as joint operations (Notes 11 and 12).

Change in classification of Investment in PWEI
Prior to May 2023, PGEC's 40% equity interest in PWEI is accounted as investment in joint venture. The other 60% equity interest are owned by EEIPC (20%) and BCPG Wind Cooperatief U.A. (40%).

In May 2023, PERC acquired EEIPC's 20% equity interest in PWEI (Note 1c), bringing the combined ownership of the Group in PWEI to 60% (effective interest of 50% for the Group thereafter). Considering all relevant facts and circumstances in evaluating control over PWEI, the Group assessed that, through PGEC, it already controls the relevant activities of PWEI. Consequently, PWEI was consolidated starting May 2023 (see Note 13).

The Group considered the voting rights and the following factors, to be sufficient to give the Group, through PGEC, control over the relevant activities of PWEI:
- PWEI's key management personnel are related parties of the Group.
- Majority of the members of PWEI's governing body, including the BOD, are related parties of the Group.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at 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 year are discussed below.

Purchase price allocation in business combination, goodwill and customer relationship
The Group's consolidated financial statements and financial performance reflect the value of PWEI after the business combination. The Group accounts for the acquired business using the acquisition method, which requires extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities at the acquisition date. Any excess in the purchase price over the fair market values of the net assets acquired is recorded as goodwill in the consolidated statement of financial position. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Group's financial position and performance. The provisional fair values of the net assets acquired are disclosed in Note 13. In 2023, the business combination resulted in provisional goodwill amounting to ₱741.45 million and customer relationship with book value of ₱302.55 million and estimated useful life of 27 years based on the remaining term of PWEI's service contract for the NWPP (see Notes 13 and 16).

In 2024, the valuation was completed resulting in updated acquisition date fair values of the identifiable net assets in the business combination. The 2023 comparative information was restated to reflect the adjustment to the provisional amounts (see Notes 13 and 16). There is no change in the estimated useful life of customer relationship as of December 31, 2024 and 2023.

Estimation of Geothermal Field Reserves
The Group performed volumetric reserve estimation to determine the reserves of the Maibarara geothermal field. As a requirement for project financing, MGI engaged at its own cost the New Zealand firm Sinclair Knight Merz (SKM) in 2011 to undertake a comprehensive third-party technical review of the Maibarara geothermal field. This review included analysis of the resource assessment performed in-house by MGI as well as a separate SKM reserve estimation and Monte Carlo simulation of the Maibarara reserves.

The Group simulation indicated a mean at 50% probability (P50) proven reserves of 27.8 MW for 25 years. In contrast, SKM calculated the ₱50 reserves at 44 MW. At 90% probability (P90), the reserves calculated are 28 MW and 12 MW by SKM and MGI, respectively. SKM concluded that the approach taken by MGI is conservative as it limits reservoir thickness to depths where a maximum thickness of 280°C will be encountered although the measured temperature reached as high as 324°C. There has been a reasonable confidence that the 20 MW (gross) plant development is feasible as the P90 level appears also conservative as with MGI's approach.

Also, there is a likely geothermal potential south of the proven area where two old wells were drilled and encountered high fluid temperatures (T ~ 300°C). The Group identified the southern block as a probable reserve area. SKM in 2011 suggested that the southern block can be classified as Indicated Resource based on the Australian Code as high temperatures have been intersected by the two wells. SKM estimated that the stored heat in the Southern Block has a resource potential equivalent to 10-16 MW (P90 and P50, respectively) for a project life of 25 years.

An updated reserves estimation using the stored-heat calculation was made in 2015 by MGI as a result of reservoir and production performance and the 2014 drilling campaign. The 2014 drilling proved that the current resource area can produce around 33.1 MW, more than enough to meet the steam requirement of the existing 20 MW power plant plus the 12 MW expansion power plant. Using the Monte Carlo simulation to estimate the reserves, the proven resource area has an 80% probability of delivering between 18.1 MW to 50.9 MW over a 25-year operating period. This Monte Carlo simulation also showed that the expected mean reserve for the proven resource area is 30.4 MW for 25 years.

The Group engaged a U.S. firm Geothermal Science, Inc. (GSI) in 2015 to perform a third-party technical appraisal of the resource for the planned 12 MW expansion. This third-party review was also made as a requirement for the project financing of MGPP-2 or M2. GSI adopted the technique from the US Geological Survey Circular 790 in making the probabilistic calculation of the geothermal reserves at Maibarara. Based on this approach, GSI estimated that Maibarara has a minimum or proven reserves of 40.2 MW, P90 for 25 years plant life and Most Likely Reserve of 61.6 MW, P50 for 25 years of plant life.

In 2022, the Group conducted an internal assessment on its Reserves Estimates, which incorporated the results of the 2018 Magnetotellurics (MT) Resistivity Survey by Premier Geo-Exel, Inc (PGEI) indicating a resource in the North/Northeast of the existing field. By 2023, the Group engaged third-party service providers, Geothermal Resource Group (GRG) and WestJEC, to validate the results of the Group's 2022 Reserves Estimates. Based on the results, Maibarara has an estimated minimum or proven reserve ranging from 44 to 78 MW at P90 for 25 years of plant life and Most Likely Reserve of 75 to 114 MW at P50 for 25 years of plant life (2022-2047). The results of the 2023 numerical modeling study indicates that the Maibarara Geothermal Field can sustain a 72 MW power generation until 2054.

The Group commenced producing power commercially on February 8, 2014. As of December 31, 2024, operational production wells within the field are capable of producing approximately 38 MW, at full-bore capacity. These production wells including the complement reinjection wells are concentrated on the proven resource area, while one reinjection well is located in the outfield area.

Estimation of Proved and Probable Oil Reserves
The Parent Company assesses its estimate of proved and probable reserves on an annual basis. The estimate is based on the technical assumptions and is calculated in accordance with accepted volumetric methods, specifically the probabilistic method of estimation. Probabilistic method uses known geological, engineering and economic data to generate a range of estimates and their associated probabilities.

All proved and probable reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including crude oil prices, contract terms or development plans. Estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. Estimated oil reserves are utilized in the impairment testing and the calculation of depletion expense using the unit of production method of the investments.

As of December 31, 2024 and 2023, the carrying value of "Wells, Platforms and other Facilities" under "Property, Plant and Equipment" amounted to ₱446.76 million and ₱605.04 million, respectively (see Note 11).

Estimation of Useful Lives of Property, Plant and Equipment
The Group reviews on an annual basis the estimated useful lives of property, plant and equipment based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depletion, depreciation and amortization expense and decrease noncurrent assets.

There is no change in the estimated useful lives of property, plant and equipment as of December 31, 2024, and 2023 (see Note 11).

Impairment of Nonfinancial Assets
The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost of disposal and its value in use.

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, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.
-

The related balances of the Group's nonfinancial assets as of December 31 follow:

	2024	2023
Property, plant and equipment (Note 11)	**₱14,974,940,788**	₱12,245,311,886
Intangible assets (other than goodwill) (Note 16)	**780,154,952**	818,248,996
Deferred oil exploration costs (Note 12)	**431,416,713**	386,796,965
Deferred development costs (Note 17)	**328,202,131**	560,886,192
Right-of-use assets (Note 14)	**302,353,808**	322,894,463
Investment properties (Note 15)	**1,611,533**	1,611,533
	₱16,818,679,925	₱14,335,750,035

There are no indicators of impairment that would trigger impairment review in 2024 and 2023 other than the assets on the investments in Gabon, West Africa and SC 14-2 West Linapacan recorded as part of property, plant and equipment, intangible assets and deferred oil exploration costs as mentioned below.

Gabon, West Africa
The Parent Company believes that the fluctuation in crude oil prices in the market, political risks in Gabon, discount rates and changes in other assumptions such as change in production profile which is based on continued production until the term of the existing PSC are indicators that the assets might be impaired or if there is reversal of prior impairment loss.

In 2018, the Gabonese Government allowed the sixth amendment to the Exploration Production Sharing Contract ("EPSC") that extends the exploitation period for the production licenses by ten (10) years, or from September 2018 until September 2028, extendible by five (5) years and by a final extension of 5 more years. The extension of the EPSC will allow the consortium to maximize the use of the existing facilities that are already in place to increase or maintain production until the field's extended life.

SC 14-C2 - West Linapacan
SC 14-C2 has not yet expired and was granted with a 15-year extension of the SC as approved by the DOE from December 18, 2010 to December 18, 2025. The SC 14-C2 consortium proceeded with a third-party technical evaluation to assess potential production opportunities. With the SC nearing its expiration in December 2025, the assets were tested for impairment.

Impairment loss (reversal)
The Parent Company's assets on its investments in Gabon, West Africa and SC 14-C2 West Linapacan service contracts were subjected to impairment testing. These assets comprise of wells, platforms and other facilities under Property, plant and equipment amounting to ₱446.76 million and ₱605.04 million, deferred oil exploration costs amounting to ₱365.87 million and ₱321.62 million, and production license presented under Intangible assets amounting to ₱17.34 million and ₱21.96 million as of December 31, 2024 and 2023, respectively (see Notes 11, 12 and 16).

In assessing whether impairment is required, the carrying value of the asset is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs to sell and value in use. Given the nature of the Parent Company's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment loss is value in use.

The Parent Company estimates value in use using a discounted cash flow model using a discount rate of 12.28% in 2024, 14.39% in 2023 and 14.64% in 2022.

The Parent Company recognized impairment (reversal of impairment) loss for the years ended December 31 presented on a net basis:

	2024	2023	2022
Wells, platforms and other facilities - net (Note 11)	**₱169,899,110**	₱76,864,520	(₱11,893,541)
Deferred oil exploration costs - net (Note 12)	**(117,456,518)**	303,476	594,172
	₱52,442,592	₱77,167,996	(₱11,299,369)

Estimation of Asset Retirement Obligations
The Group has various legal obligation to decommission or dismantle its assets related to the oil production, geothermal energy, solar power and wind power projects at the end of each respective service contract. In determining the amount of provisions for restoration costs, assumptions and estimates are required in relation to the expected costs to restore sites and infrastructure when such obligation exists. The Group recognizes the present value of the obligation to dismantle and capitalizes the present value of this cost as part of the balance of the related property, plant and equipment, which are being depreciated on a straight-line basis over the useful life of the related assets (for the renewable energy) and based on units-of-production method based on estimates of proved reserves (for the oil operations).

Cost estimates expressed at projected price levels until dismantling date are discounted using rates ranging from 6.10% to 9.50% in 2024 and 6.01% to 7.32% in 2023 to take into account the timing of payments. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with charges being recognized as accretion expense (see Note 20).

Changes in the asset retirement obligation that result from a change in the current best estimate of cash flow required to settle the obligation or a change in the discount rate are added to (or deducted from) the amount recognized as the related asset and the periodic unwinding of the obligation on the liability is recognized in profit or loss as it occurs.

While the Group has made its best estimate in establishing the asset retirement obligation, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning activities, the ultimate provision requirements could either increase or decrease significantly from the Group's current estimates. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Asset retirement obligation as of December 31 follows (Note 20):

	2024	2023
Oil production	**₱59,580,781**	₱48,056,253
Wind power project	**44,485,756**	46,671,960
Solar power project	**43,544,555**	60,429,322
Geothermal energy project	**14,923,157**	12,375,380
	₱162,534,249	₱167,532,915

Recoverability of input VAT
The Group maintains an allowance for input VAT based on an assessment of the recoverability of these assets using the historical success rate of VAT refunded from the Bureau of Internal Revenue (BIR). A review is made by the Group on a continuing basis annually to determine the adequacy of the allowance for losses. The carrying value of input VAT amounted to ₱594.37 million and ₱432.54 million as of December 31, 2024 and 2023, respectively (see Note 17).

Recognition of deferred tax assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces them to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As of December 31, 2024 and 2023, the Group did not recognize deferred tax assets on certain temporary differences, NOLCO and MCIT as the Group believes that it may not be probable that sufficient taxable income will be available in the near foreseeable future against which the tax benefits can be realized prior to their expiration (see Note 22).

Estimation of retirement benefits
The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuation. The actuarial valuation involves making various assumptions including determination of discount rates and future salary increases, among others. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each accounting period. The accrued retirement liabilities (asset) of the Group are disclosed in Note 20.

Assessment of provisions and contingencies
The Group is involved in certain claims arising from the ordinary conduct of business which are either pending decision by the courts or are being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsels, the eventual liabilities under these

claims, if any, will not have a material or adverse effect on the Group's consolidated financial position and results of operations. The Group will exhaust all legal remedies available to it in defending itself in these claims and proceedings.

6. Cash and Cash Equivalents and Short-term Investments

	2024	2023
Cash on hand	**₱1,931,203**	₱661,203
Cash in banks	**793,755,106**	770,577,865
Cash equivalents	**1,974,783,346**	1,563,065,299
Cash and cash equivalents	**₱2,770,469,655**	₱2,334,304,367
Short-term investments (more than 3 months)	**₱200,000,000**	₱1,975,286,425

Short-term investments have maturities of more than three (3) months to one (1) year and earn annual interest at rates that ranged from 5.15% to 6.05% in 2024, and 5.875% to 6.30% in 2023.

Interest income earned on cash and cash equivalents and short-term investments amounted to ₱150.81 million, ₱200.85 million and ₱36.29 million in 2024, 2023 and 2022, respectively.

7. Restricted Cash

Debt service payment and reserve accounts
This refers to the amount of fund that the Group is required to maintain in the Debt Service Payment Account (DSPA) and Debt Service Reserve Account (DSRA) pursuant to the Omnibus Loan and Security Agreement (OLSA) of MGI, PetroSolar and PetroWind, respectively (see Note 19). The funds maintained in these accounts are used to pay the forthcoming debt service scheduled semi-annually until the loan is fully paid off. Under the OLSA, where the banks are one of the parties, the banks shall have the exclusive control over and exclusive right of withdrawal from the restricted cash accounts totaling to ₱217.29 million and ₱293.74 million on December 31, 2024 and 2023, respectively.

Cash held under escrow for stock subscription
This represents the remaining funds held under escrow related to the Share Subscription Agreement between PetroGreen and Kyuden International Corporation (Kyuden), that were released from the escrow fund in January 2023 (Notes 21 and 31). Interest income earned on restricted cash amounts to nil, ₱0.84 million and ₱7.60 million in 2024, 2023 and 2022, respectively.

8. Receivables

	2024	2023
Trade receivables:		
Electricity sales	**₱395,415,640**	₱336,797,693
Electricity sales – related party (Note 27)	**103,154,602**	101,935,010
Oil revenues	**66,079,326**	57,339,972
Other trade receivables (Note 27)	**1,053,324**	3,464,223

(Forward)

	2024	2023
Non-trade receivables:		
Receivables from related party (Note 27)	**₱132,255,582**	₱36,664,312
Receivable from contractors	**19,195,658**	37,010,692
Interest receivable	**11,084,320**	86,809,859
Consortium operator	**2,682,452**	2,682,452
Bid bond deposits	–	47,000,000
Others	**30,765,770**	23,499,680
	761,686,674	733,203,893
Less allowance for expected credit losses	**2,682,452**	2,682,452
	₱759,004,222	₱730,521,441

Trade receivables are generally on 30 days credit term. Interest income earned from the delayed payment of trade and other receivable amounted to ₱9.62 million, ₱12.65 million and ₱0.45 million in 2024, 2023 and 2022, respectively. The Renewable Energy Payment Agreement with TransCo stipulates that in the event TransCo fails to pay upon the lapse of one billing period after the payment date, TransCo shall pay interest thereon, calculated from the payment date to the day such amount is actually paid. Interest rate is T-bill rate plus 3%.

Bid bond deposits pertain to Green Energy Auction Program (GEAP) bid bonds paid by PGEC to the Department of Energy (DOE) for BSPP and LSPP in 2023. The said bonds were refunded to the Group in January 2024 after furnishing the performance bonds.

9. Financial Assets at Fair Value Through Profit or Loss

	2024	2023
Marketable equity securities	**₱5,374,437**	₱6,188,720
Investment in golf club shares	**770,000**	770,000
	₱6,144,437	₱6,958,720

Net loss on fair value changes on financial assets at FVTPL included in profit loss amounted to ₱0.81 million, ₱0.53 million, and ₱0.05 million in 2024, 2023 and 2022, respectively. Dividend income received from equity securities amounted to ₱0.02 million, ₱0.03 million and ₱0.08 million in 2024, 2023 and 2022, respectively (see Note 26).

10. Other Current Assets

	2024	2023
Supplies inventory	**₱218,028,949**	₱150,572,239
Prepaid expenses	**141,502,783**	57,485,232
Advances to suppliers	**64,935,026**	15,220,728
Prepaid income taxes	**8,111,388**	8,301,235
Others	**2,003,729**	658,803
	₱434,581,875	₱232,238,237

Supplies Inventory
Supplies inventory refers to purchased supplies and parts that are intended to be used for the Group's operations and maintenance. These are stated at the lower of cost or net realizable value (NRV). Cost is determined using the specific identification method. NRV is the current replacement cost of supplies inventory.

Prepaid Expenses
Prepaid expenses include various prepaid insurances, services and rent. Prepaid expenses also include advance payment for Real Property Taxes (RPT), Stand-by Letter of Credit (SBLC) charges and operations and maintenance professional fees.

11. **Property, Plant and Equipment**

	2024									
	Power plants	**FCRS and production wells - geothermal**	**Wells, platforms and other facilities**	**Land**	**Land improvements**	**Office condominium units and improvements**	**Transportation equipment**	**Office furniture and other equipment**	**Construction in progress** (Note 12)	**Total**
Cost										
Balances at beginning of year	**₱11,579,180,788**	**₱2,125,079,210**	**₱2,420,151,480**	**₱685,163,228**	**₱280,299,351**	**₱80,500,468**	**₱99,913,336**	**₱232,539,845**	**₱1,497,104,568**	**₱18,999,932,274**
Additions	**1,953,089,912**	**170,065,700**	**717,825**	**23,608,666**	**3,331,206**	**9,608,472**	**30,866,279**	**620,078,952**	**762,923,325**	**3,574,290,337**
Transfers from deferred exploration costs (Note 12)	–	–	**112,888,783**	–	–	–	–	–	–	**112,888,783**
Change in ARO estimate (Note 20)	**(9,506,927)**	**1,799,792**	**(11,330,142)**	–	–	–	–	–	–	**(19,037,277)**
Disposal	**(13,086,270)**	**(1,107,758)**	–	–	–	–	**(1,966,964)**	–	–	**(16,160,992)**
Reclassifications	**619,735,454**	**128,202,594**	–	–	–	–	–	**572,890,116**	**(1,320,828,164)**	–
Balances at end of year	**14,129,412,957**	**2,424,039,538**	**2,522,427,946**	**708,771,894**	**283,630,557**	**90,108,940**	**128,812,651**	**1,425,508,913**	**939,199,729**	**22,651,913,125**
Accumulated depletion and depreciation										
Balances at beginning of year	**4,068,728,242**	**562,671,715**	**1,568,996,366**	–	**22,162,978**	**41,243,424**	**65,537,656**	**179,162,886**	–	**6,508,503,267**
Depletion and depreciation	**539,132,429**	**109,719,835**	**90,653,867**	–	**2,365,555**	**4,903,821**	**8,934,443**	**12,903,881**	–	**768,613,831**
Disposals	**(13,086,269)**	**(1,107,758)**	–	–	–	–	**(1,966,965)**	–	–	**(16,160,992)**
Balances at end of year	**4,594,774,402**	**671,283,792**	**1,659,650,233**	–	**24,528,533**	**46,147,245**	**72,505,134**	**192,066,767**		**7,260,956,106**
Accumulated impairment losses										
Balances at beginning of year	–	–	**246,117,121**	–	–	–	–	–	–	**246,117,121**
Impairment loss (Note 5)	–	–	**169,899,110**	–	–	–	–	–	–	**169,899,110**
Balances at end of year	–	–	**416,016,231**	–	–	–	–	–	–	**416,016,231**
Net book values	**₱9,534,638,555**	**₱1,752,755,746**	**₱446,761,482**	**₱708,771,894**	**₱259,102,024**	**₱43,961,695**	**₱56,307,517**	**₱1,233,442,146**	**₱939,199,729**	**₱14,974,940,788**

	2023									
	Power plants	FCRS and production wells - geothermal	Wells, platforms and other facilities	Land	Land improvements	Office condominium units and improvements	Transportation equipment	Office furniture and other equipment	Construction in progress	Total
Cost										
Balances at beginning of year	₱7,353,955,059	₱1,979,689,474	₱2,400,854,155	₱316,963,249	₱70,080,650	₱42,547,992	₱76,958,664	₱173,541,036	₱217,311,973	₱12,631,902,252
Additions	184,722,551	122,078,552	15,508,544	199,245,054	42,118,031	5,898,854	11,880,409	15,702,679	1,246,396,882	1,843,551,556
Additions from business combination (Note 13)	4,156,559,006	–	–	168,954,925	168,100,670	32,053,622	11,074,263	30,471,911	91,140,921	4,658,355,318
Change in ARO estimate (Note 20)	48,581,945	4,330,447	3,788,781	–	–	–	–	–	–	56,701,173
Disposal	(190,524,365)	–	–	–	–	–	–	(53,660)	–	(190,578,025)
Reclassifications	25,886,592	18,980,737	–	–	–	–	–	12,877,879	(57,745,208)	–
Balances at end of year	11,579,180,788	2,125,079,210	2,420,151,480	685,163,228	280,299,351	80,500,468	99,913,336	232,539,845	1,497,104,568	18,999,932,274
Accumulated depletion and depreciation										
Balances at beginning of year	2,040,397,532	477,572,498	1,467,772,639	–	41,650,521	41,172,900	48,337,063	148,849,441	–	4,265,752,594
Depletion and depreciation	446,848,761	85,099,217	101,223,727	–	21,857,070	4,727,523	9,777,330	14,259,587	–	683,793,215
Additions from business combination (Note 13)	1,641,868,724	–	–	–	(41,344,613)	(4,656,999)	7,423,263	16,107,518	–	1,619,397,893
Disposals	(60,386,775)	–	–	–	–	–	–	(53,660)	–	(60,440,435)
Balances at end of year	4,068,728,242	562,671,715	1,568,996,366	–	22,162,978	41,243,424	65,537,656	179,162,886	–	6,508,503,267
Accumulated impairment losses										
Balances at beginning of year	–	–	169,252,601	–	–	–	–	–	–	169,252,601
Impairment loss - net (Note 5)	–	–	76,864,520	–	–	–	–	–	–	76,864,520
Balances at end of year	–	–	246,117,121	–	–	–	–	–	–	246,117,121
Net book values	₱7,510,452,546	₱1,562,407,495	₱605,037,993	₱685,163,228	₱258,136,373	₱39,257,044	₱34,375,680	₱53,376,959	₱1,497,104,568	₱12,245,311,886

Change in ARO estimate and transfers from advances to contractors, deferred oil exploration costs and development costs are considered as non - cash investing activities. Gain on sale of property, plant and equipment amounted to ₱0.54 million, ₱0.01 million and ₱0.34 million in 2024, 2023 and 2022, respectively (Note 26).

Depletion and depreciation expense charged to profit or loss follow:

	2024	2023	2022
Cost of electricity sales (Note 23)	**₱661,440,605**	₱569,320,859	₱418,160,625
Depletion	**90,653,867**	101,223,727	85,286,880
General and administrative expenses (Note 25)	**16,519,359**	13,248,629	10,775,546
	₱768,613,831	₱683,793,215	₱514,223,051

Depletion of wells, platforms and other facilities is presented as a separate item under cost of sales in the consolidated statements of comprehensive income.

As of December 31, 2024 and 2023, the participating interests of PERC in various service contracts areas are as follows:

Gabonese Oil Concessions	2.525%
SC 14-C2 – West Linapacan	4.137%

Foreign Operations

Gabon, West Africa
Background
The Group holds approximately 2.53% participating interest in the Exploration and Production Sharing Contract (EPSC) covering the Etame block in Gabon, West Africa (the "Etame Marin Permit"). The other parties in the consortium are Addax Petroleum Etame, Inc. (33.90%) and VAALCO Gabon (Etame), Inc. (63.58%) (the "Gabon Consortium"), are leaders in their respective areas of operation. VAALCO is the Consortium's operator, and is in charge of conducting the exploration and production activities in the Gabon contract area.

The EPSC is a contract with the Gabonese Government that gives the holder of the said EPSC the exclusive rights and obligations to perform exploration, exploitation, and production activities and in the case of the consortium, within the Etame Marin Permit area.

In August 2021, the Consortium entered into a Bareboat Charter Agreement and Operating Agreement with World Carrier Offshore Services Corporation (World Carrier) to provide and operate a Floating Storage and Offloading (FSO) unit at the Etame Marin field for up to eight (8) years with additional option periods available upon the expiration of the current 20-year Floating Production, Storage and Offloading (FPSO) contract with BW Offshore in September 2022.

In December 2021, the consortium commenced a four-well drilling program in the Etame, Avouma and North Tchibala fields using the Borr Norve jack-up drilling rig, aimed to sustain field production to above 20,000 BOPD.

Etame-8H sidetrack was completed in February 2022. Avouma-3H sidetrack was completed in April 2022, South Tchibala-1HB sidetrack in July 2022, and North Tchibala-2H sidetrack in November 2022. Workovers were also conducted on Ebouri-2H, North Tchibala-1H and Southeast Etame-4H wells within 2022. This resulted in an increase in overall crude production of ~18,000-20,000 BOPD by the end of 2022.

Throughout 2023 and 2024, the consortium carried out preparatory activities (i.e. permitting, reservoir modelling and oil platform upgrades) for the Phase 3 Drilling Campaign, comprised of four (4) new production wells, one (1) new gas well, and two (2) workovers of existing wells. Target commencement of the drilling campaign is July 2025 with expected completion by Q2 2026.

<u>Update on Production</u>
Production was routed to the Petroleo Nautipa, the spread-moored (FPSO) vessel from the Etame, Avouma-Southeast Etame-North Tchibala and Ebouri platforms, and from the wells tied to the subsea Etame manifold. The produced oils were processed and exported from the FPSO, which had a storage capacity of one million barrels of oil (MMBO).

Throughout 2022, facility reconfiguration works were being completed in parallel for the hook-up and commissioning of the new FSO vessel Teli, which replaced the Petroleo Nautipa FPSO vessel in mid-October 2022. The FSO vessel is now operational and receiving crude from all Etame Marin platform wells. The two (2) old subsea wells - Etame-6H and Etame-7H - which were originally connected directly to the old Petroleo Nautipa FPSO, have been hooked-up to the FSO last December 30, 2022.

Crude production comes from four (4) oil fields (Etame, Avouma, Ebouri and North Tchibala).

In 2024, total crude production reached 5.61 MMBO. The Consortium managed 8 liftings, resulting in net crude export of 5.05 MMBO, with crude oil market prices ranging from US$ 69.19 - US$ 91.17 per barrel.

In 2023, total crude production reached 6.25 MMBO. The Consortium managed 10 liftings, resulting in net crude export of 6.009 MMBO, with crude oil market prices ranging from US$ 75 - US$ 90 per barrel.

In 2022, total crude production reached 5.94 MMBO. The Consortium managed 11 liftings, resulting in net crude export of 5.133 MMBO, with crude oil market prices ranging from US$76 - US$133 per barrel.

Since the Gabon oilfield has been put on-line in 2002, a total of 142.35 MMBO has been extracted to date over the last 22 years.

As of December 31, 2024 and 2023, PetroEnergy has investments in Gabon, West Africa included in "Wells, platforms and other facilities" account under "Property, plant and equipment" amounting to ₱446.76 million and ₱605.04 million, respectively. With the fluctuation in crude oil prices and recoverable oil reserves, impairment loss (reversal of impairment loss) was recognized amounting to ₱169.90 million in 2024, in ₱76.86 million 2023 and (₱11.89 million) in 2022 [see Note 5].

<u>Philippine Operations</u>

SC 14-C2 – West Linapacan, Northwest Palawan
West Linapacan was discovered in the early 1990s. It produced oil from 1992 to 1996, peaking at 18,000 BOPD, before it was shut-in due to early water incursion.

On May 11, 2023, the SC 14-C2 consortium approved to unitize the service contract with SC 6B, subject to the issuance of a DOE Department Circular (DC) regarding the application for new petroleum service contract. However, following the release of DOE DC No. 2023-12-0033 titled "Guidelines on the Awarding of Petroleum Service Contracts for Development and Production" on December 18, 2023 with supplementary guidelines issued on January 10, 2024, the SC 14-C2 consortium, on December 12, 2024, decided to apply instead for a Development and Production Petroleum Service Contract (DP PSC) prior to the expiration of the current SC 14-C2 service contract. This new application would combine the SC 14-C2 (West Linapacan) and SC 14-C1 (Galoc) blocks.

SC 14-C2 is due to expire in December 2025.

Due to the limited term remaining, the Group assessed the recoverability of the investment included in "Wells, platforms and other facilities" account under "Property, plant and equipment" and recorded impairment loss amounted to ₱0.34 million, ₱0.30 million and ₱63.84 million in 2024, 2023 and 2022, respectively.

As of December 31, 2024 and 2023, PetroEnergy's investments in the West Linapacan Oilfield included in "Wells, platforms and other facilities" account under "Property, plant and equipment" amounts to nil.

SC 75 – Offshore Northwest Palawan
Service Contract 75 (SC 75) was signed on December 27, 2013 with partners PXP Energy Corporation (50%) and PNOC-Exploration Corporation (35%). The block covers the West Philippine Sea with an area of 616,000 hectares.

On October 14, 2020, the DOE issued a formal notice to the SC 75 consortium, lifting the Force Majeure imposed since September 2015. Through this letter, the consortium was notified to resume its Work Program commitments under SC 75, including the committed ~1,000 sq.km 3D seismic survey over the identified leads in SC 75.

On January 06, 2022, the SC 75 consortium officially engaged Shearwater Geoservices Ltd. for the ~1,100 sq.km 3D seismic survey over SC 75 using the M/V Geo Coral seismic vessel. However, the programmed 3D seismic acquisition campaign was suspended on April 06, 2022 after Operator PXP Energy Corporation received a written directive from the DOE to put all exploration activities on hold until the Security, Justice and Peace Coordinating Cluster (SJPCC) issues the necessary clearance to proceed. On April 11, 2022, PXP declared a Force Majeure event over the suspended seismic survey.

The SC 75 consortium is awaiting further instructions from the DOE, while all contracted vessels and personnel for the seismic survey have since demobilized from the SC 75 area.

As of December 31, 2024, the corresponding percentages of the Group's participation in the various Petroleum SC areas are as follows:

Gabonese Oil Concessions	2.525%
SC 14C2 - West Linapacan	4.137%
SC 75 - NW Palawan	15.000%

The oil revenues are derived from Gabon Operations. All contractual obligations with the Gabonese Government are complied with. The Philippine contracts are in exploration stage and some contracts are being farmed out to reduce risk inherent to the business.

Development, and power generation from Renewable Energy Resources

Maibarara Geothermal Power Project

Geothermal Renewable Energy Service Contract (GRESC) No. 2010-02-012

Following the DOE Philippine Energy Contracting Round for Geothermal in 2009, PERC signed the Service Contract for the Maibarara Geothermal Power Project (MGPP) on February 1, 2010. PERC then conducted pre-development activities in 2010 to 2011. In order to carry out the development and operations of the MGPP, PERC (through its subsidiary, PGEC) then created Maibarara Geothermal, Inc. (MGI) along with Trans-Asia Oil and Energy Development Corporation ("Trans-Asia", subsequently renamed as PHINMA Energy Corporation or "PHINMA", and now known as ACEN Corporation or "ACEN") and PNOC Renewable Corporation (PNOC RC), with 65%, 25%, and 10% equity ownerships, respectively.

In June 2019, ACEN, the energy platform of Ayala Corporation, completed the acquisition of PHINMA, including PHINMA's 25% share in MGI.

20 MW Maibarara-1 Geothermal Power Plant (MGPP-1)

The DOE confirmed the commerciality of the 20-MW MGPP-1 in 2011, allowing MGI to proceed with the MGPP's development stage, involving 1) the drilling of two (2) wells to complete the steam production and reinjection well capacities, and 2) the construction of the steamfield and power plant facilities. The MGPP-1's 115kV Transmission Line system was successfully connected to the existing Manila Electric Company (MERALCO) line in September 2013. Upon completion of the reliability and performance testing, the MGPP-1 went on commercial operations on February 8, 2014. All electricity generated are sold to offtaker, ACEN, following the aforementioned acquisition of PHINMA by ACEN.

On February 08-27, 2021, the Maibarara-1 facility had a scheduled minor maintenance shutdown. Various maintenance activities for the unit's mechanical and electrical, and instrumentation facilities, as well as for the switchyard and transmission lines, were carried-out by MGI technical staff and private contractors.

MGPP-1 underwent its second major preventive maintenance shutdowns (PMS) in February 2022; the first having been conducted in 2016.

On June 23-28, 2023, the MGPP-1 and 2 power plants had an opportunity maintenance shutdown during the relocation of transmission line and stub poles affected by SLEX-TR4 construction. Various maintenance activities for the plants' mechanical, electrical, and instrumentation facilities, as well as for the switchyard and transmission lines, were carried-out by MGI technical staff and private contractors.

MGPP-1 generated 160.27 GWh and 159.85 GWh of electricity in 2024 and 2023, respectively.

12 MW Maibarara-2 Geothermal Power Plant (MGPP-2)

With the stable performance of the reservoir, MGI decided to pursue an expansion of the MGPP. There was at least 5 MW of excess steam supply from the MGPP-1 wells, and with the ~6 MW capacity of the new well, an expansion of 12 MW was decided and approved in 2015 (MGPP-2).

Major power plant components from Fuji Electric Co. Ltd. ("Fuji", the same supplier as the MGPP-1) were delivered and installed on site from March to April 2017. MGPP-2 was first synchronized to the grid on March 9, 2018, with the full 12 MW attained on March 18, 2018. Reliability tests were then conducted from March 18 to 27, 2018, during which the power plant was on full 12 MW operation.

The Energy Regulatory Commission (ERC) formally notified MGI of the approval of MGPP-2's Certificate of Compliance (COC) application on April 26, 2018. Subsequently, the MGPP-2 was accepted into the Wholesale Electricity Spot Market (WESM) on April 30, 2018 – pegging the MGPP-2's start of Commercial Operations on the same date. This operationally started the application of MGPP-2's Electricity Supply Agreement (ESA) with PHINMA, now ACEN, wherein all of MGPP-2's generated electricity are sold to ACEN.

Workover operations were conducted on production well MB-15D in June 2022. After which, new production well MB-18D was drilled in September 2022 and hooked-up in November 2022. To date, the field's total gross output is now being sustained at ~33 MW.

MGPP-2 transmitted 96.49 GWh and 95.77 GWh of electricity in 2024 and 2023, respectively.

Both the MGPP-1 and the MGPP-2 are registered with the Board of Investments and are enjoying the incentives under the Renewable Energy Act of 2008.

Tarlac Solar Power Project (TSPP)

Solar Energy Service Contract (SESC) No. 2015-03-115

The SESC for the TSPP was awarded by the DOE on March 19, 2015. On June 17, 2015, PGEC and affiliate EEI Power Corporation ("EEIPC", 100% subsidiary of EEI Corporation), incorporated PetroSolar to undertake the development of the TSPP.

50 MW_{DC} Tarlac-1 Solar Power Project (TSPP-1)

On June 22, 2015, PGEC and solar farm lot owner, Luisita Industrial Park Corporation (LIPCO), executed a Lease Agreement for the 55-hectare solar farm development. This was assigned to PetroSolar on September 15, 2015. As the LIPCO property is within the Central Technopark, which is under the jurisdiction of the Philippine Economic Zone Authority (PEZA), PetroSolar was able to register as an Ecozone Utilities Enterprise on July 28, 2015, entitling it to the incentives available to PEZA locators.

After only four (4) months of ground works, the TSPP-1 was completed by mid-January 2016 and was able to export power to the grid on January 27, 2016. The DOE eventually gave its Certificate of Endorsement (COE) – Feed-in-Tariff (FiT) for TSPP-1, with an official Commercial Operations Date (COD) on February 10, 2016. Subsequently, on April 6, 2016, PetroSolar executed its Renewable Energy Payment Agreement (REPA) with the National Transmission Corporation (TransCo), assuring the TSPP-1's revenues from the FiT payment of ₱8.69/kWh from 2016 to 2036.

The total energy exported to the grid was 69.46 GWh and 72.82 GWh in 2024 and 2023, respectively.

20 MW_{DC} Tarlac-2 Solar Power Project (TSPP-2)

On September 17, 2018, the BOI formally awarded to PetroSolar the latter's Certificate of Registration for the 20 MW_{DC} TSPP-2. This approval entitles the TSPP-2 to enjoy duty-free importations, and a seven-year Income Tax Holiday (ITH), among others.

After the site construction works for the TSPP-2 were completed in March 2019 and its registration with the WESM was secured from the Independent Electricity Market Operator of the Philippines Inc. (IEMOP) on April 21, 2019, the TSPP-2 started exporting power to the grid on April 22, 2019 as part of its testing and commissioning activities. The ERC conducted its technical inspections for the TSPP-2 on May 31, 2019, as basis of ERC's issuance of PetroSolar's Certificate of Compliance (COC) for TSPP-2.

On February 27, 2020 and March 18, 2020, the DOE formally issued to PetroSolar the Certificate of Confirmation of Commerciality (COCOC) and the COE, respectively for TSPP-2. The COE is a prerequisite to the issuance of the Certificate of Compliance (COC) by the ERC. The COC will determine the official COD for TSPP-2.

The ERC issued a Provisional Approval to Operate (PAO) to PetroSolar the TSPP-2 on December 16, 2021, subject to PSC's compliance to 1) public offering requirement and 2) terms under PSC's Point-to-Point application, once approved. The said PAO is valid until December 15, 2022, and sets TSPP-2's WESM COD to January 25, 2022.

On October 25, 2022, PetroSolar submitted to the ERC the application for validity extension of the PAO for TSPP-2. While evaluation of the application was underway, ERC issued the 2023 COC revised guidelines that extended the effectivity of TSPP-2's PAO until December 15, 2024. On December 13, 2024, the ERC extended the effectivity of TSPP-2's PAO until December 15, 2025.

In December 2023, PSC completed the construction of the TSPP-2 49 MWac substation. PSC will use this new substation once it receives the approval from ERC.

TSPP-2 exported 28.92 GWh and 30.36 GWh of electricity in 2024 and 2023, respectively.

<u>*Nabas Wind Power Project (NWPP)*</u>
Wind Energy Service Contract (WESC) No. 2009-09-002
The service contract for the Nabas Wind Power Project (NWPP) covers 2,000 hectares of public and private lands in rolling terrain located near the northwestern tip of Panay Island. It lies about 6 km southeast of Caticlan, and electricity-deficient Panay and Boracay islands are natural markets of future power from NWPP.

On August 1, 2013, the DOE formally issued the Confirmation of Commerciality for the 36 MW NWPP-1, making it the third WESC to be declared commercially feasible. Construction of NWPP-1 started in December 2013 and was completed in the first half of 2015.

On June 16, 2015, the DOE released the COE for FIT Eligibility (COE-FIT), endorsing the official start of commercial operations to be June 10, 2015. On August 17, 2015, the ERC approved PWEI's COC for NWPP-1. This confirms the commercial operations date of the wind farm to be June 10, 2015.

On May 13, 2020, the DOE formally issued to PWEI a revised Certificate of Confirmation of Commerciality (COCOC), separating the capacities of the 36-MW as Feed-In-Tariff eligible and the then planned expansion project, the 14-MW Nabas-2 Wind Power Project (NWPP-2) as Merchant Generator. The revised COCOC signifies that NWPP-2 has been approved for construction as being commercially feasible.

In February 17, 2021, the DENR-EMB Region 6 issued the amended Environmental Compliance Certificate (ECC) to PWEI for NWPP-2, while the Forest Land Use Agreement (FLAG) has been signed by the DENR Central Office in January 4, 2022.

PWEI emerged as the lone qualified bidder for the Visayas wind allocation for a capacity of 13.2MW. On September 28 2022, the DOE awarded PWEI its GEA Certificate of Award No. GEA-W2022-09-005, for winning the bid for the Visayas Wind Auction at P5.755/kWh. PWEI, for its NWPP-2, is to be awarded a twenty (20)-year offtake, through (REPA), effective upon its Delivery Commencement Date (DCD) originally set for May 25, 2025.

PWEI awarded the NWPP-2 WTG Supply, Supervision, and Services Agreements to Vestas on December 13, 2022. On the other hand, PWEI also awarded and issued the Notice to Proceed (NTP) for the contract for the NWPP-2 Main Balance of Plant (BoP) for the Civil, Electrical (Substation and Switching Station, and Electrical Feeder Lines), including WTG Electro-Mechanical Works installation to EEI Corporation (EEI) on December 20, 2022.

On January 13, 2023, DENR signed Special Agreement for Protected Areas (SAPA) of NWPP-2. This agreement allows PWEI to develop NWPP-2 in the approved area for at least 25 years. PWEI also secured the tree cutting permit within private lands and forestlands on March 16, 2023.

Following the successful completion of grid connection facilities and the erection of the first three (3) wind turbines (WTGs), PWEI commenced the testing and commissioning of these WTGs on April 4, 2024.

Meanwhile, due to the challenges related to the originally planned total six (6) WTGs in the Malay side, PWEI opted to relocate the remaining three (3) turbines within the Municipality of Nabas and has engaged EEI for the necessary civil works. All necessary environmental permits were secured in December 2024, and EEI is expected to mobilize at the project site by January 2025.

In response to PetroWind's request, the DOE Green Energy Auction Committee (GEAC) granted an extension of the DCD until October 25, 2025.

For 2024, PWEI exported a total of 114.63 GWh to the grid, with 96.38 GWh from NWPP-1 and18.24 GWh from NWPP-2.

Bugallon Solar Power Project (BSPP)
Solar Energy Operating Contract (SEOC) No. 2022-04-622-AF1

On May 5, 2022, PGEC was awarded the SEOC by the DOE for the development of the BSPP in Brgy. Salomague Sur, Bugallon, Pangasinan.

In 2023, PGEC completed the Distribution Impact Study (DIS), which was approved by the Central Pangasinan Electric Cooperative (CENPELCO) and endorsed to the NEA for final approval. PGEC also secured a Certificate of Non-Overlap (CNO) from the National Commission on Indigenous Peoples (NCIP), confirming that the project site is outside ancestral domains and free from tribal claims.

On November 14, 2023, PGEC obtained the locational clearance, followed by an ECC Amendment on November 28, 2023, transferring the ECC grantee from PGEC to BGEC. CENPELCO also approved PGEC's DIS, and the subsequent Distribution Asset Study (DAS) submitted on November 21, 2023, which was approved on February 26, 2024. The SEOC was later transferred by PGEC to BGEC on April 16, 2024.

On September 17, 2024, BGEC awarded the Design, Supply, and Installation Agreement for EPC to Crosslink Construction Corporation. On September 19, 2024, BGEC engaged Schema Konsult, Inc. as the Owner's Engineer. On November 15, 2024, BGEC signed a Distribution Wheeling Services Agreement and a Connection Agreement with CENPELCO for BSPP's integration as an embedded generator.

On November 12, 2024, BGEC was awarded with a Certificate of Energy Project of National Significance (CEPNS), entitling the BSPP to all rights and privileges stated in DOE Department of Order No. DO2024-04-0003.

The BSPP was a winning bid in the second round of the Green Energy Auction Program (GEA-2) held in June 2023. Upon its commercial operations date target in December 2025, the project will be entitled to a Green Energy Tariff of ₱4.4043/kWh for a term of twenty (20) years.

Dagohoy Solar Power Project (DSPP)
Solar Energy Operating Contract (SEOC) No. 2022-06-629 – AF1

On June 28, 2022, PGEC was awarded the SEOC by the DOE for the development of DSPP in Brgy. San Vicente, Dagohoy, Bohol. PGEC secured favorable endorsements for land reclassification from the Dagohoy Sangguniang Bayan in October 2022 and the Bohol Sangguniang Panlalawigan in December 2022. These endorsements are necessary for obtaining Locational Clearance and the Building Permit.

On February 28, 2024, the DOE approved the assignment/ transfer of the SEOC No. 2022-06-629 from PGEC to Dagohoy Green Energy Corporation (DGEC). Consequently, DGEC was issued with a new Certificate of Registration (COR) with Registration No. SEOC 2022-06-629-AF1.

NGCP approved PGEC's application to conduct the System Impact Study (SIS) for DSPP via its Online Transmission Connection Application (OTCA) portal, with the SIS scheduled for mid-2023. While awaiting SIS completion, PGEC awarded an initial site development contract to Media Construction and Development Corporation (MCDC) for site grading, access roads, drainage, and perimeter fencing. The SIS was completed on August 1, 2023. By Q1 2024, Global Electric and Philcantech Enterprises had commenced the construction of solar farm facilities and grid connections.

DSPP began delivering power to the grid on November 12, 2024, with full commercial operations expected by Q2 2025. DGEC entered into an Operations and Maintenance Agreement with Global Electric for an initial one-year term, subject to extension. On May 20, 2024, DGEC executed an Omnibus Loan and Security Agreement with Rizal Commercial Banking Corporation (RCBC) for a facility of up to ₱834.76 million

San Jose Solar Power Project (SJSPP)
Solar Energy Service Contract (SESC) No. 2015-09-251

On July 19, 2023, the DOE approved the assignment of the SESC 2015-09-251 from V-Mars Solar Energy Corporation (V-MARS) to PGEC. Consequently, SJGEC was issue with a new Certificate of Registration (COR) with Registration No. SESC 2015-09-251-AF1. Later, on July 27, 2023, PGEC purchased parcels of land in San Jose and Science City of Muñoz, Nueva Ecija, from V-MARS. The land titles were registered under PGEC's name on September 21, 2023. The SEC approved the incorporation of SJGEC (Note 1d) on October 14, 2023 (Note 1d). On April 16, 2024, the DOE later approved the transfer of PGEC's SESC 2015-09-AF1 to SJGEC with the corresponding issuance of new COR No. SESC 2015-09-251-AF2.

Meanwhile, site clearing and development were substantially completed, enabling Schema Konsult, Inc. and Philcantech Enterprises to begin construction in Q1 2024. SJGEC entered into an Owner's Engineer Agreement with Maschinen and Technik Inc. for SJSPP's two phases - Phase 1 on January 23, 2024, and Phase 2 on June 5, 2024. The EPC contracts were awarded to Schema Konsult, Inc. on April 1, 2024, for Phase 1 and May 22, 2024, for Phase 2.

On May 3, 2024, SJGEC signed a Power Supply Agreement with SN Aboitiz Power - Magat, Inc. for the sale of SJSPP electricity generation.

On December 19, 2024, SJGEC signed the Connection Agreement and Distribution Wheeling Services Agreement with Nueva Ecija II Electric Cooperative (NEECO-II).

Limbauan Solar Power Project (LSPP)
Solar Energy Service Contract (SESC) No. 2017-05-394

On November 10, 2020, BKS and Isabela Electric Cooperative II (ISELCO II) executed a 15-year Power Supply Agreement (PSA) at a rate of ₱5.40/kWh for LSPP-1. As of December 31, 2024, the PSA approval remains pending with the ERC.

In September 2023, the BIR issued a Certificate Authorizing Registration for PGEC's acquisition of 100% of BKS's shares. As the acquisition was made through BKSGEC's shares, the existing SESC between BKS and the DOE remains with BKS.

On December 1, 2023, BKS obtained the DOE's Clearance to undertake the System Impact Study (SIS), with submission to NGCP scheduled for January 2024. Additionally, on December 13, 2023, the DOE issued a Certificate of Award granting BKS's LSPSS-2 a Green Energy Tariff of ₱4.4045/kWh for twenty (20) years. The SIS was completed on September 23, 2024.

BKSGEC entered into an Early Works Agreement with Harmonic System Incorporated on October 2, 2024. On December 10, 2024, BKSGEC signed EPC contracts with Schema Konsult, Inc. for the DC portion and Harmonic System Incorporated for the AC portion of the project. On December 16, 2024, BKSGEC engaged Tractebel Engineering Ltd. as the Owner's Engineer.

Collateral to Secure Borrowings
MGI has mortgaged as collateral in favor of RCBC (the Lender) its property consisting of real assets and chattel with the total carrying value of ₱4,662.01 million and ₱4,507.46 million as of December 31, 2024 and 2023, respectively, in relation to its two (2) loan facilities.

PSC mortgaged all its property and equipment related to TSPP-1 as collateral in connection with its loan in favor of PNB and DBP.

PWEI pledged all of its property and equipment items related to NWPP-1 and NWPP-2 as collateral to secure its borrowings to DBP

DGEC mortgaged all its property and equipment related to DSPP as collateral in connection with its loan in favor of RCBC.

Capitalized Borrowing Costs
The Group started construction of its new solar renewable energy projects under RGEC's subsidiaries in 2024, with DSPP and SJPP completed during the year. While the development of PWEI's NWPP-2 project is at an early stage as of December 31, 2023, NWPP-2 completed the first three (3) turbines in April 2024.

Borrowing costs incurred during the construction of the projects are capitalized as part of the development cost. The amount of borrowing cost capitalized during the year ending December 31, 2024 and 2023 amounts to ₱72.85 million and ₱44.24 million, respectively.

12. **Deferred Oil Exploration Costs**

The movements in deferred oil exploration costs are as follows:

	2024	2023
Cost		
Balances at beginning of year	**₱690,673,984**	₱615,456,554
Additions	**40,052,013**	75,217,430
Transfer to property plant and equipment (Note 11)	**(112,888,783)**	–
Balances at end of year	**617,837,214**	690,673,984
Accumulated impairment losses		
Balances at beginning of year	**303,877,019**	303,573,543
Impairment loss (reversal) (Note 5)	**(117,456,518)**	303,476
Balances at end of year	**186,420,501**	303,877,019
	₱431,416,713	₱386,796,965

Details of deferred oil exploration costs as of December 31 are as follows:

	2024	2023
Cost		
Gabonese Oil Concessions (Note 11)	**₱548,566,651**	₱622,113,463
SC. No. 75 - Offshore Northwest Palawan (Note 11)	**65,550,217**	65,175,859
SC. No. 14 - C2 (West Linapacan) (Note 11)	**3,720,346**	3,384,662
	617,837,214	690,673,984
Gabonese Oil Concessions (Note 11)	**182,700,155**	300,492,357
SC. No. 14 - C2 (West Linapacan) (Note 11)	**3,720,346**	3,384,662
	186,420,501	303,877,019
	₱431,416,713	₱386,796,965

<u>Philippine Oil Operations – Development Phase</u>

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 to the government the amount they should have spent, but did not, in direct proportion to their work obligations. The participating companies have Operating Agreements among themselves which govern their rights and obligations under these contracts.

The full recovery of these deferred costs is dependent upon the discovery of oil in commercial quantities from any of the petroleum concessions and the success of future development thereof.

As of December 31, 2024 and 2023, the remaining participating interest of the Parent Company in Petroleum SC areas is SC 75 - Offshore Northwest Palawan wherein the Parent Company has 15% interest.

SC 75 – Offshore Northwest Palawan
Service Contract 75 (SC 75) was signed on December 27, 2013 with partners PXP Energy Corporation (PXP energy) [50%] and PNOC-Exploration Corporation (35%). The block covers the West Philippine Sea with an area of 616,000 hectares.

On October 14, 2020, the DOE issued a formal notice to the SC 75 consortium, lifting the Force Majeure imposed since September 2015. Through this letter, the consortium was notified to resume its Work Program commitments under SC 75, including the committed ~1,000 sq.km 3D seismic survey over the identified leads in SC 75.

On January 6, 2022, the SC 75 consortium officially engaged Shearwater Geoservices Ltd. For the ~1,100 sq.km 3D seismic survey over SC 75 using the M/V Geo Coral seismic vessel. However, the programmed 3D seismic acquisition campaign was suspended on April 6, 2022 after Operator PXP Energy received a written directive from the DOE to put all exploration activities on hold until the Security, Justice and Peace Coordinating Cluster (SJPCC) issues the necessary clearance to proceed. On April 11, 2022, PXP declared a Force Majeure event over the suspended seismic survey.

The SC 75 consortium is awaiting further instructions from the DOE, while all contracted vessels and personnel for the seismic survey have since demobilized from the SC 75 area.

13. Investments in Joint Ventures and Business Combination

All joint ventures are incorporated in the Philippines. Details of the Company’s investments with respective percentages of ownership follow:

	2024		2023	
Joint ventures	**Percentages of ownership**	**Carrying values**	Percentages of ownership	Carrying values
BUHAWIND EP	**40%**	**₱1,234,000**	40%	₱1,234,000
BUHAWIND NL	**40%**	**934,000**	40%	934,000
BUHAWIND NM	**40%**	**714,000**	40%	714,000
		₱2,882,000		₱2,882,000

Buhawind NL, Buhawind NM, and Buhawind EP
As disclosed in Note 1d, the SEC approved the incorporation of BuhaWind Energy Philippines entities. PGEC invested ₱420,000 for each of the BEP Companies and accounted those as investment in joint ventures.

From 2022 to 2024, PGEC and CE proceeded with several feasibility studies for the three (3) offshore wind blocks, namely 1) desktop wind and met-ocean resource studies, 2) power market study, and 3) desktop site characterization studies in preparation for detailed geophysical and geotechnical studies.

In 2023, PGEC made an addition investment of ₱1.70 million in Buhawind Energy. Also, in 2023 PGEC sold 20% of its interest in BEP to CE for ₱1.77 million which resulted in a gain of ₱1.69 million.

On December 2, 2024, the NGCP issued the System Impact Study (SIS) for the 2,000 MW Northern Luzon Offshore Wind Project (NLOWPP).

As of December 31, 2024, these entities are still in the pre-development stage and have not yet started operations.

Business Combination
PetroWind Energy Inc.
Prior to May 2023, PGEC's 40% interest in PWEI is accounted for as investment in joint venture. The other 60% interest are owned by EEIPC (20%) and BCPG Wind Cooperatief U.A. (40%).

As disclosed in Notes 1 and 5, the Group, through PGEC, consolidated PWEI's financials starting May 2023 as the Group gain control over the relevant activities of PWEI.

The following tables summarizes the results of the business combination, including the purchase price allocation. The net assets recognized in the 2023 consolidated financial statements were based on a provisional assessment of their fair value. The valuation has not been completed by the date the 2023 consolidated financial statements were approved for issue by the BOD.

Assets	
Cash and cash equivalents	₱441,078,571
Receivables	124,294,486
Contract asset	379,838,447
Other current assets	136,505,306
Property, plant and equipment	3,001,978,366
Customer relationship	310,311,852
Other noncurrent assets	477,222,750
	4,871,229,778
Liabilities	
Accounts payable and accrued expenses	107,390,978
Loans payable	1,731,204,893
Asset retirement liability	38,067,512
Accrued retirement liability	2,756,541
	1,879,419,924
Total identifiable net assets at fair value	2,991,809,854
Non-controlling interest	(1,196,723,942)
Goodwill	741,446,021
Cost of acquisition/Total consideration	₱2,536,531,933

Cash	₱651,524,962
Fair value of previously held interest	1,885,006,971
Cost of acquisition/Total consideration	₱2,536,531,933

Fair value of previously held interest	₱1,885,006,971
Carrying value of previously held interest	1,930,901,680
Loss on remeasurement of previously held interest	₱45,894,709

Net cash outflow from the acquisition is as follows:

Cash consideration	₱651,524,962
Less Cash acquired from PWEI	441,078,571
Net cash outflow	₱210,446,391

Had the transaction taken place at the beginning of 2023, the contribution to the net income would have amounted to ₱236.62 million. Since this is a step acquisition, the contribution to the net income for the eight-month period ended December 31, 2023 amounted to ₱109.77 million from the date of acquisition.

The movements in the carrying value of Investment in PetroWind follow:

Balance at January 1, 2022	₱1,734,947,347
Share in net income of a joint venture	81,512,921
Additional investment during the year	59,041,563
Share in other comprehensive income	761,152
Balance at December 31, 2022	1,876,262,983
Share in net income of a joint venture for the four months ended April 30, 2024	50,738,697
Additional investment	3,900,000
Balance prior to the business combination	1,930,901,680
Reclassification to investment in subsidiary	(1,930,901,680)
Carrying amount of investment in joint venture	₱–

The cost of the investment in joint venture amounted to ₱576.98 million. The carrying value of the investment in joint venture prior to the business combination is equivalent to the Group's 40% share in PetroWind's equity, plus the fair value adjustment of ₱764.49 million recognized when the Group lost control over PetroWind in 2014.

Selected financial information of PetroWind as of April 30, 2023 and December 31, 2022 follows:

	2023	2022
Current assets	₱744,687,424	₱734,099,328
Noncurrent assets	3,986,016,585	3,642,274,467
Current liabilities	(347,390,978)	(340,675,972)
Noncurrent liabilities	(1,532,028,946)	(1,321,010,473)
Equity	₱2,851,284,085	₱2,714,687,350

Summary of statements of comprehensive income of PetroWind for the four months ended April 30, 2023, and for the years ended December 31, 2022 and 2021 follows:

	2023	2022	2021
Revenue (electricity sales and other income)	₱311,846,141	₱735,294,265	₱771,620,028
Cost and expenses	(169,786,905)	(518,807,350)	(523,143,700)
Income before tax	142,059,236	216,486,915	248,476,328
Tax benefit (provision)	(15,212,493)	(12,704,614)	1,841,567
Net income	126,846,743	203,782,301	250,317,895
Group's share in net income	₱50,738,697	₱81,512,921	₱100,127,158
Other comprehensive income (loss)	₱–	₱1,902,881	(₱983,137)
Group's share other comprehensive income (loss)	₱78,815	₱761,152	(₱393,255)

The detailed disclosure on PWEI's NCI and December 31, 2023 financial information is presented in Note 31.

The valuation was completed in 2024 and the acquisition date fair value of PWEI's net asset, including the identifiable intangible asset (customer relationship) has been determined. The fair value of the property, plant and equipment and customer relationship increased by ₱36.98 million and

₱397.21 million, respectively, from the provisional fair values. As a result, there was an increase in the deferred tax liability - net of ₱138.84 million and an increase in the non-controlling interest of ₱118.14 million. There was also a corresponding reduction in the goodwill of ₱645.64 million, resulting in ₱95.80 million of total goodwill arising from acquisition.

Goodwill amounting to ₱95.80 million, based on the final purchase price allocation study, represents the fair value of expected synergies arising from the business acquisition of PWEI. The Group performed its annual impairment test and did not note any indicators of impairment on the goodwill as of December 31, 2024 and 2023. None of the goodwill recognized is expected to be deductible for income tax purposes.

Based on the final valuation performed, the Group has identified the final fair value of the other intangible asset which is the customer relationship with an estimated useful life of 27 years based on the remaining term of PWEI's service contract for the NWPP. The carrying value of customer relationship as of December 31, 2024 and 2023 amounted ₱663.30 million and ₱689.84 million, respectively, net of amortization during the period amounting to ₱26.53 million and ₱17.69 million, respectively (see Note 16).

Restatement of prior period comparative financial statements
The 2023 comparative information was restated to reflect the adjustment to the provisional amounts based on the final purchase price allocation study and valuation conducted by an independent party. The restatement has no impact on the operating, investing and financing activities in the comparative consolidated statements of cash flows.

The effects are as follows (in millions):

	As of and for the year ended December 31, 2023		
	Balance as previously reported	Restatements	Balance as Restated
Consolidated statements of financial position			
Property and equipment - net	₱12,208.33	₱36.98	₱12,245.31
Goodwill	741.44	(645.64)	95.80
Customer relationship	302.55	387.29	689.84
Deferred tax liability - net	–	138.84	138.84
Retained earnings	3,669.83	(358.77)	3,311.06
Noncontrolling interest	4,836.77	(1.45)	4,835.32
Consolidated statements of comprehensive income			
Cost of sales - electricity	1,059.76	9.93	1,069.69
Loss on remeasurement on previously held interest	45.89	468.44	514.33
Net income	944.18	(478.36)	465.82
Net income attributable to:			
Equity Holders of the Parent Company	515.65	(358.77)	156.88
Noncontrolling interest	428.53	(119.59)	308.94

14. Leases

The Group entered into lease contracts for office spaces and land used as geothermal field and photovoltaic (PV) solar power facility. The office space lease agreements are for a period of two (2) years and are renewable by mutual agreement of both parties.

The land lease agreement (LLA) with NPC and PSALM for the geothermal field in Sto. Tomas, Batangas has a lease term of twenty-five (25) years, extendable for another 25 years upon mutual agreement of both parties.

The two lease agreements with Luisita Industrial Park Corporation (LIPCO) for land used for the photovoltaic solar power facility in Tarlac are for a period of 25 years, renewable by mutual agreement of both parties, generally under the same terms and conditions, with escalation clause of 3% for TSPP-1 and 2% for TSPP-2 every 2 years.

The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for all other leases, including leases of vehicles and parking slots.

The rollforward analyses of right-of-use assets follow:

	2024		
	Land	**Office spaces**	**Total**
Cost			
Beginning balances	**₱420,180,224**	**₱16,609,844**	**₱436,790,068**
Additions	**–**	**3,130,843**	**3,130,843**
Refund	**(80,253)**	**–**	**(80,253)**
Ending balances	**420,099,971**	**19,740,687**	**439,840,658**
Accumulated amortization			
Beginning balances	**100,632,211**	**13,263,394**	**113,895,605**
Amortization (Notes 23 and 25)	**20,144,765**	**3,446,480**	**23,591,245**
Ending balances	**120,776,976**	**16,709,874**	**137,486,850**
Net Book Values	**₱299,322,995**	**₱3,030,813**	**₱302,353,808**

	2023		
	Land	Office Spaces	Total
Cost			
Beginning balances	₱420,180,224	₱12,748,688	₱432,928,912
Additions	–	3,861,156	3,861,156
Ending balances	420,180,224	16,609,844	436,790,068
Accumulated amortization			
Beginning balances	80,487,446	9,826,811	90,314,257
Amortization (Notes 23 and 25)	20,144,765	3,436,583	23,581,348
Ending balances	100,632,211	13,263,394	113,895,605
Net Book Values	₱319,548,013	₱3,346,450	₱322,894,463

The amortizations of the right-of-use of the lands in Tarlac and Batangas are presented as part of "Cost of electricity sales"(Note 23) while the amortizations of the right-of-use of office spaces are presented as part of "General and administrative expenses" (Note 25) in the consolidated statements of comprehensive income.

No lease liability was recognized for leases of land that have been fully prepaid. The rollforward analyses of lease liabilities follow:

	2024	2023
Beginning balance	**₱324,638,301**	328,794,340
Additions	**3,130,843**	3,861,155
Interest expense	**29,775,114**	30,197,662
Payments	**(38,419,188)**	(38,214,856)
Ending balance	**319,125,070**	324,638,301
Less current portion	**37,063,244**	54,756,559
Noncurrent portion	**₱282,061,826**	₱269,881,742

The following are the amounts recognized in the consolidated statements of comprehensive income:

	2024	2023	2022
Interest expense on lease liabilities	**₱29,775,114**	₱30,197,662	₱30,443,530
Amortization expense of right-of-use assets (Notes 23 and 25)	**23,591,245**	23,581,348	23,642,697
Rent expense - short-term leases (Note 25)	**1,017,621**	949,621	1,230,951
Rent expense - low-value assets (Note 25)	**2,035,240**	1,213,536	868,617
	₱56,419,220	₱55,942,167	₱56,185,795

Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

	2024	2023
Within one year	**₱35,678,238**	₱36,773,088
After one year but not more than five years	**146,335,623**	144,542,939
More than five years but less than 10 years	**437,143,616**	474,614,538
	₱619,157,477	₱655,930,565

15. **Investment Properties**

As of December 31, 2024 and 2023, this account consists of land and parking lot space with cost amounting to ₱0.83 million and ₱0.78 million, respectively, and is being held for capital appreciation.

The fair value of the investment properties of the Parent Company is between ₱1.00 million to ₱1.70 million as of December 31, 2024 and 2023. The Parent Company determined the fair values of the Parent Company's investment properties on the basis of recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made.

As of December 31, 2024 and 2023, the fair value of the investment properties is classified under the Level 3 category.

Except for insignificant amounts of real property taxes on the investment properties, no other expenses were incurred, and no income was earned in relation to the investment properties in 2024, 2023 and 2022.

16. Intangible Assets and Goodwill

	2024					
	Goodwill	**Customer relationship**	**Land rights**	**Production license**	**Software and others**	**Total**
Cost:						
Balances at beginning of year	**₱95,802,529**	**₱707,523,801**	**₱153,277,610**	**₱45,074,178**	**₱47,964,856**	**₱1,049,642,974**
Additions	**–**	**–**	**–**	**–**	**1,029,434**	**1,029,434**
Balances at end of year	**95,802,529**	**707,523,801**	**153,277,610**	**45,074,178**	**48,994,290**	**1,050,672,408**
Accumulated amortization:						
Balances at beginning of year	**–**	**17,688,095**	**48,555,042**	**23,114,965**	**46,233,347**	**135,591,449**
Amortization	**–**	**26,532,143**	**6,131,104**	**4,622,993**	**1,837,238**	**39,123,478**
Balances at end of year	**–**	**44,220,238**	**54,686,146**	**27,737,958**	**48,070,585**	**174,714,927**
Net book values	**₱95,802,529**	**₱663,303,563**	**₱98,591,464**	**₱17,336,220**	**₱923,705**	**₱875,957,481**

	2023 (As restated)					
	Goodwill	Customer relationship	Land rights	Production license	Software and others	Total
Cost:						
Balances at beginning of year	₱–	₱–	₱152,249,710	₱45,074,178	₱45,093,625	₱242,417,513
Additions	–	–	1,027,900	–	2,871,231	3,899,131
Business combination (Note 13)	741,446,021	310,311,852	–	–	–	1,051,757,873
Balances at end of year	741,446,021	310,311,852	153,277,610	45,074,178	47,964,856	1,298,074,517
Restatement (Note 13)	(645,643,492)	397,211,949	–	–	–	(248,431,543)
Balances at end of year, as restated	95,802,529	707,523,801	153,277,610	45,074,178	47,964,856	1,049,642,974
Accumulated amortization:						
Balances at beginning of year	–	–	42,122,421	18,491,972	41,540,627	102,155,020
Amortization	–	7,757,796	6,432,621	4,622,993	4,692,720	23,506,130
Balances at end of year	–	7,757,796	48,555,042	23,114,965	46,233,347	125,661,150
Restatement (Note 13)	–	9,930,299	–	–	–	9,930,299
Balances at end of year, as restated	–	17,688,095	48,555,042	23,114,965	46,233,347	135,591,449
Net book values, as restated	₱95,802,529	₱689,835,706	₱104,722,568	₱21,959,213	₱1,731,509	₱914,051,525

Intangible assets (other than goodwill) pertain to land rights, which refers to grant of easement of right of way entered by PetroSolar to construct, operate, maintain, repair, replace and remove poles, wire, cables, apparatus, and equipment and such other apparatus and structures needed for the transmission line. These also include production license and software for accounting and for geological interpretation of Gabon Etame oil fields.

Amortization expense charged to profit or loss follows:

	2024	2023 (As restated, see Note 13)	2022
Cost of electricity sales (Note 23)	**₱34,021,140**	₱28,428,609	₱8,062,199
General and administrative expenses (Note 25)	**479,345**	384,827	527,459
Oil production operating expenses (Note 24)	**4,622,993**	4,622,993	4,622,993
	₱39,123,478	₱33,436,429	₱13,212,651

17. **Other Noncurrent Assets**

	2024	2023
Input VAT	**₱594,365,675**	₱432,536,352
Advances to contractors	**507,039,790**	406,420,331
Deferred development costs	**328,202,131**	560,886,192
Restricted cash	**18,051,626**	17,297,610
Others (Note 20)	**49,312,712**	30,879,118
	1,496,971,934	1,448,019,603
Less allowance for probable losses	**(7,095,450)**	(2,447,001)
	₱1,489,876,484	₱1,445,572,602

Input VAT
Input VAT represents VAT passed on from purchases of goods and services that can be claimed against any future liability to the BIR for output VAT from sale of goods and services. Input VAT is offset against output VAT.

Input VAT also includes outstanding input VAT claims that were applied for refund with the BIR.

Advances to contractors
Advances to contractors pertain to the downpayments to various contractors for the purchase of materials and equipment.

Restricted cash
This pertains to the Parent Company's share in the non-current portion of escrow fund for the abandonment of the Etame Marine Permit.

Deferred development costs
These pertains to costs incurred in the exploration, development, production and expansion of renewable energy projects.

Others
Other noncurrent assets pertain to net retirement asset, noncurrent portion of prepaid insurance, security deposits, advances to contractors and lot owners and balance of MERALCO account billing deposits.

Interest income on security deposits amounted to ₱0.23 million, ₱0.22 million and nil in 2024, 2023 and 2022, respectively.

18. **Accounts Payable and Accrued Expenses**

	2024	2023
Accounts payable	**₱422,526,518**	₱376,970,153
Accrued expenses		
Utilities	**181,608,624**	176,168,939
Interest (Note 19)	**160,369,989**	102,024,402
Sick/vacation leaves	**28,172,804**	22,259,971
Professional fees	**22,182,580**	9,429,903
Profit share	**14,570,970**	15,278,985

(Forward)

	2024	2023
Deferred development cost	**₱11,778,871**	₱34,339,951
Operations and maintenance	**6,020,741**	3,649,721
Due to related party (Note 27)	**539,417**	72,800
Others	**5,131,433**	1,291,600
Withholding taxes and other tax payables	**28,191,112**	25,481,621
Due to NRDC	**2,269,737**	2,269,737
Others	**16,604,352**	28,814,981
	₱899,967,148	₱798,052,764

Accounts payable mainly consists of payables to suppliers and contractors that are currently involved in the development, construction and operations of energy projects. Accounts payable also includes unclaimed checks pertaining to dividends payable amounting to ₱11.39 million and ₱33.93 million as of December 31, 2024 and 2023, respectively (see Note 31).

The Group's accounts payable and accrued expenses are due within one year.

19. Loans Payable

The Group's loans payable as of December 31 follow:

	2024	2023
Principal, balance at beginning of year	**₱7,936,435,793**	₱3,488,375,640
Availments	**4,271,681,074**	3,946,036,089
Effect of business combination (Note 13)	**–**	1,774,159,119
Principal payments	**(3,995,568,818)**	(1,272,135,055)
Principal, balance at end of year	**8,212,548,049**	7,936,435,793
Less unamortized deferred financing cost	**(67,254,131)**	(58,271,273)
	8,145,293,918	7,878,164,520
Less current portion - net of unamortized deferred financing cost	**(1,263,628,373)**	(3,699,707,830)
Noncurrent portion	**₱6,881,665,545**	₱4,178,456,690

PetroEnergy's short-term and long-term loans payable
PetroEnergy entered into unsecured loan agreements to finance its investments in Renewable Energy Projects.

Omnibus Credit Line Agreement (OCLA) with the Development Bank of the Philippines (DBP)
On April 27, 2015, the Parent Company entered into an OCLA with DBP which provides a credit facility in the principal amount not exceeding ₱420 million. Effective January 19, 2021, the credit facility was reduced to ₱300 million. Loans payable to DBP as of December 31, 2022 are as follows:

- ₱63 million with interest rate of 5.8% and maturity on January 10, 2023
- ₱108 million with interest rate of 5.5% and maturity on January 26, 2023
- ₱80 million with interest rate of 5.8% and maturity on June 23, 2023

In 2023, the Parent Company paid the outstanding short-term loans from DBP.

Short-Term and Long-term Loan Facility with the Bank of the Philippine Island (BPI)
On April 19, 2023, the Parent Company entered into a short-term loan facility with BPI which provides a principal amount not exceeding ₱2.6 billion plus ₱1.0 billion blanket line with 1 year validity. Loans payable to BPI as of December 31, 2023 are as follows:

- ₱200 million with interest rate of 7.00% and maturity on April 11, 2024
- ₱551.52 million with interest rate of 7.00% and maturity on May 2, 2024
- ₱61.26 million with interest rate of 7.00% and maturity on February 28, 2024
- ₱1.25 billion with interest rate of 7.50% and maturity on January 31, 2024
- ₱422.51 million with interest rate of 7.50% and maturity on January 31, 2024
- ₱272.86 million with interest rate of 7.50% and maturity on January 31, 2024

On January 28, 2024, the Parent Company secured a 10-year long-term loan facility from BPI amounting to ₱2.55 billion with the following drawdowns and all with January 31, 2034 as the maturity date:
- ₱1.95 billion with interest rate of 7.2984%; Promissory Note (PN) Date: January 31, 2024
- ₱62.5 million with interest rate of 7.4449%; PN Date: February 28, 2024
- ₱201.5 million with interest rate of 7.4224%; PN Date: April 11, 2024
- ₱286.0 million with interest rate of 7.8449%; PN Date: May 02, 2024

The proceeds were used to settle the short-term loans due in January to May 2024.

Short-term and Long-term Loan Facility with Rizal Commercial Banking Corporation (RCBC)
In 2020, the Parent Company obtained a clean loan from RCBC amounting to ₱150.00 million with interest rate of 4.5%, which was paid in 2021.

On August 15, 2024, PetroEnergy converted its short-term loan from RCBC to long term loan amounting to ₱278.50 million with interest of 7.3553% and maturity date of August 15, 2034. As of September 2024, the company has no existing short-term loan from RCBC.

The Term Loan Facility Agreement of BPI and RCBC are subject to certain covenants including maintaining a maximum total liabilities to equity structure ratio of 2.33:1 and its earnings before interest, taxes, depreciation and amortization over its debt service to 1:1. As of December 31, 2024, the Parent Company is in compliance with the required ratios.

Interest expense related to PERC's loans amounted to ₱208.81 million, ₱107.76 million and ₱11.98 million in 2024, 2023 and 2022, respectively. Accrued interest payable amounted to ₱72.95 million and ₱27.00 million as of December 31, 2024 and 2023, respectively (see Note 18).

PetroGreen's long-term loans payable
Long-term loan with RCBC
On November 16, 2020, PetroGreen obtained a new long-term unsecured loan from RCBC amounting to ₱400.00 million. The loan bears interest at a fixed rate of 4.74% payable semi-annually. The principal amount is payable in five equal annual installments starting November 11, 2021.

As of December 31, 2024 and 2023, the outstanding balance of this loan, net of unamortized deferred financing costs, amounted to ₱79.87 million and ₱159.56 million, respectively.

Interest expense related to PGEC's loan amounted to ₱7.89 million, ₱12.06 million and ₱16.24 million in 2024, 2023 and 2022, respectively. Accrued interest payable amounted to ₱0.43 million and ₱0.85 million as of December 31, 2024 and 2023, respectively (see Note 18).

The loan covenants covering the outstanding debt of the PGEC include, among others, the following conditions: maintenance at all times of Debt-to-Equity (DE) Ratio of not greater than 2.5:1, Default Debt Service Coverage Ratio (DSCR) of at least 1.10x, Distribution DSCR of at least 1.20x and Current Ratio of above 1.0x. As of December 31, 2024 and 2023, the Company is compliant with all the above conditions.

MGI's long-term loans payable

Project Loan Facility Agreements with RCBC

On May 19, 2016, MGI, together with PetroGreen, PHINMA and PNOC RC executed the Project Loan Facility Agreement with RCBC for a ₱1,400.00 million project loan to finance the design, development and construction of MGPP-2 or M2.

On September 5, 2016, MGI, together with PetroGreen, PHINMA and PNOC RC executed another Project Loan Facility Agreement with RCBC for a ₱2,100.00 million project loan to finance the design, development and construction of MGPP-1 or M1. This was done to consolidate the outstanding principal of the term loan under the 2011 OLSA with RCBC and BPI, incidental costs, general corporate expenditures and working capital requirement.

MGPP-1 or M1 new Loan

The new MGPP-1 or M1 loan amounting to ₱2,100.00 million has a term of ten (10) years from the drawdown date of October 10, 2016. Interest and principal are payable semi-annually. Interest payment started on October 12, 2016, while the twenty (20) semi-annual principal payments started on April 12, 2017.

Interest rate is fixed for the first five (5) years from drawdown date, based on the sum of the prevailing 5-year fixed benchmark rate on the pricing date and the margin of 1.75% (the "Initial Interest Rate"). On the repricing date, the interest for the remaining five (5)-year term of the loan will be the higher of (i) the sum of then prevailing 5-year fixed benchmark rate plus the margin of 1.75%, or (ii) the initial interest rate.

Interest expense on recognized from the loan amounted to ₱41.51 million, ₱57.70 million and ₱71.52 million in 2024, 2023 and 2022, respectively.

MGPP-2 or M2 Expansion Loan

The MGPP-2 or M2 Expansion Loan amounting to ₱1,400.00 million has a term of twelve (12) years including thirty-six (36) months grace period from initial drawdown date of June 2, 2016. Interest and principal are payable semi-annually. Interest payment started on October 12, 2016, while the eighteen (18) semi-annual principal payments started on October 12, 2019.

Interest rate is fixed for the first seven (7) years from the initial drawdown date based on the sum of the prevailing 7-year fixed benchmark rate on the pricing date and the applicable margin of (1) 2.25% per annum prior to commercial operations date, or (2) 1.75% per annum from and after the Commercial Operations Date (the "Initial Interest Rate"). For subsequent drawdowns, interest rate will be the three (3) – day simple average interpolated rate based on the remaining tenor and computed using the straight-line method. On the repricing date, the interest for the remaining five (5)-year term of the loan will be the higher of (i) the sum of the then prevailing 5-Year fixed benchmark rate plus the applicable margin, or (ii) the weighted average interest rate during the first seven (7) years of the loan.

Interest expense on the loan amounted to ₱61.18 million, ₱43.15 million and ₱75.00 million in 2024, 2023 and 2022 respectively.

Accrued interest payable amounted to ₱15.57 million and ₱20.58 million as of December 31, 2024 and 2023, respectively (see Note 18).

As of December 31, 2024 and 2023, the total outstanding balance of these loans amounted to ₱1,177.87 million and ₱1,572.86 million, respectively.

The loan covenants covering the outstanding debt of the Company include, among others, the following conditions: maintenance at all times of Debt-to-Equity (DE) Ratio of not greater than 70:30, Default Debt Service Coverage Ratio (DSCR) of at least 1.10x both until full payment of the loans, and Dividend DSCR of at least 1.20x. MGI is also required to transfer to the DSPA funds equivalent to one-sixth (1/6) of the amount sufficient to pay for the forthcoming debt service scheduled in April and October of every year until the loan is fully paid off (Note 8). As of December 31, 2024 and 2023, the Company is compliant with all the above conditions.

Both M1 new and M2 Expansion loans are secured by mortgage collateral (see Note 11).

PetroSolar's long-term loans payable
On November 12, 2015, the PetroSolar, together with PetroGreen and EEIPC, as third party mortgagors and pledgors, entered into a ₱2,600.00 million OLSA with PNB and DBP specifically to partially finance the design, development, procurement, construction, operation and maintenance of its TSPP.

PetroSolar shall fully pay the loan for the pro-rata account of each lender within twelve (12) years from and after the date of the initial drawdown. Interest and principal are payable semi-annually. Interest payment started on May 27, 2016, while the twenty-two (22) semi-annual principal payments started on November 27, 2016.

The rate of the interest applicable to the facility or the relevant part thereof for each interest period shall be fixed for the first seven periods (7) from the initial drawdown date (the Initial Interest Rate). Prior to the FIT entitlement and collection of FIT revenues of the borrower, the rate shall be the higher of: (i) the aggregate of the seven (7) year PDST-R2 and the initial credit spread of 2.25%, or (ii) the minimum interest rate of 5.75%. Upon FIT entitlement of at least 40MW and collection of FIT revenues by the borrower equivalent to an aggregate of at least four hundred seventy three million pesos (₱473,000,000) within a period not exceeding twelve (12) consecutive months, the rate shall be the higher of (i) the weighted average interest rate in previous drawdowns less the step down credit spread of 0.25%, or (ii) minimum interest rate, and which interest rate shall be applied beginning the following month immediately succeeding the month wherein the aforesaid FIT entitlement and FIT revenue collection thresholds were satisfied. PetroSolar met the criteria for FIT entitlement and aggregate collection of at least ₱473 million within 12 months which resulted in a lower interest rate effective July 2017.

On November 25, 2022, the OLSA reached the 7th year of its term. The repricing date, based on the OLSA, shall occur by the end of the 7th year from the initial drawdown date, on which date, the interest rate for the remaining five (5) year tenor will be repriced. The new applicable interest rate is 9.12% after the repricing. This was renegotiated to be reduced from 9.12% to 8.59% which was approved by the PNB and DBP and made effective starting May 26, 2023.

The loan covenants covering the outstanding debt of PetroSolar include, among others, maintenance of debt-to-equity ratio of 75:25 and establishment of DSPA required balance (see Note 7). As of December 31, 2024 and 2023 PetroSolar is in compliance with the said loan covenants.

As of December 31, 2024 and 2023, the outstanding balance of this loan amounted to ₱561.37 million and ₱783.88 million, respectively.

Interest expense of PetroSolar related to the loans amounted to ₱67.72 million, ₱89.63 million and ₱89.81 million in 2024, 2023 and 2022, respectively. Accrued interest payable amounted to ₱3.90 million and ₱5.95 million as of December 31, 2024 and 2023, respectively (see Note 18).

PetroSolar mortgaged all of its property and equipment related to TSPP-1 as collateral in connection with the loan (see Note 11).

PetroWind long-term loans

NWPP-1

On November 4, 2013, PetroWind entered into ₱2.80 billion OLSA with DBP to finance the NWPP-1. Subsequently, on June 4, 2015, an amended agreement was entered between PetroWind and DBP for an increase in credit line amounting to ₱200.00 million.

The loan shall be fully paid and liquidated in 15 years from and after the date of initial borrowing. Principal and interest shall be repaid in 25 equal semi-annual installments with its first principal and interest payment made last January 10, 2017.

The rate of interest to be paid on interest date is 6.32% per annum, equal to benchmark rate plus 225 basis points (bps) per annum or 5.50% per annum, whichever is higher, subject to repricing every 5 years. The new interest rate after the first repricing date last January 10, 2019 is 9.01% per annum. This was renegotiated to be reduced from 9.01% to the higher between the benchmark rate plus 125 bps per annum or 7.00% per annum. The reduced interest rate of 7% per annum was approved by the bank and made effective starting July 2, 2019. This amendment did not result to the extinguishment of the loan.

On January 10, 2024, another repricing took place in accordance with the provision of the OLSA. As such, the interest rate after repricing is 7.31% per annum.

The total interest expense incurred amounted to ₱132.77 million in 2024 and ₱103.67 million in 2023. Interest payable amounted to ₱65.41 million and ₱47.65 million as of December 31, 2024 and 2023, respectively (see Note 18).

NWPP-2

On February 22, 2023, entered into ₱1.81 billion OLSA with DBP to finance the NWPP-2. The principal shall be payable in twenty-five (25) equal semi-annual installments in arrears to commence at the earlier of thirty-sixth (36^{th}) month from initial drawdown or six (6) months from COD until fully paid. The interest shall be for fixed two (2) years based on the higher of 2-year BVAL plus 1.0% p.a. or 6.25% p.a. determined at the time of drawdown subject to repricing.

PetroWind has drawn a total of ₱1.54 billion as of December 31, 2024, the balance is expected to be drawn in 2025.

On November 20, 2024, the Company secured a ₱265.00 million short-term loan with Bank of the Philippine Islands to partially finance the completion of the Nabas-2 Project. The principal amount shall be payable in ninety (90) days subject to renewal with interest initially fixed at the rate of 6.30% per annum.

The total interest expense incurred amounted to ₱77.77 million and ₱35.97 million in 2024 and 2023, respectively.

For NWPP-1 and NWPP-2, the loan covenants require PetroWind to maintain a debt-to-equity ratio of 70:30 and maintain a DSRA required balance equivalent to one principal plus one interest amortization at all times until full settlement of the loan. As of December 31, 2024, PetroWind is in compliance with the said loan covenants.

PetroWind pledged all of its property and equipment items as collateral to secure its borrowings (see Note 11).

Dagohoy Green Energy Corporation

Omnibus Loan and Security Agreement (OLSA) with RCBC

On May 20, 2024, the Company, together with PGEC as the grantor, mortgagor, surety and guarantor and RGEC, as the share collateral security grantor, grantor, and guarantor, entered into OLSA of up to ₱834.76 million with RCBC specifically to partially finance the design, development, procurement, construction, operation and maintenance of its Dagohoy Solar Power Project.

The Company shall fully pay the loan within twelve (12) years from and after the date of the initial drawdown. Interest and principal are payable semi-annually.

The rate of interest applicable is determined by the Facility Agent in reference to the 2-year BVAL rate for two (2) years from the initial drawdown date plus the margin of 1.75% before Commercial Operations Date (COD), to be reduced by 0.25% after the COD. On the First Repricing Date (2^{nd} anniversary of the closing date) and Second Repricing Date (7^{th} anniversary of the closing date), the rate of interest is determined by the Facility Agent by reference to the 5-year BVAL rate.

The Company has drawn a total of ₱762.84 million as of December 31, 2024, the balance will be subsequently drawn in 2025.

The loan covenant of DGEC requires the company to maintain a Debt Service Coverage Ratio of at least equivalent to the Maintenance DSCR commencing on the first anniversary of the Commercial Operations until the Loan Satisfaction Date, and Debt to Equity Ratio not exceeding the Maintenance Debt to Equity Ratio commencing on the Closing Date until the Loan Satisfaction Date. As of December 31, 2024, DSCR maintenance requirement is not yet applicable since the DGEC is still in the testing and commissioning stage

The total interest incurred amounted to ₱21.45 million in 2024 and nil in 2023. Of this amount, ₱15.48 million is recorded as part of the project cost under property, plant and equipment, while ₱6.07 million is recorded as interest expense.

Deferred financing costs

Deferred financing costs are incidental costs incurred in obtaining the loan which includes documentary stamp tax, transfer tax, chattel mortgage, real estate mortgage, professional fees, arranger's fee and other costs directly attributable in obtaining the loan. The balance of unamortized deferred financing costs is presented as a deduction from the loans payable account and is amortized over the term of the loan using the effective interest rate method.

Details of the Groups' unamortized deferred financing costs follow:

	2024	2023
Balance at beginning of year	**₱58,271,273**	₱10,446,588
Addition from business combination (Note 13)	–	42,954,226
Additions	**21,663,453**	11,109,295
Less amortization during the year	**(12,680,595)**	(6,238,836)
Balance at end of year	**₱67,254,131**	₱58,271,273

20. Other Noncurrent Liabilities

Asset Retirement Obligations

The Group has recognized its share in the abandonment costs associated with the Etame, Avouma and Ebouri oilfields located in Gabon, West Africa, geothermal field located in Sto. Tomas, Batangas, photovoltaic (PV) solar power facility in Tarlac, and wind power facility in Aklan.

Movements in this account follow:

	2024	2023
Balances at beginning of year	**₱167,532,915**	₱66,230,330
Additions	**–**	37,661,653
Change in estimates (Note 11)	**(19,037,277)**	56,701,173
Accretion expense	**11,980,721**	6,944,814
Foreign exchange adjustment	**2,057,890**	(5,055)
Balances at end of year	**₱162,534,249**	₱167,532,915

Discount rates ranging from 6.10% to 9.50% in 2024 and 6.01% to 7.32% in 2023 were used in estimating the provisions (see Note 5).

Accrued Retirement Benefits

The Group has defined benefit retirement plans (the Plan) for all of its employees. The Plan provides for normal and early retirement, as well as death and disability benefits and is funded and noncontributory. The latest retirement valuation was as of December 31, 2024.

The retirement fund is administered by RCBC, appointed as trustee. The fund has no investments in the Group's equity as of December 31, 2024 and 2023.

Pension benefits cost consists of:

	2024	2023
Current service cost	**₱10,383,432**	₱7,094,022
Net interest expense	**1,395,975**	3,397
Pension benefits cost	**₱11,779,407**	₱7,097,419

The accrued retirement liabilities (net retirement asset) recognized in the consolidated statements of financial position as of December 31 are as follows:

	2024	2023
Net retirement asset (Note 17)	**₱5,434,706**	₱8,075,630
Accrued retirement liabilities	**(45,610,791)**	(30,603,592)

	2024	2023
Present value of defined benefit obligation	**₱113,514,501**	₱88,628,376
Fair value of plan assets	**(73,338,416)**	(66,100,414)
Net accrued retirement liabilities	**₱40,176,085**	₱22,527,962

The movements in the accrued retirement liabilities (asset) recognized in the consolidated statements of financial position are as follows:

	2024	2023
Beginning balance	**₱22,527,962**	₱1,813,835
Pension benefits cost	**11,779,407**	7,097,419
Re-measurement loss on defined benefit plan	**11,175,414**	22,844,005
Contributions	**(5,306,698)**	(9,227,297)
Ending balance	**₱40,176,085**	₱22,527,962

Changes in the present value of the defined benefit obligation are as follows:

	2024	2023
Beginning balance	**₱88,628,376**	₱55,356,846
Current service cost	**10,383,432**	7,094,022
Interest cost	**5,554,641**	4,263,490
Benefits paid	**(1,735,731)**	–
Actuarial loss	**10,683,783**	21,914,018
Ending balance	**₱113,514,501**	₱88,628,376

Changes in the fair value of plan assets as of December 31 are as follows:

	2024	2023
Beginning balance	**₱66,100,414**	₱53,543,011
Interest income	**4,158,666**	4,260,093
Actuarial loss	**(491,631)**	(929,987)
Benefit paid	**(1,735,731)**	–
Contributions	**5,306,698**	9,227,297
Ending balance	**₱73,338,416**	₱66,100,414

The components of net plan assets are as follows:

	2024	2023
Cash and cash equivalents	**₱31,887,564**	₱31,614,338
Investments in quoted government securities	**40,868,803**	34,056,559
Interest receivable	**563,004**	300,545
Others	**19,045**	128,972
	₱73,338,416	₱66,100,414

The actual return on plan assets amounted to ₱3.67 million, ₱6.42 million and ₱0.30 million in 2024, 2023 and 2022, respectively.

The principal actuarial assumptions used in determining retirement benefits benefit obligation as of December 31 follows:

	2024	2023
Salary rate increase	**8.0%**	8.00%
Discount rate	**6.10%-to 6.17%**	6.10% to 6.16%

The Group does not expect to contribute to the fund in 2025.

21. **Equity**

Under the existing laws of the Republic of the Philippines, at least 60% of the Parent Company's issued capital stock should be owned by citizens of the Philippines for the Parent Company to own and hold any mining, petroleum or renewable energy contract area. As of December 31, 2024, the total issued and subscribed capital stock of the Parent Company is 99.79% Filipino and 0.21% non-Filipino as compared to 99.83% Filipino and 0.17% non-Filipino as of December 31, 2023.

As of December 31, 2024 and 2023, paid-up capital consists of:

Capital stock - ₱1 par value	
Authorized - 700,000,000 shares	
Issued and outstanding	₱568,711,842
Additional paid-in capital	2,156,679,049
	₱2,725,390,891

The Group's track record of capital stock follows:

	Number of shares registered	Issue/offer price	Date of SEC approval	Number of holders as of year-end
Listing by way of introduction - August 11, 2004	84,253,606	₱3/share	August 4, 2004	
Add (deduct):				
25% stock dividend	21,063,402	₱1/share	September 6, 2005	
30% stock dividend	31,595,102	₱1/share	September 8, 2006	
1:1 stock rights offering	136,912,110	₱5/share	May 26, 2010	
December 31, 2010	273,824,220			2,149
Deduct: Movement	–			(26)
December 31, 2011	273,824,220			2,123
Deduct: Movement	–			(10)
December 31, 2012	273,824,220			2,113
Deduct: Movement	–			(41)
December 31, 2013	273,824,220			2,072
Deduct: Movement				(29)
December 31, 2014	273,824,220			2,043
Add (Deduct):				
2:1 stock rights offering	136,912,110	₱4.38/share	June 3, 2015	(15)
December 31, 2015	410,736,330			2,028
Deduct: Movement	–			(1)
December 31, 2016	410,736,330			2,027
Deduct: Movement	–			(15)
December 31, 2017	410,736,330			2,012
Add (Deduct):				
1.2:6 stock rights offering	157,975,512	₱4.8/share	January 8, 2018	(8)
December 31,2018	568,711,842			2004
Deduct: Movement	–			(5)
December 31,2019	568,711,842			1,999
Deduct: Movement	–			(1)
December 31,2020	568,711,842			1,998
Deduct: Movement	–			(5)
December 31,2021	568,711,842			1,993
Deduct: Movement				(2)
December 31,2022	568,711,842			1,991
Deduct: Movement	–			–
December 31,2023	568,711,842			1,991
Deduct: Movement	–			(14)
December 31,2024	568,711,842			1,977

On July 26, 2017, at the BOD meeting, the Parent Company was authorized to raise approximately one billion pesos (₱1,000,000,000) in capital, by offering and issuing to all eligible stockholders as of record date, the rights to subscribe up to all of the existing unissued common shares of the Parent Company ("Stock Rights Offer").

On September 29, 2017, the Parent Company filed its application for the listing and trading of rights shares with the PSE. On December 13, 2017, the PSE approved the application to list the Rights Shares.

The rights offer entitled eligible stockholders as of record date of January 12, 2018 to subscribe to one rights share for every 2.6 shares held at an offer price of ₱4.80 per share.

The rights offer was undertaken on January 22 to 26, 2018. Following the close of the offer period, the Parent Company successfully completed the stock rights offer for 157,975,512 common shares with gross proceeds of ₱758.28 million and was subsequently listed on the PSE on February 2, 2018.

The proceeds from the stock rights offer were used for the development and expansion plans of the Group's renewable energy projects and general corporate requirements.

Dividend Declaration
On July 18, 2024, PERC BOD approved the declaration of 5% cash dividend or ₱0.05 per share to all stockholders of record as of August 8, 2024 and payable on August 30, 2024. The dividends amounting to ₱28.48 million was paid in 2024.

On November 29, 2023, PERC BOD approved the declaration of 5% cash dividend or ₱0.05 per share to all stockholders of record as of December 14, 2023 and payable on December 28, 2023. The dividends amounting to ₱27.97 million was paid in 2023.

On July 28, 2022, PERC BOD approved the declaration of 5% cash dividend or ₱0.05 per share to all stockholders of record as of August 15, 2022 and payable on September 8, 2022. The dividends amounting to ₱28.44 million was paid in 2022.

Cumulative Translation Adjustment
In 2018, in reference to the change in business circumstances of the Parent Company, management changed its functional currency from United States Dollar (USD) to PHP effective January 31, 2018. All resulting exchange differences in the remeasurement of USD balances to PHP balances were recognized as 'Cumulative Translation Adjustment'.

Equity Reserve and Deposit for Future Stock Subscription

a. On June 9, 2015, PetroEnergy sold its 10% interest in PetroGreen to EEIPC, bringing down its ownership in PetroGreen from 100% to 90%. The transaction was accounted as an equity transaction since there was no change in control.

   The effect of change in the ownership interest in PetroGreen on the equity attributable to owners of PetroEnergy as a result of the sale of 10% to EEI is summarized as follows:

Consideration received from NCI	₱206,000,000
Carrying amount of NCI sold	(125,950,762)
Excess of consideration received recognized in equity	₱80,049,238

b. On October 14, 2022, PetroGreen issued 363,244,840 shares to Kyuden (Note 31) resulting to the decrease in the ownership interest of PetroEnergy in PetroGreen from 90% to 76.92%. The transaction was accounted as an equity transaction since there was no loss of control.

The effect of change in the ownership interest in PetroGreen on the 2022 equity attributable to owners of PetroEnergy is summarized as follows:

Consideration received from NCI	₱1,687,431,477
Carrying amount of NCI sold	(1,030,763,729)
Excess of consideration received recognized in equity	₱656,667,748

c. In January 2023, the Group classified the 2022 deposit for stock subscription received from Kyuden under escrow fund (Note 7) amounting to ₱1.63 billion into NCI and Equity Reserve (excess of consideration over carrying value of NCI sold) after Kyuden acquired the 10.47% additional ownership interest in PGEC through completion of all the requirements in the subscription agreement (see Note 31). The deposit for future stock subscription is considered a non-cash financing activity in 2022. Kyuden's ownership interest as of December 31, 2023 in PGEC is 25%.

The effect of change in the ownership interest in PetroGreen on the 2023 equity attributable to owners of PetroEnergy is summarized as follows:

Consideration received from NCI*	₱1,634,762,579
Carrying amount of NCI sold	(925,716,414)
Excess of consideration received recognized in equity	₱709,046,165

**Net of equity transaction cost amounting to ₱16.29 million*

d. In 2023, the effect of change in the ownership interest in PetroSolar on the equity attributable to owners of PetroEnergy as a result of PERC's acquisition of EEIPC's 44% interest (Note 1c) is summarized as follows:

Consideration	₱1,443,942,735
Carrying amount of NCI acquired	(1,285,392,308)
Excess of consideration paid recognized in equity	₱158,550,427

e. In 2023, the effect of change in the ownership interest in PetroGreen on the equity attributable to owners of PetroEnergy as a result of PERC's acquisition of EEIPC's 7.5% interest (Note 1c) is summarized as follows:

Consideration	₱521,211,059
Carrying amount of NCI acquired	(568,948,930)
Excess of carrying amount recognized in equity	(₱47,737,871)

f. On May 31, 2024, Rizal Green issued 2,500,000 shares to Taisei Corporation (Note 31) resulting in the decrease in the ownership interest of PetroGreen in Rizal Green from 100% to 75%. The transaction was accounted as an equity transaction since there was no loss of control.

The effect of change in the ownership interest in Rizal Green on the 2024 equity attributable to owners of PetroEnergy is summarized as follows:

Consideration received from NCI*	₱577,500,000
Carrying amount of NCI sold	(327,329,997)
Excess of consideration received recognized in equity	₱250,170,003

**Net of equity transaction cost amounting to ₱2.5 million*

g. On August 16, 2023, PetroGreen acquired 100% equity of BKS for a total consideration of ₱80 million from its previous stockholders. The fair value of the net asset acquired is determined to be nil at the time of the acquisition. As of December 31, 2023, the acquisition was initially recorded as acquisition of deferred development cost. The development of the Limbauan Solar Power Project undertaken by BKS commenced during the year 2024 and the financials of BKS were subsequently consolidated. As of December 31, 2024, the excess acquisition cost of ₱80 million over the fair value of the net assets of BKS (nil amount) at the time of the acquisition was charged against equity reserve account.

h. In 2024, stock issuance costs of ₱9.55 million paid for the issuance of shares of DGEC, BGEC and SGJEC to RGEC was accounted as an equity transaction in the consolidated financial statements.

As of December 31, 2024 and 2023, the balance of equity reserve account amounts to ₱1,495.57 million and ₱1,334.95 million, respectively.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may increase its debt from creditors, adjust the dividend payment to shareholders or issue new shares.

As of December 31, 2024 and 2023, the Group monitors capital using a debt-to-equity ratio, which is total liabilities divided by total equity.

The Group's sources of capital as of December 31 are as follows:

	2024	2023 (As restated)
Loans payable	**₱8,145,293,918**	₱7,878,164,520
Capital stock	**568,711,842**	568,711,842
Additional paid-in capital	**2,156,679,049**	2,156,679,049
Retained earnings	**3,755,041,484**	3,311,057,942
Equity reserve	**1,495,570,578**	1,334,950,575
	₱16,121,296,871	₱15,249,563,928

The table below demonstrates the debt-to-equity ratio of the Group as of December 31:

	2024	2023 (As restated)
Total liabilities	**₱9,744,090,656**	₱9,333,809,756
Total equity	**13,616,550,079**	12,308,747,935
Debt-to-equity ratio	**0.72:1**	0.76:1

Based on the Group's assessment, the capital management objectives were met in 2024 and 2023.

22. **Income Taxes**

The provision for (benefit from) income tax consists of:

	2024	2023	2022
Current	**₱101,095,766**	₱65,021,230	₱39,621,178
Deferred	**11,321,990**	(6,122,938)	(1,028,286)
	₱112,417,756	₱58,898,292	₱38,592,892

The components of the Group's net deferred tax assets follow:

	2024	2023
Deferred tax assets on:		
Items recognized in profit or loss:		
Asset retirement obligations	**₱19,785,796**	₱17,987,775
Interest on FIT adjustment	**10,238,621**	9,058,168
Accrued retirement liability	**3,592,102**	644,179
Unamortized past service cost and provision	**2,107,392**	1,394,786
Unrealized foreign exchange loss	**–**	701,343
	35,723,911	29,786,251
Deferred tax liabilities on:		
Items recognized in profit or loss:		
Unrealized foreign exchange gain	**(599,780)**	–
Retirement asset	**(713,346)**	(811,532)
Asset revaluation	**(6,455,342**	(6,455,342)
Unamortized deferred financing costs	**(7,817,062)**	–
Crude oil inventory	**(12,360,007)**	(3,419,013)
	(27,945,537)	(10,685,887)
Deferred tax asset (liability) on:		
Item recognized in other comprehensive income		
Net remeasurement gain or loss on defined benefit obligation	**404,413**	(751,226)
	₱8,182,787	₱18,349,138

The components of the Group's deferred tax liability follow:

	2024	2023
Deferred tax liability on:		
Business combination (customer relationship and fair value adjustments)	**₱138,837,688**	₱138,837,688

As of December 31, 2024 and 2023, the Group did not recognize deferred tax assets on NOLCO, MCIT and allowance for impairment losses, with details as follow as of December 31.

	2024	2023
Allowance for impairment loss	**₱207,243,532**	₱207,243,532
NOLCO	**388,015,776**	100,820,857
MCIT	**13,234,524**	9,950,647
	₱608,493,832	₱318,015,036

As of December 31, 2024 and 2023, the Group did not recognize deferred tax assets on the above as the Group believes that it may not be probable that sufficient taxable income will be available in the near foreseeable future, prior to their expiration, against which the tax benefits can be realized.

Details of the MCIT and NOLCO follow:

MCIT

Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2021	₱1,968,511	₱–	₱1,968,511	₱–	2024
2022	3,505,526	–	–	3,505,526	2025
2023	4,476,610	–	–	4,476,610	2026
2024	5,252,388	–	–	5,252,388	2027
	₱15,203,035	₱–	₱1,968,511	₱13,234,524	

NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2021	₱43,230,774	₱–	₱–	₱43,230,774	2025
2022	28,868,005	–	–	28,868,005	2025
2023	28,722,078	–	–	28,722,078	2026
2024	287,194,919	–	–	287,194,919	2027
	₱388,015,776	₱–	₱–	₱388,015,776	

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 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.

The taxable income of the Parent Company is subject to minimum corporate income tax rate.

On June 20, 2023, the BIR issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the MCIT rate to 2% of gross income effective July 1, 2023 pursuant to RA No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Parent Company recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

On January 30, 2009, RA No. 9513, *An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes*, known as the "Renewable Energy Act of 2008" (the Act), became effective. As provided for in the Act, RE developers of RE facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the BOI, shall pay a corporate tax of ten percent (10%) on its net taxable income as defined in the National Internal Revenue Code of 1997, after the seven (7) years of Income Tax Holiday (ITH), which commences from the first year of operations. MGI started its commercial operations on February 8, 2014 and April 30, 2018 for its BOI registered projects MGPP-1 and MGPP-2, respectively. Taxable income generated from MGPP-1 beginning February 8, 2021 is now subject to corporate tax of 10%. While taxable income from MGPP-2 is still under ITH in 2024.

For PetroSolar, on July 28, 2015, the PSC registered with PEZA as an Economic Zone Utilities Enterprise to establish, operate and maintain its 50MW$_{DC}$ Solar Facility project at the Central Technopark and the sale of electricity in accordance with the representations, commitments and proposals set forth in its application.

PetroSolar shall pay the special tax rate of 5% on its gross income earned from sources within the PEZA economic zone in lieu of paying all national and local income taxes. Gross income earned refers to gross sales derived from any business activity, net of returns, discounts and allowances, less cost of sales, cost of production and allowable expenses as defined by PEZA. Income generated by TSPP-1 from sources outside of PEZA economic zone shall be subject to RCIT.

On January 30, 2009, Republic Act No. 9513, An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes, known as the "Renewable Energy Act of 2008" (the Act), became effective. As provided for in the Act, Renewable Energy (RE) developers of RE facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the Board of Investments, shall pay a corporate tax of ten percent (10%) on its net taxable income as defined in the National Internal Revenue Code of 1997, after the seven (7) years of Income Tax Holiday (ITH), which commences from the first year of commercial operations.

On December 16, 2021, the Energy Regulatory Commission issued TSPP-2's Provisional Authority to Operate (PAO) pending the ERC's approval of the Certificate of Compliance (COC). Due to the receipt of PAO, TSPP-2 is now entitled to ITH incentive.

The reconciliation of the statutory tax rate to the effective income tax rate shown in the consolidated statements of income follows:

	2024	2023	2022
Statutory tax rate	**25%**	25.00%	25.00%
Add (deduct) reconciling items:			
Movement in unrecognized deferred tax assets	**5.21**	1.04	(3.76)
Income from entities subjected to lower rate and subject to ITH	**(10.35)**	(19.14)	(13.96)
Nondeductible expenses and others	**1.94**	2.81	(2.17)
Unrealized loss on FVTPL	**0.02**	0.01	–
Loss on remeasurement of previously held interest	–	5.35	–
Nontaxable income	**(10.57)**	(3.85)	(0.83)
Effective income tax rate	**11.25%**	11.22%	4.28%

23. Cost of Electricity Sales

	2024	2023 (As restated, see Note 13)	2022
Electricity sales:			
Depreciation and amortization (Notes 11, 14 and 16)	**₱715,606,510**	₱617,894,233	₱446,660,175
Purchased services and utilities	**180,659,599**	103,499,193	45,167,036
Rental, insurance and taxes	**170,370,051**	140,504,569	104,970,100
Personnel costs	**125,741,570**	92,052,924	74,305,149
Repairs and maintenance	**49,780,958**	43,461,184	32,076,687
Business and other related expenses	**44,862,459**	35,939,418	18,649,108
Government share and royalty fees	**18,475,478**	17,605,995	11,341,763
Materials and supplies	**15,308,792**	18,728,238	19,233,303
	₱1,320,805,417	₱1,069,685,754	₱752,403,321

Cost of Other revenues
This pertains to the cost of Pass-on charges to ACEN.

	2024	2023	2022
Cost of other revenues:			
Trading costs and Market fees	**₱91,429,413**	₱58,212,064	₱87,260,321
Construction cost	**14,828,190**	–	–
Wheeling and Ancillary and Transmission Charges	**397,753**	2,564,801	40,128,180
	₱106,655,356	₱60,776,865	₱127,388,501

24. Crude Oil Inventory and Oil Production

Crude Oil Inventory
Crude oil inventory is stated at NRV at the time of production. Change in crude oil inventory amounting to (₱35.76 million), ₱0.76 million and (₱1.82 million) is included in "Cost of sales" in the profit or loss in 2024, 2023 and 2022, respectively.

Cost of Oil Production

	2024	2023	2022
Production, transportation and other related expenses	**₱277,020,751**	₱288,017,917	₱278,136,016
Storage and loading expenses	**40,618,632**	21,574,953	67,099,781
Amortization (Note 16)	**4,622,993**	4,622,993	4,622,993
Supplies and facilities	**314,802**	892,744	443,012
Others	**3,721,010**	238,912	5,034,415
	₱326,298,188	₱315,347,519	₱355,336,217

25. General and Administrative Expenses

	2024	2023	2022
Salaries, wages and benefits	**₱150,673,181**	₱121,252,673	₱111,609,430
Disallowed input VAT	**25,398,383**	12,011,345	6,105,757
Taxes and licenses	**28,893,818**	25,617,724	9,131,360
Depreciation and amortization (Notes 11, 15 and 16)	**20,445,184**	16,985,477	14,498,696
Professional and other fees	**18,006,050**	21,224,341	20,354,280
Entertainment, amusement and recreation	**13,035,594**	7,861,773	5,767,198
Donation and contribution	**7,456,913**	2,362,170	1,525,747
Transportation and travel	**6,478,096**	5,801,413	1,669,377
Advertisement	**6,334,260**	2,831,736	1,960,593
Research costs	**5,930,541**	1,347,096	7,767,044
Insurance	**5,275,217**	3,121,927	3,306,506
Repairs and maintenance	**5,168,020**	2,070,034	2,526,327
Communication	**4,746,506**	4,657,346	4,021,898
Office supplies	**4,710,240**	2,538,089	2,154,736
Gasoline, oil and lubricants	**4,088,988**	5,173,288	4,569,197
Other services	**3,774,385**	1,833,516	1,719,038
Environmental and social expenses	**3,443,840**	5,630,898	1,879,197
Rent expense (Note 14)	**3,052,861**	2,163,157	2,099,568
Utilities	**2,181,407**	1,715,408	1,774,800
Fringe benefit tax	**2,012,875**	1,941,182	1,422,604
Security and janitorial services	**1,692,003**	1,261,299	845,118
Training and seminar	**1,563,575**	250,217	647,303
Condominium dues	**1,348,617**	1,026,643	1,156,762
Stock transfer expense	**1,206,728**	671,627	644,577
Business meetings	**653,841**	462,183	694,206
Dues and subscriptions	**426,656**	352,195	382,266
Provision for probable loss	**–**	7,344,220	–
Others (Note 17)	**15,459,317**	7,258,592	10,998,646
	₱343,457,096	₱266,767,569	₱221,232,231

Others include miscellaneous expenses such as provision for input VAT disallowance, development assistance, notarization, bank charges, and reproduction expenses.

26. Miscellaneous Income (Charges)

	2024	2023	2022
Proceeds from insurance claims	**₱83,164,020**	₱–	₱–
Management income and timewriting fees (Note 27)	**43,367,236**	36,797,533	18,199,133
Rental income (Note 27)	**1,513,232**	1,781,086	1,818,027
Gain on sale of equipment (Note 11)	**543,532**	14,125	338,503
Dividend income (Note 9)	**18,893**	26,969	79,047

(Forward)

	2024	2023	2022
Revenue loss recovery (Note 35)	**₱–**	₱20,132,010	₱–
Gain on sale of investment in a joint venture (Note 13)	**–**	1,685,688	–
Sale of carbon emission credits	**–**	–	10,649,201
Professional fees (Note 27)	**–**	–	610,000
Trustee fees	**(6,771,658)**	(6,051,207)	(3,441,674)
Others	**2,425,717**	6,650,794	1,795,281
	₱124,260,972	₱61,036,998	₱30,047,518

Trustee fees pertain to payments of the Group to the facility agent and account trustees for the M1 and M2 loans (see Note 19).

27. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as 'Affiliates'). Related parties may be individuals or corporate entities.

Significant transactions with related parties are as follows:

	Transactions		Outstanding Balance Receivables (Payables) (see Notes 8 and 18)		
Related Party/Nature	**2024**	2023	**2024**	2023	**Terms and Conditions**
Investor					
House of Investments, Inc					
Internal audit services	**₱905,760**	₱873,600	**(₱539,417)**	(₱72,800)	Note a
Joint Venture					
PetroWind					
Rental income	–	285,714	–	–	Note b
Timewriting fee	–	5,539,939	–	–	Note c
Management income	–	666,667	–	–	Note c
Advances - receivable	–	2,334,037	–	–	Note d
Advances - payables	–	–	–	–	Note d
		8,826,357			
Buhawind Energy Northern Luzon Corporation					
Time-writing income	**23,544,024**	–	**23,544,024**	–	Note c
Rental income	**188,571**	201,771	**403,543**	201,771	Note b
Reimbursement - receivables	**27,079,351**	14,496,782	**62,899,252**	14,496,782	Note d
Advances – receivable	**9,348**	–	**9,348**		
	50,821,294	14,698,553	**86,856,167**	14,698,553	
Buhawind Energy Northern Mindoro Corporation					
Time-writing income	**2,943,003**	–	**2,943,003**	–	Note c
Rental income	**188,571**	201,771	**403,542**	201,771	Note b
Reimbursement - receivables	**19,624,812**	14,496,782	**23,749,200**	1,818,098	Note d
	22,756,386	14,698,553	**27,095,745**	2,019,869	

(Forward)

Related Party/Nature	Transactions 2024	2023	Outstanding Balance Receivables (Payables) (see Notes 8 and 18) 2024	2023	Terms and Conditions
Buhawind Energy East Panay Corporation					
Time-writing income	**₱2,943,003**	₱–	**₱2,943,003**	₱–	Note c
Rental income	**188,571**	201,771	**403,543**	201,771	Note b
Reimbursement - receivables	**10,562,807**	14,496,782	**14,687,195**	1,812,098	Note d
	13,694,381	14,698,553	**18,033,741**	2,013,869	
Affiliate					
AC Energy Corporation (ACEN)					
Electricity sales	**1,032,907,225**	1,027,174,970	**103,154,602**	101,935,010	Note e
Wheeling Charges	**74,003,036**	50,560,116	**1,053,324**	3,464,223	Note e
			104,207,926	105,399,233	
Affiliate					
EEI Power Corporation					
Other income	–	–	–	683,200	Note f
Affiliate					
LIPCO					
Land lease	**34,270,323**	34,086,297	–	–	Note g
Affiliate					
Enrique T. Yuchengco, Inc.					
Rental income	**947,518**	929,657	**269,929**	455,165	Note j
Due from related parties			**₱236,463,508**	₱125,269,889	
Due to related parties			**(₱539,417)**	(₱72,800)	

a. PetroEnergy has an Internal Audit Engagement arrangement with House of Investments, Inc. (HI). These are non-interest bearing and are due and demandable.

b. PetroGreen charges rental fees to PWEI and BEP amounting to ₱71,429 every month. These are non-interest bearing and payable when due and demandable.

c. Timewriting fees are charged by PetroGreen for accounting, legal management and other support services rendered to PWEI and BEP. Management income refers to charges by PetroEnergy to PWEI and BEP. These are non-interest bearing and are due and demandable.

d. Advances represent reimbursements of costs and expenses.

e. Electricity sales to ACEN (formerly PHINMA) is pursuant to the Electricity Supply Agreement (see Note 35). This is due and payable on the last business day of the month succeeding the billing period and non-interest bearing if paid within the due date.

f. PetroGreen charged EEI Power Corporation (EEIPC) amounting to ₱550,000 plus VAT representing charges for the equity valuation study.

g. The Group leased 77 hectares of land area from LIPCO (Note 14). These are non-interest bearing and payable when due and demandable.

h. On April 29, 2021, PGEC completed its first commercial and industrial (C&I) rooftop solar power project for the Enrique T. Yuchengco Bldg. in Binondo, Manila.

The building owner E.T. Yuchengco Inc. (ETY) and project owner PGEC signed a 15-year Rent-to-Own Agreement for a 140.8-kWp solar rooftop facility last January 14, 2021. The rental period commenced upon the project's completion in April 2021. After said 15-year cooperation period, PGEC will turn-over the said rooftop solar facility to ETY free of charge.

Compensation of Key Management Personnel

The Group has a profit-sharing plan for directors, officers, managers and employees as indicated in its by-laws. The amount, the manner and occasion of distribution is at the discretion of the BOD, provided that profit share shall not exceed 5% of the audited income before income tax and profit share.

The remuneration of the Group's directors and other members of key management are as follows:

	2024	2023	2022
Salaries and wages and other short-term benefits	**₱33,531,380**	₱28,365,908	₱24,751,739
Directors' fees	**12,243,030**	8,476,813	8,775,037
Retirement expense	**804,961**	538,496	927,633
	₱46,579,371	₱37,381,217	₱34,454,409

Terms and conditions of transactions with related parties

The transactions from related parties are made under normal course of business. Outstanding balances at year-end are unsecured and interest fee and settlement occurs in cash. There have been no guarantees provided or received for any related party receivable or payables. For the years ended December 31, 2024 and 2023, the Group did not recognize provision for expected credit losses relating to amounts owed by related parties.

28. **Financial Instruments**

The Group's principal financial instruments include cash and cash equivalents, short-term investments, financial assets at FVTPL, receivables, restricted cash, contract assets, loans payable, accounts payable, accrued expenses and dividends payable. The main purpose of these financial instruments is to fund the Group's working capital requirements.

Categories and Fair Values of Financial Instruments

As of December 31, 2024 and 2023, the carrying amounts of the Group's financial assets and financial liabilities approximate their fair values except for loans payable and lease liabilities. The fair value of the loans payable as of December 31, 2024 and 2023 amounted to ₱8.22 billion and ₱7.94 billion compared to their carrying value of ₱8.15 billion and ₱7.88 billion, respectively.

The methods and assumptions used by the Group in estimating the fair value of financial instruments are:

Financial instruments	Considerations
Cash and cash equivalents, Short-term investments, Restricted cash, Receivables, Contract assets, Accounts payable and Accrued expenses, and Short-term loans payable	Due to the short-term nature of the instruments, carrying amounts approximate fair values as at the reporting date.
Equity securities	Fair values are based on published quoted prices (Level 1).
Golf club shares	Fair values are based on quoted market prices at reporting date (Level 1).
Long-term loans payable	Fair value is based on the discounted value of expected future cash flows using the applicable interest rate for similar type of instruments. The fair value is derived using the prevailing PH BVAL rate in 2024 and 2023 (Level 3).
Lease liabilities	Estimated fair value is based on the discounted value of future cash flows using the prevailing PH BVAL rate in 2024 and 2023 (Level 3).

The fair value is based on the source of valuation as outlined below:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

In 2024 and 2023, there were no transfers of financial instruments among all levels.

Financial Risk Management Objectives and Policies
The Group manages and maintains its own portfolio of financial instruments in order to fund its own operations and capital expenditures. Inherent in using these financial instruments are the following risks on liquidity, market and credit.

Financial Risks
The main financial risks arising from the Group's financial instruments are liquidity risk, market risk and credit risk.

a. *Liquidity Risk*
   Liquidity risk is the risk that the Group is unable to meet its financial obligations when due. The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations and to mitigate the effects of fluctuation in cash flows. To cover its short-term and long-term funding requirements, the Group intends to use internally generated funds as well as to obtain loan from financial institutions. As of December 31, 2024 and 2023, the Group has existing credit line facilities from which they can draw funds from (see Note 19).

The tables below summarize the maturity profile of the Group's financial assets and financial liabilities as of December 31, 2024 and 2023 based on contractual payments:

	2024			
	On demand	1 year or less	More than 1 year	Total
Financial Assets				
Financial assets at FVTPL	₱6,144,437	₱–	₱–	₱6,144,437
Financial assets at amortized cost:		–	–	–
Cash and cash equivalents	2,770,469,655	–	–	2,770,469,655
Short-term investments	200,000,000	–	–	200,000,000
Accounts receivable	218,790,240	498,570,242	–	717,360,482
Other receivables	–	–	30,561,241	30,561,241
Interest receivable	11,084,320	–	–	11,084,320
Refundable deposits	–	478,721	6,295,160	6,773,881
Restricted cash	–	217,290,257	18,051,626	235,341,883
Contract assets	–	161,320,397	675,168,269	836,488,666
	3,206,488,652	877,659,617	730,076,296	4,814,224,565
Financial Liabilities				
Financial liabilities at amortized cost:				
Loans payable**	–	1,263,628,373	6,881,665,545	8,145,293,918
Lease liabilities	–	35,678,238	583,479,239	619,157,477
Accounts payable and accrued				–
expenses*	871,776,036	–	–	871,776,036
	871,776,036	1,299,306,611	7,465,144,784	9,636,227,431
Net financial assets (liabilities)	₱2,334,712,616	(₱421,646,994)	(₱6,735,068,488)	(₱4,822,002,866)

**Excluding statutory payables*

	2023			
	On demand	1 year or less	More than 1 year	Total
Financial Assets				
Financial assets at FVTPL	₱6,958,720	₱–	₱–	₱6,958,720
Financial assets at amortized cost:				
Cash and cash equivalents	2,334,304,367	–	–	2,334,304,367
Short-term investments	1,975,286,425	–	–	1,975,286,425
Accounts receivable	185,205,824	458,505,758	–	643,711,582
Interest receivable	86,809,859	–	–	86,809,859
Refundable deposits	–	458,721	4,967,207	5,425,928
Restricted cash	–	293,744,077	17,297,610	311,041,687
Contract assets	–	127,134,899	609,572,499	736,707,398
	4,588,565,195	879,843,455	631,837,316	6,100,245,966
Financial Liabilities				
Financial liabilities at amortized cost:				
Loans payable	–	780,533,583	7,097,611,310	7,878,144,893
Lease liabilities	–	36,773,088	619,157,477	655,930,565
Accounts payable and accrued expenses*	741,221,940	–	–	741,221,940
	741,221,940	817,306,671	7,716,768,787	9,275,297,398
Net financial assets (liabilities)	₱3,847,343,255	₱62,536,784	(₱7,084,931,471)	(₱3,175,051,432)

**Excluding statutory payables*

b. *Market Risk*

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

Foreign Exchange Risk

Foreign currency risk is the risk that the value of the Group's financial instruments denominated other than the Group's functional currency diminishes due to unfavorable changes in foreign exchange rates. The Group's transactional currency exposures arise from cash and cash equivalents, receivables and accounts payable and accrued expenses.

The Group's foreign currency-denominated financial instruments as of December 31, 2024 and 2023 follow:

	2024		2023	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Financial assets				
Cash and cash equivalents	**$1,846,319**	**₱97,454,974**	$3,560,220	₱197,830,741
Receivables	**1,376,900**	**80,700,096**	1,031,907	57,339,972
Restricted cash	**312,069**	**18,290,358**	312,069	17,297,610
	3,535,288	**196,445,428**	4,904,196	272,468,323
Financial liabilities				
Accounts payable and accrued expenses	**43,407**	**2,544,060**	1,298,471	72,152,130
Net exposure	**$3,491,881**	**₱193,901,368**	$3,605,725	₱200,316,193

As of December 31, 2024, and 2023, the exchange rates used for conversion are ₱57.845 and ₱55.567 per US$1, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in US dollar exchange rates. With all other variables held constant, the effect on the Group's income before income tax is as follows:

	Increase (decrease) in foreign currency	Effect on income before income tax
2024	**+1.36%**	**(₱1,232,192)**
	-1.36%	**₱1,232,192**
2023	+1%	(₱2,003,593)
	-1%	₱2,003,593

There is no other impact on the Group's equity other than those already affecting income before income tax.

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's loans payable. Interest rate on loans payable is fixed for the first five (5) years or first seven (7) years and will be repriced thereafter.

The table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's net income. The Group used the forecasted one-year Treasury bill rate in performing the analysis.

Loans payable

2024	
Increase/decrease in interest rate (in basis points)	**Impact on income before tax**
-245%	**₱32,826,543**
245%	**(₱32,826,543)**

2023	
Increase/decrease in interest rate (in basis points)	Impact on income before tax
+3% to +161%	(₱83,086,922)
-3% to -161%	83,086,922

There is no other impact on the Group's equity other than those already affecting income before income tax.

c. *Credit Risk*

Credit risk is the possibility of loss for the Group if its receivable counterparties fail to discharge their contractual obligations. With respect to credit risk arising from the other financial assets of the Group, which comprise of cash and cash equivalents, short-term investments, receivables, financial assets at FVTPL, contract assets, and restricted cash, 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 and renewable energy businesses. The Group has a well-defined credit policy and established credit procedures. In addition, receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

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

	2024	2023
Financial assets:		
Cash in banks and cash equivalents	**₱2,768,538,452**	₱2,333,643,164
Short-term investments	**200,000,000**	1,975,286,425
Receivables	**759,006,043**	730,521,441
Financial assets at FVTPL	**6,144,437**	6,958,720
Refundable deposits	**6,773,881**	5,425,928
Restricted cash	**235,341,883**	311,041,687
Contract assets	**836,488,666**	736,707,398
	₱4,812,293,362	₱6,099,584,763

An impairment analysis is performed at each reporting date using a provision matrix to measure Expected Credit Loss (ECL). The mechanics of the ECL calculations and the key elements are, as follows:

a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

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). In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs.

b. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative *adjustments* or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The table below shows the aging by class of asset for the Group's financial assets and contract asset as of December 31, 2024 and 2023:

	2024			
	Current (High grade)	**More than 90 days (Standard grade)**	**Credit impaired**	**Total**
Financial assets:				
Cash and cash equivalents*	**₱2,768,538,452**	**₱–**	**₱–**	**₱2,768,538,452**
Short-term investments	**200,000,000**	**–**	**–**	**200,000,000**
Accounts receivable	**717,360,482**	**–**	**2,682,453**	**720,042,935**
Other receivables	**–**	**30,561,241**	**–**	**30,561,241**
Interest receivable	**11,084,320**	**–**	**–**	**11,084,320**
Financial assets at FVTPL	**6,144,437**	**–**	**–**	**6,144,437**
Refundable deposits	**6,773,881**	**–**	**–**	**6,773,881**
Restricted cash	**235,341,883**	**–**	**–**	**235,341,883**
Contract assets	**836,488,666**	**–**	**–**	**836,488,666**
	₱4,781,732,121	**₱30,561,241**	**₱2,682,453**	**₱4,814,975,815**

**excluding cash on hand*

	2023			
	Current (High grade)	More than 90 days (Standard grade)	Credit impaired	Total
Financial assets:				
Cash and cash equivalents*	₱2,333,643,164	₱–	₱–	₱2,333,643,164
Short-term investments	1,975,286,425	–	–	1,975,286,425
Accounts receivable	643,711,582	–	2,682,452	646,394,034
Interest receivable	86,809,859	–	–	86,809,859
Financial assets at FVTPL	6,958,720	–	–	6,958,720
Refundable deposits	5,425,928	–	–	5,425,928
Restricted cash	311,041,687	–	–	311,041,687
Contract assets	736,707,398	–	–	736,707,398
	₱6,099,584,763	₱–	₱2,682,453	₱6,102,267,216

**excluding cash on hand*

Financial assets are classified as high grade if the counterparties are not expected to default in settling their obligations. Thus, credit risk exposure is minimal. Financial assets are classified as a standard grade if the counterparties settle their obligation with the Group with tolerable delays. Low grade accounts are accounts, which have probability of impairment based on historical trend. These accounts show propensity of default in payment despite regular follow-up actions and extended payment terms. The Group's cash in banks, cash equivalents, accounts receivable, interest receivable and restricted cash have high grade credit quality.

29. Segment Information

For management purposes, the Group is organized into business units based on their products and has four reportable segments as follows:

- The oil production segment is engaged in the oil and mineral exploration, development and production.
- The geothermal energy segment develops and operates geothermal steamfields and power plants.
- The solar energy segment carries out solar energy operations of the Group.
- The wind energy segment carries out wind energy operations of the Group starting May 2023.
- Other activities pertain to research and investment activities.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

	2024						
	Oil Production	**Geothermal Energy**	**Solar Energy**	**Wind Energy**	**Other Activities**	**Elimination**	**Consolidated**
Segment revenue	**₱520,426,862**	**₱1,125,344,293**	**₱847,728,656**	**₱930,030,672**	**24,106,126**	**₱–**	**₱3,447,636,609**
Net income	**154,823,024**	**305,890,718**	**448,467,665**	**359,124,866**	**350,476,417**	**(737,369,969)**	**881,412,721**
Other comprehensive income (loss)	**1,220,527**	**(6,658,929)**	**108,412**	**61,034**	**(4,750,829)**	**–**	**(10,019,785)**
Other information:							
Segment assets except deferred tax asset	**₱6,485,362,987**	**₱5,455,416,838**	**₱7,061,065,330**	**₱6,929,267,771**	**₱7,842,842,525**	**(₱10,421,497,503)**	**₱23,352,457,948**
Deferred tax assets – net	**(₱3,225,990)**	**₱3,750,804**	**₱4,236,996**	**₱10,157,130**	**(₱280,812)**	**(₱6,455,341)**	**₱8,182,787**
Segment liabilities except deferred tax liabilities	**₱2,955,625,477**	**₱1,511,906,354**	**₱3,057,555,803**	**₱3,110,022,977**	**₱341,288,579**	**(₱1,371,146,222)**	**₱9,605,252,968**
Deferred tax liabilities - net	**₱–**	**₱–**	**₱–**	**₱–**		**₱138,837,688**	**₱138,837,688**
Provision for income tax	**₱15,436,222**	**₱22,016,377**	**₱20,206,143**	**₱51,666,271**	**₱3,092,743**	**₱–**	**₱112,417,756**

	2023 (As restated)						
	Oil Production	Geothermal Energy	Solar Energy	Wind Energy	Other Activities	Elimination	Consolidated
Segment revenue	₱623,038,856	₱1,089,837,044	₱876,818,506	₱422,778,791	₱–	₱–	₱3,012,473,197
Net income	93,076,080	342,024,283	484,870,455	63,875,010	225,038,305	(743,065,464)	465,818,669
Other comprehensive income (loss)	(2,008,368)	(6,919,295)	(1,423,214)	(1,869,381)	(6,568,933)	–	(18,789,191)
Other information:							
Segment assets except deferred tax asset	₱6,371,818,411	₱5,537,464,412	₱4,284,879,707	₱5,285,903,767	₱6,154,389,855	(₱5,991,898,461)	₱21,642,557,691
Deferred tax assets - net	₱9,452,460	₱2,468,251	₱3,279,470	₱3,148,957	₱–	₱–	₱18,349,138
Segment liabilities except deferred tax liabilities	₱2,980,159,350	₱1,891,903,163	₱1,264,319,686	₱2,919,060,209	₱256,793,629	(₱98,914,831)	₱9,213,321,206
Deferred tax liabilities - net	₱–	₱–	₱–	₱–	₱–	₱138,837,688	₱138,837,688
Provision for income tax	₱952,243	₱26,239,667	₱20,025,876	₱10,747,021	₱933,485	₱–	₱58,898,292

	2022					
	Oil Production	Geothermal Energy	Solar Energy	Other Activities	Elimination	Consolidated
Segment revenue	₱726,054,533	₱952,309,263	₱872,735,259	₱–	₱–	₱2,551,099,055
Net income	226,622,580	146,845,509	459,345,015	216,801,086	(186,537,171)	863,077,019
Other comprehensive income	6,865,326	2,179,169	437,411	947,907	–	10,429,813
Other information:						
Segment assets except deferred tax assets	₱3,745,736,291	₱5,687,240,312	₱4,132,932,701	₱6,143,372,796	(₱2,900,391,814)	₱16,808,890,286
Deferred tax assets - net	₱6,539,828	₱1,809,192	₱2,578,909	₱–	₱–	₱10,927,929
Segment liabilities except deferred tax liabilities	₱413,796,718	₱2,376,124,993	₱1,400,771,566	₱270,625,881	(₱18,823,341)	₱4,442,495,817
Deferred tax liabilities - net	₱–	₱–	₱–	₱–	₱–	₱–
Provision for (benefit from) income tax	₱2,997,940	₱15,707,772	₱19,431,127	₱456,053	₱–	₱38,592,892

Revenue earned from a single external customer amounted to ₱520.43 million and ₱623.04 million in 2024 and 2023, which accounted for more than 10% of the consolidated revenues from external customers. This revenue is derived from PERC's minority share in Etame crude oil sales in Gabon, West Africa. Aside from the mentioned minority interest in International Joint Operations, the Group's geographical operating segment is mainly in the Philippines.

The following table demonstrates the geographical location of the Group's operating segment:

	2024		
	International	**Philippines**	**Consolidated**
Segment revenue	₱520,426,862	₱2,927,209,747	₱3,447,636,609
Net income	119,042,007	762,370,714	881,412,721
Other comprehensive income	–	(10,019,785)	(10,019,785)
Other information:			
Segment assets except deferred tax assets	₱967,790,054	₱22,384,667,894	₱23,352,457,948
Deferred tax assets - net	₱–	₱8,182,787	₱8,182,787
Segment liabilities except deferred tax liabilities	₱63,466,121	₱9,541,786,847	₱9,605,252,968
Deferred tax liabilities - net	₱–	₱138,837,688	₱138,837,688
Provision for income tax	₱–	₱112,417,756	₱112,417,756

InterGroup investments, revenues and expenses are eliminated during consolidation.

30. Basic/Diluted Earnings Per Share

The computation of the Group's earnings per share follows:

	2024	2023 (As restated)	2022
Net income attributable to equity holders of the Parent Company	**₱471,809,019**	₱156,880,236	₱548,523,238
Weighted average number of shares	**568,711,842**	568,711,842	568,711,842
Basic/diluted earnings per share	**₱0.8296**	₱0.2759	₱0.9645

Basic earnings per share are calculated using the net income attributable to equity holders of the Parent Company divided by the weighted average number of shares.

PERC does not have potentially dilutive common stock.

31. Non-controlling Interests

As of December 31, 2024 and 2023, the investment of Kyuden in PGEC resulted in an increase in NCI as discussed earlier (Note 21). Kyuden owns 25% of PGEC in both 2024 and 2023, while PERC owns 75% in both years.

In 2023, the acquisition of EEIPC's ownership interests in PetroGreen, PetroWind and PetroSolar, as disclosed in Notes 1, 13 and 21, also resulted to changes in NCI as of December 31, 2023.

In 2023, PWEI issued shares in which NCI's subscription amounted to ₱204.41 million.

As of December 31, 2024 and 2023, the accumulated balances of and net income attributable to non-controlling interests are as follows:

	2024	2023 (As restated)
Accumulated balances of non-controlling interests:		
PetroGreen	**₱2,220,570,583**	₱1,995,324,877
PetroWind	**1,587,245,283**	1,563,185,794
MGI	**1,381,541,451**	1,276,810,325
RGEC	**357,461,544**	–
	₱5,546,818,861	₱4,835,320,996

	2024	2023 (As restated)
Net income attributable to non-controlling interests:		
PetroGreen	**₱155,655,257**	₱63,215,350
MGI	**107,061,751**	119,708,499
PetroSolar	**–**	82,106,696
PetroWind	**143,649,947**	43,907,888
RGEC	**3,236,747**	–
	₱409,603,702	₱308,938,433

The summarized financial information of these subsidiaries is provided below based on amounts before intercompany eliminations.

MGI

	2024	2023
Statements of Financial Position		
Current assets	**₱755,450,239**	₱904,646,125
Noncurrent assets	**4,706,608,877**	4,635,286,537
Current liabilities	**751,634,225**	698,948,441
Noncurrent liabilities	**763,163,602**	1,192,954,723
Equity	**3,947,261,289**	3,648,029,498
Statements of Comprehensive Income		
Revenue	**1,125,344,293**	1,089,837,044
Net income	**305,890,720**	342,024,283
Total comprehensive income	**299,231,791**	335,104,988
Statements of Cash Flows		
Net cash from (used in):		
Operating activities	**744,244,047**	1,054,064,119
Investing activities	**(425,701,185)**	(257,963,413)
Financing activities	**(504,333,411)**	(517,906,789)
Effect of foreign exchange rate	**4,782**	(99,659)
Net increase (decrease) in cash and cash equivalents	**(185,785,767)**	278,094,258

PetroSolar

	2024	2023
Statements of Financial Position		
Current assets	**₱686,322,863**	₱711,606,379
Noncurrent assets	**3,369,805,485**	3,527,096,398
Current liabilities	**312,958,983**	325,307,047
Noncurrent liabilities	**682,241,331**	895,047,160
Equity	**3,060,928,034**	3,018,348,570
Statements of Comprehensive Income		
Revenue	**831,625,363**	876,818,506
Net income	**452,687,875**	485,031,755
Total comprehensive income	**452,579,464**	483,608,541
Statements of Cash Flows		
Net cash from (used in):		
Operating activities	**697,287,889**	712,945,970
Investing activities	**(20,251,591)**	(115,532,668)
Financing activities	**(737,407,401)**	(549,695,036)
Effect of foreign exchange rate	**26,661**	(11,992)
Net increase (decrease) in cash and cash equivalents	**(60,344,442)**	47,706,274

PetroGreen

	2024	2023
Statements of Financial Position		
Current assets	**₱2,261,957,065**	₱2,819,114,696
Noncurrent assets	**3,962,215,780**	3,328,266,501
Current liabilities	**150,821,961**	156,457,589
Noncurrent liabilities	**28,094,749**	100,265,643
Equity	**6,045,256,135**	5,890,657,965
Statements of Comprehensive Income		
Revenue	**478,727,869**	315,803,284
Net income	**369,150,221**	225,100,044
Total comprehensive income	**357,057,479**	215,716,392
Statements of Cash Flows		
Net cash from (used in):		
Operating activities	**1,379,045,656**	661,159,432
Investing activities	**(699,592,031)**	(637,939,577)
Financing activities	**(290,029,656)**	(171,575,010)
Effect of foreign exchange rate	**(1,139,669)**	(280,058)
Net increase (decrease) in cash and cash equivalents	**388,284,300**	(148,635,213)

PetroWind

	2024	2023
Statements of Financial Position		
Current assets	**₱899,881,736**	₱983,911,205
Noncurrent assets	**6,039,543,165**	5,407,234,398
Current liabilities	**740,650,242**	504,913,385
Noncurrent liabilities	**2,369,372,734**	2,416,016,195
Equity	**3,829,401,925**	3,470,216,023
Statements of Comprehensive Income		
Revenue	**930,030,672**	727,606,935
Net income	**359,124,868**	236,616,463
Total comprehensive income	**359,185,902**	234,747,082
Statements of Cash Flows		
Net cash from (used in):		
Operating activities	**544,896,919**	808,141,808
Investing activities	**(763,821,030)**	(2,065,361,667)
Financing activities	**96,428,416**	1,531,343,124
Effect of foreign exchange rate	**462,802**	(4,605,155)
Net increase (decrease) in cash and cash equivalents	**(122,032,893)**	269,518,110

Rizal Green

	2024 (One Year)	2023 (Four Months)
Statements of Financial Position		
Current assets	**₱149,292,150**	₱1,251,118
Noncurrent assets	**1,414,816,019**	5,757,543
Current liabilities	**100,420,257**	70,400
Noncurrent liabilities	**–**	–
Equity	**1,463,687,912**	6,938,261
Statements of Comprehensive Income		
Revenue	**11,599,587**	4,874
Net income (loss)	**2,089,851**	(61,739)
Total comprehensive income (loss)	**2,089,851**	(61,739)
Statements of Cash Flows		
Net cash from (used in):		
Operating activities	**41,241,336**	1,118
Investing activities	**(1,409,000,000)**	(5,750,000)
Financing activities	**1,454,659,800**	7,000,000
Effect of foreign exchange rate	**–**	–
Net increase in cash and cash equivalents	**86,901,136**	1,251,118

Dividends declared to non-controlling interests amounted to ₱50.00 million, ₱25.00 million and ₱122.80 million in 2024, 2023 and 2022, respectively.

<u>*Increase in non-controlling interests from stock issuances*</u>
PetroGreen
In September 2022, PetroGreen, PetroEnergy and Kyuden Internation Corporation (Kyuden), a wholly-owned subsidiary of Japan's Kyushu Electric Power Co., Inc., executed the Subscription Agreement and Shareholders' Agreement. Pursuant to the said documents, PetroGreen will issue

712,251,720 shares in two tranches in favor of Kyuden equivalent to 25% ownership interest in PetroGreen upon completion of the conditions precedent for the transaction.

In October 2022, PetroGreen received from Kyuden the payment for the subscription amounting to ₱3.37 billion, which is maintained in an escrow fund with a bank to be release based on the terms of the escrow agreement.

On October 14, 2022, transaction for the "Initial Closing" was completed. The subscription amount of ₱1.72 billion was released from the escrow account and the 363,244,840 shares coming from unissued shares of PetroGreen was issued in favor of Kyuden representing 14.53% ownership interest in PetroGreen.

On November 18, 2022, another ₱21.81 million was released from the escrow account representing the required 25% payment of the 25% subscribed shares for the increase in PetroGreen's authorized capital stock as part of the "Pre-Approval Second Closing". On December 14, 2022, SEC approved the application for increase in authorized capital stock from 2,500,000,000 shares at ₱1.0 par value to 2,849,006,880 shares with same par value.

As of December 31, 2022, the "Second Closing" under the Subscription Agreement is not yet completed since the fulfilment of the Conditions Precedent and the payment/release of the ₱1.63 billion remaining escrow fund was completed only on January 10, 2023. Effectively, Kyuden has 14.53% equity ownership in PetroGreen as of December 31, 2022. This resulted in an increase in non-controlling interest as of December 31, 2022 (Note 21).

The amount of ₱1.65 billion representing the subscription amount for the "Pre-approval Second Closing" and "Second Closing" transactions are presented as separate line item as Deposit for Stock Subscription under the 2022 Equity section.

On January 10, 2023, the date of "Second Closing", the remaining balance of the escrow account amounting to ₱1.63 billion was released and the stock certificate for the 349,006,880 subject shares was issued in favor of Kyuden. After the Second Closing on January 10, 2023, Kyuden already holds 25% ownership interest in PetroGreen.

In 2021, stockholders of PetroGreen subscribed to ₱83.00 million from its unissued stocks which increased the non-controlling interest by ₱8.30 million.

PetroSolar
On March 28, 2022, the BOD and Stockholders approved the increase in PetroSolar's authorized capital stock from ₱1,800,000,000 consisting of 18,000,000 shares at ₱100 par value per share, to ₱1,900,000,000 consisting of 19,000,000 shares at ₱100 par value per share. In compliance with Sec. 37 of the Revised Corporation Code, 25% or 250,000 shares of the authorized capital stock increase must be subscribed, and 25% or 62,500 shares of the subscribed capital stock must be paid up. Of the total subscribed capital stock amounting to ₱25,000,000, cash amounting to ₱6,250,000 equivalent to 62,500 shares was received by PetroSolar on April 6, 2022 as subscription payment for the proposed increase in authorized capital stock. PetroSolar filed its application for the approval of the proposed increase in authorized capital stock with the SEC on May 23, 2022. The said application was approved by the SEC on May 30, 2022. Upon approval, the 62,500 shares subscribed were treated as outstanding shares.

In 2023, the Group acquired the NCI in PetroSolar through PERC's acquisition of EEIPC's 44% ownership interest in PetroSolar. Details of the transaction are disclosed in Notes 1 and 21.

PetroWind
The business combination of PWEI in May 2023 resulted to NCI which represents the 40% ownership interest of BCPG in PetroWind. Details of the transaction are disclosed in Notes 1 and 13.

Rizal Green Energy Corporation
On April 23, 2024, Taisei Corporation of Japan signed an Investment Framework Agreement and Shareholders' Agreement with PGEC to acquire a 25% equity stake in RGEC. Following the fulfillment of the transaction's conditions precedent, the Subscription Agreement was signed on May 31, 2024. Taisei's initial investment of ₱580.00 million for 2.50 million shares in RGEC and subsequent equity cash call contribution of ₱35.76 million resulted to an increase in non-controlling interest by ₱604.39 million (net of transaction cost of ₱11.36 million).

32. Consolidated Statements of Cash Flows

Changes in the Group's liabilities arising from financing activities follow:

<u>2024</u>

		Non-cash Changes						
	2023	Additional lease liabilities (Note 13)	Movement in deferred financing cost	Interest expense	Effect of business combination	Dividend declarations to NCI	Cash Flows	2024
Loans payable	**₱7,878,164,520**	**₱–**	**(₱8,982,858)**	**₱–**	**₱–**	**₱–**	**₱276,112,256***	**₱8,145,293,918**
Accrued interest payable	**81,443,129**	**–**	**–**	**555,725,055**	**–**	**–**	**(492,370,770)**	**144,797,414**
Lease liabilities	**324,638,301**	**3,130,843**	**–**	**29,775,114**	**–**	**–**	**(38,419,188)**	**319,125,070**
Dividends payable	**33,926,730**	**–**	**–**	**–**	**–**	**78,435,592**	**(100,975,106)**	**11,387,216**
	₱8,318,172,680	**₱3,130,843**	**(₱8,982,858)**	**₱585,500,169**	**₱–**	**₱78,435,592**	**(₱355,652,808)**	**₱8,620,603,618**

**availments - ₱4,271,681,074 and payments - ₱33,995,568,818*

<u>2023</u>

		Non-cash Changes						
	2022	Additional lease liabilities (Note 13)	Movement in deferred financing cost	Interest expense	Effect of business combination	Dividend declarations to NCI	Cash Flows	2023
Loans payable	₱3,477,929,052	₱–	(₱47,824,685)	₱–	₱1,774,159,119	₱–	₱2,673,901,034*	₱7,878,164,520
Accrued interest payable	9,731,596	–	–	408,735,771	–	–	(337,024,238)	81,443,129
Lease liabilities	328,794,340	3,861,155	–	30,197,662	–	–	(38,214,856)	324,638,301
Dividends payable	10,960,164	–	–	–	–	53,435,592	(30,469,026)	33,926,730
	₱3,827,415,152	₱3,861,155	(₱47,824,685)	₱438,933,433	₱1,774,159,119	₱53,435,592	₱2,268,192,914	₱8,318,172,680

**availments - ₱3,946,036,089 and payments - ₱1,272,135,055*

<u>2022</u>

		Non-cash Changes					
	2021	Additional lease liabilities (Note 14)	Movement in deferred financing cost	Interest expense	Dividend declarations to NCI	Cash flows	2022
Loans payable	₱4,062,525,196	₱–	₱10,324,645	₱–	₱–	(₱594,920,789)*	₱3,477,929,052
Accrued interest payable	41,463,079	–	–	259,673,768	–	(291,405,251)	9,731,596
Lease liabilities	332,828,866	3,011,994	–	30,443,530	–	(37,490,050)	328,794,340
Dividends payable	10,657,014	–	–	–	151,538,743	(151,235,593)	10,960,164
	₱4,447,474,155	₱3,011,994	₱10,324,645	₱290,117,298	₱151,538,743	(₱1,075,051,683)	₱3,827,415,152

**availments - ₱561,000,000 and payments - ₱1,155,920,789*

33. Renewable Energy Act of 2008

On January 30, 2009, Republic Act No. 9513, *An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes*, otherwise known as the "Renewable Energy Act of 2008" (the "Act"), became effective. The Act aims to (a) accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy; (b) increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives; (c) encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and environment; and (d) establish the necessary infrastructure and mechanism to carry out mandates specified in the Act and other laws.

As provided for in the Act, Renewable Energy (RE) developers of RE facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the BOI, shall be entitled to the following incentives, among others:

i. Income Tax Holiday (ITH) - For the first seven (7) years of its commercial operations, the duly registered RE developer shall be exempt from income taxes levied by the National Government;
ii. Duty-free Importation of RE Machinery, Equipment and Materials - Within the first ten (10) years upon issuance of a certification of an RE developer, the importation of machinery and equipment, and materials and parts thereof, including control and communication equipment, shall not be subject to tariff duties;
iii. Special Realty Tax Rates on Equipment and Machinery - Any law to the contrary notwithstanding, realty and other taxes on civil works, equipment, machinery, and other improvements of a registered RE developer actually and exclusively used for RE facilities shall not exceed one and a half percent (1.5%) of their original cost less accumulated normal depreciation or net book value;
iv. NOLCO - the NOLCO of the RE developer during the first three (3) years from the start of commercial operation which had not been previously offset as deduction from gross income shall be carried over as deduction from gross income for the next seven (7) consecutive taxable years immediately following the year of such loss;
v. Corporate Tax Rate - After seven (7) years of ITH, all RE developers shall pay a corporate tax of ten percent (10%) on its net taxable income as defined in the National Internal Revenue Code of 1997, as amended by Republic Act No. 9337;
vi. Accelerated Depreciation - If, and only if, an RE project fails to receive an ITH before full operation, it may apply for accelerated depreciation in its tax books and be taxed based on such;
vii. Zero Percent VAT Rate - The sale of fuel or power generated from renewable sources of energy, the purchase of local goods, properties and services needed for the development, construction and installation of the plant facilities, as well as the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent (0%) VAT;
viii. Cash Incentive of RE Developers for Missionary Electrification - An RE developer, established after the effectivity of the Act, shall be entitled to a cash generation-based incentive per kilowatt-hour rate generated, equivalent to fifty percent (50%) of the universal charge for power needed to service missionary areas where it operates the same;
ix. Tax Exemption of Carbon Credits - All proceeds from the sale of carbon emission credits shall be exempt from any and all taxes; and
x. Tax Credit on Domestic Capital Equipment and Services - A tax credit equivalent to one hundred percent (100%) of the value of the VAT and custom duties that would have been paid on the RE machinery, equipment, materials and parts had these items been imported shall be given to an RE operating contract holder who purchases machinery, equipment, materials, and parts from a domestic manufacturer for purposes set forth in the Act.

RE developers and local manufacturers, fabricators and suppliers of locally-produced RE equipment shall register with the DOE, through the Renewable Energy Management Bureau (REMB). Upon registration, a certification shall be issued to each RE developer and local manufacturer, fabricator and supplier of locally-produced renewable energy equipment to serve as the basis of their entitlement to the incentives provided for in the Act. All certifications required to qualify RE developers to avail of the incentives provided for under the Act shall be issued by the DOE through the REMB.

34. **Electric Power Industry Reform Act (EPIRA)**

After emerging from the crippling power crisis that occurred in the early 1990s, the Philippine Government embarked on an industry privatization and restructuring program envisioned to ensure the adequate supply of electricity to energize its developing economy. This restructuring scheme is embodied in RA No. 9136, the EPIRA. Approved on June 8, 2001, the EPIRA seeks to ensure quality, reliable, secure and affordable electric power supply; encourage free and fair competition; enhance the inflow of private capital; and broaden the ownership base of power generation, transmission and distribution.

The Government viewed restructuring and reform as a long-term solution to the problems of the power sector. The huge investment requirement for new generation capacity and expansion of the necessary transmission and distribution network was estimated at an annual average of $1.0 billion. Given its own fiscal constraints, the Government recognized the need for greater private sector involvement in the power sector. Even though some private sector participation was successfully introduced earlier between the NPC and private investors, this time, the Government is envisioning addressing the power sector inefficiencies and the monopoly in the generation business. EPIRA mandated the overall restructuring of the Philippine electric power industry and called for the privatization of NPC. The restructuring of the electricity industry calls for the separation of the different components of the power sector, namely: generation, transmission, distribution, and supply. On the other hand, the privatization of the NPC involves the sale of the state-owned power firm's generation and transmission assets (e.g. power plants and transmission facilities) to private investors. These two reforms are aimed at encouraging greater competition and attracting more private-sector investments in the power industry.

A more competitive power industry will in turn result in lower power rates and a more efficient delivery of electricity supply to end-users.

Specifically, the EPIRA has the following objectives:

- Achieve transparency with the unbundling of the main components of electricity services, which will be reflected in the consumers' electricity rates;
- Opening up of the electricity market to competition at the wholesale (generation) level to improve efficiency in the operation of power plants and redound to lower electricity prices;
- Enhance further inflow of private capital and broaden ownership base in generation, transmission distribution, and supply of electric power;
- Establish a strong and independent regulatory body that will balance the interest of both the investors by promoting competition through creation of a level playing field and protect the electricity end-users from any market power abuses and anti-competitive behaviors; and
- Accelerate and ensure the total electrification of the country.

35. Other Material Contracts and Agreements

Foreign Petroleum Operations

Joint Operating Agreement - Gabon

The Joint Operating Agreement (JOA) establishes the respective rights and obligations of the members of the Consortium with regard to the operations under the EPSC, including the joint exploration, appraisal, development and production of hydrocarbon reserves from the contract area. VAALCO has been appointed as the Operator of the field and shall continue to act as such until such time that all the JV Partners decide to appoint a new Operator from among them.

Crude Oil Sales and Purchase and Services Agreement (COSPA) with Exxon Mobil Sales and Supply LLC

On December 20, 2019, the JV Partners signed a COSPA with Exxon Mobil Sales and Supply LLC (Exxon), a company incorporated under the laws of the State of Delaware and having its registered office at 251 Little Falls Drive, Wilmington DE 19808. The agreement is effective from February 1, 2020 until January 31, 2021. On December 14, 2020, the first amendment to the COSPA was executed, amending and extending the term of the COSPA with Exxon effective February 1, 2021 until July 31, 2021.

This was further amended on July 2021, effective August 1 2021 to extend the term until January 31, 2022. In January 2022, this was further amended effective February 1, 2022 until July 31, 2022.

Crude Oil Sales and Marketing Agreement (COSMA) with Glencore Energy UK Ltd

On August 16, 2022, PetroEnergy signed a COSMA with Glencore Energy UK Ltd. The agreement is effective from August 16, 2022 to July 31, 2023. On July 17, 2023, this was further amended to extend the term until January 31, 2024.

Renewable Energy Projects

Revenues from sale of electricity using renewable energy is consummated and recognized over time whenever the electricity generated by the Group is transmitted through the transmission line designated by the buyer, for a consideration.

Set out below is the disaggregation of the Group's revenue from contracts with customers for the years ended December 31, which are presented as Electricity sales and Other revenues in the consolidated statements of comprehensive income:

	2024	2023	2022
Revenue from electricity supply agreement	**₱1,317,283,019**	₱1,213,242,513	₱1,016,281,052
Revenue sales under Feed-in-Tariff (FIT)	**1,493,383,534**	1,113,529,754	679,650,696
Wheeling charges and trading and market fees	**92,437,069**	62,662,074	129,112,773
Revenue from solar rooftop	**24,106,125**	–	–
	₱2,927,209,747	₱2,389,434,341	₱1,825,044,521

Renewable Energy Payment Agreement (REPA)
Consequent to the issuance of FIT COC in its favor, PetroSolar entered into a REPA with the TransCo on April 6, 2016. Under the REPA, TransCo shall pay the FIT Rate of 8.69/kWh for all metered generation of PSC for a period of twenty (20) years from start of Commercial Operations.

FIT rate adjustment
On May 26, 2020, the ERC approved Resolution No. 6 series of 2020 approving the adjustment to FIT for the years 2016 to 2020 using 2014 as the base year for the consumer price index and foreign exchange. The resolution was published in a newspaper of general circulation on November 17, 2020 and became effective 15 days after.

For 2021 onwards, per the FIT-All Guidelines, TransCo is obligated to calculate the FIT-All Rate annually that will be implemented for the following year and file its application with the Honorable Commission not later than the end of July of each year. aPetroSolar and PetroWind recognized additional ₱176.41 million and ₱101.61 million FIT arrears covering the adjustment of the FIT rate for 2024 and 2023, respectively. These will be recovered from TransCo for a period of five (5) years subject to ERC's approval.

As of December 31, 2024 and 2023, current portion of contract asset amounted to ₱161.32 million and ₱127.13 million, respectively, while noncurrent portion amounted to ₱675.17 million and ₱609.57 million, respectively.

Interest earned amounted to ₱30.54 million, ₱11.28 million and ₱6.86 million in 2024, 2023 and 2022, respectively.

ESA for MGPP-1 and MGPP-2

On September 16, 2011 MGI executed an Electricity Supply Agreement (ESA-1) with Trans-Asia (now ACEN), wherein MGI agreed to sell to Trans-Asia (now ACEN) the entire generated output of MGPP-1 for a period of 20 years commencing from commercial operations on February 8, 2014. On April 26, 2016, MGI entered into another Electricity Supply Agreement (ESA-2) with Trans-Asia (then renamed as PHINMA Energy Corporation and now ACEN), wherein MGI agreed to sell to PHINMA (now ACEN) the entire generated output of the MGPP-2 for a period of 20 years from start of commercial operations on April 30, 2018.

On August 23, 2019, MGI and PHINMA (now ACEN) executed the Amendment to the Unit 1 ESA and Unit 2 ESA which, among others, extended the effectivity of both ESA-1 and ESA-2 until June 25, 2039.

MGI's Interconnection Agreement
MGI signed an Interconnection Agreement (ICA) with Manila Electric Company (MERALCO) for the physical interconnection of the generation and connection facilities of MGI's 20 MW power plant to MERALCO's distribution system. The power facility constructed in Brgy. San Rafael, Sto. Tomas, Batangas is currently connected to MERALCO's existing 115 kV line in Calamba, Laguna.

On July 2014, MGI, Trans-Asia and MERALCO signed a Memorandum of Agreement which effectively waived the payment for MGPP-1's wheeling charges amounting to around ₱4.30 million per month, beginning 2014 until December 26, 2019.

In a letter dated February 8, 2021, MERALCO informed MGI about its Wheeling Charges Rationalization Program for embedded generators (Program), giving the latter the opportunity to be billed reduced Distribution Wheeling Service (DWS) Charges corresponding to the supply of electricity to Contestable Customers (CCs) within the franchise area of MERALCO, subject to submission of documentary requirements.

On August 25, 2022 and November 17, 2022, MGI received billing adjustment letters from MERALCO to deduct the Bilateral Contract Quantities (BCQ) data that MGI supplied to CCs within the MERALCO franchise area. The adjustments resulted in differential amount of ₱14.05 million for billing periods March to June 2022. This was subsequently billed to MGI by ACEN to recover the amount of Meralco Distribution Wheeling Charges Refund.

Service cum Trade Agreement (Carbon Credits)
On September 7, 2021, MGI (the Party/Seller/Project Owner) entered into a Service cum Trade Agreement with Enking International Energy Services Limited (EKIESL) (the Service Provider/Buyer) in which the latter offered its services on Clean Development Mechanism (CDM) Verification, Issuance and Trading of MGI's Carbon Credits.

For the first crediting period of January 1, 2014 to December 31, 2020, United Nations Framework Convention on Climate Change (UNFCCC)-issued net carbon credits totaled 622,068 tCO2e. EKIESL monetized said carbon credits bringing in a net revenue to MGI of US$192,328 (₱10.65 million) and remitted to MGI's account on December 23, 2022.

WESM Transactions
On July 1, 2022, MGI entered into an agreement with ACEN to update the current billing and settlement protocols, practices, and procedures to ensure consistency and compliance with the Guidelines and Procedures for Implementation of BIR Ruling OT-323-2021 for WESM Transactions issued by the Independent Electricity Market Operator of the Philippines (IEMOP). This includes trading costs, market fees and pass-on taxes and charges to ACEN in accordance with the agreement. Revenue from sale derived from WESM transactions with other Market Participants amounted to ₱18.83 million, ₱9.95 million and ₱11.41 million in 2024, 2023 and 2022, respectively.

Memorandum of Agreement between Maibarara Geothermal, Inc. and SMC SLEX, Inc
On March 31, 2023, MGI entered into an agreement with SMC SLEX Inc. wherein, among others, the Parties agree that SLEX Inc. will shoulder and advance the necessary works and expenses for the DPWH and for the relocation of MGI affected facilities needed to continuously operate the Maibarara Geothermal Power Plant. This includes payment for the value of the portions of MGI land affected by SLEX-TR4, cost of relocation of Transmission Lines and Stub Poles and Actual Generation Loss during temporary shutdown, cost of relocation and replacement of the Water Well, and any and all costs expenses to be incurred by MGI in relation to the aforementioned activities. Total expenses incurred in relation to these activities amounted to ₱0.60 million and ₱16.47 million in 2024 and 2023, respectively, while revenues derived from pass-on expenses and generation loss totaled ₱0.60 million and ₱36.78 million in 2024 and 2023, respectively.

Renewable Energy Payment Agreement (REPA)
Consequent to the issuance of FIT COC in its favor, PetroSolar entered into a REPA with the TransCo on April 6, 2016. Under the REPA, TransCo shall pay the FIT Rate of 8.69/kWh for all metered generation of PSC for a period of twenty (20) years from start of Commercial Operations.

Wind Energy Service Contract (WESC) No. 2017-09-118 – San Vicente, Palawan
On November 11, 2019, the DOE officially awarded to PetroGreen the San Vicente, Palawan WESC. The WESC, effective October 9, 2019, vests PetroGreen with the rights and responsibilities to harness wind energy and develop and operate the corresponding renewable energy facility in the area. The proposed project is situated in the municipality of San Vicente, Palawan, approximately 130 km north of Puerto Princesa.

Activities for the meteorological mast installation program for the San Vicente Wind Hybrid Power Project (SVWHPP) have been put on-hold due to COVID-19-related travel restrictions. Nonetheless, PGEC has secured on May 7, 2020 a Certificate of Non-Coverage (CNC) from the Department of Environment and Natural Resources (DENR) for the mast installation. PGEC also secured a Special Land Use Permit (SLUP) from the DENR on March 09, 2021 for the mast installation in San Vicente.

In December 2020, PGEC's contractor has mobilized to San Vicente, Palawan to carry out the installation works for the 60-meter meteorological mast to be used for the wind measurement campaign of the SVWHPP. The said mast is expected to be commissioned and turned-over to PGEC in July 2021.

The two-year wind measurement campaign which began in July 2021 was completed by August 2023. In June 2023, PGEC submitted Distribution Impact Study (DIS) for the evaluation of Palawan Electric Cooperative (PALECO). While awaiting the commencement of PALECO's Competitive Selection Process (CSP), PGEC continues to implement its work program commitments (i.e. shortlisting of potential WTG suppliers and negotiation, potential partners and financial studies).

Bugallon Solar Power Project (BSPP)

Solar Energy Operating Contract (SEOC) No. 2022-04-622-AFI

On May 5, 2022, PGEC was awarded a Solar Energy Operating Contract (SEOC) with Registration No. SEOC 2022-04-622 by the DOE for its Bugallon Solar Power Project (BSPP) in Brgy. Salomague Sur, Bugallon, Pangasinan. On April 16, 2024, the DOE approved the assignment of SEOC 2022-04-622 from PGEC to BGEC and issued the corresponding new COR with Registration No. SEOC 2022-04-622-AF1.

The Distribution Impact Study (DIS) and Distribution Asset Study (DAS) for the BSPP has been completed and has been approved by the Central Pangasinan Electric Cooperative (CENPELCO). The Certificate of Non-Overlap (CNO) has been secured from the National Commission on Indigenous Peoples (NCIP) on July 13, 2022, confirming that the project site is outside any ancestral domain and is free from any tribal claims. The locational clearance has been secured on November 14, 2023.

The construction and operation of the BSPP will be undertaken by Bugallon Green Energy Corporation (BGEC) which was incorporated on October 14, 2023. BGEC is a 100% owned subsidiary of RGEC. The DOE has already approved the transfer of the SEOC to BGEC. The ECC has already been transferred under BGEC's name on November 28, 2023.

The issuance of the Municipal Resolution endorsing the land reclassification for the BSPP site is still being undertaken by an external legal counsel. Once this is secured, applications for project endorsement by the Pangasinan Sangguniang Panlalawigan (SP) and Zoning Clearance will be lodged accordingly.

On December 13, 2023 the DOE issued a Certificate of Award entitling BSPP to a Green Energy Tariff of ₱4.4043/kWh for a period of twenty years.

Dagohoy Solar Power Project (DSPP)

Solar Energy Operating Contract (SEOC) No. 2022-06-629-AFI

One June 28, 2022, PGEC was awarded a SEOC with Registration No. SEOC 2022-06-629 by the DOE for its Dagohoy Solar Power Project (DSPP) located in Brgy. San Vicente, Dagohoy, Bohol. On February 28, 2024, the DOE approved the assignment of SEOC to DGEC and issued the corresponding new COR with Registration No. SEOC 022-06-629-AF1.

Favorable endorsements for the land reclassification of the DSPP site were secured from the Dagohoy Sangguniang Bayan (SB) in October 2022 and from the Bohol SP in December 2022. Said resolutions are needed to secure the requisite Locational Clearance and Building Permit for the DSPP. On December 22, 2022, PGEC entered into a four-year offtake agreement with SN Aboitiz Power-Magat, Inc. counted from the start of commercial operations.

PGEC, through third-party consultants, achieved completion of the System Impact Study (SIS) on August 1, 2023 and Facility Study on September 26, 2023.

Moreover, on August 17, 2023, the Global Environment Center Foundation (GEC) of Japan announced that the DSPP has been selected to receive Joint Crediting Mechanism (JCM) subsidy.

For site development, contractor Media Construction and Development Corporation (MCDC) completed the land grading/levelling, installation of fences and construction of ditch canals. Meanwhile, solar farm contractor Global Electric and grid connection contractor Philcantech Enterprises will commence construction of the solar plant facilities by Q1 2024. The solar power plant is expected to be completed by Q4 2024.

San Jose Solar Power Project (SJSPP)
Solar Energy Operating Contract (SEOC) No. 2015-09-251-AF2
On July 19, 2023, the DOE approved the assignment of SESC No. 2015-09-251 to PGEC from V-mars Solar Energy Corporation (V-MARS) which the DOE issued a new COR with registration No. SESC 2015-09-251-AF1. On April 16, 2024, the DOE approved the transfer of PGEC's SESC 2015-09-AF1 to SJGEC with the corresponding issuance of new COR No. SESC 2015-09-251-AF2.

On July 27, 2023, PGEC purchased parcels of land located in the Municipalities of San Jose and Science City of Munoz, Nueva Ecija owned by V-MARS. The lots were registered with the Registry of Deeds for San Jose Nueva Ecija under the name of PGEC on September 21, 2023.

On October 14, 2023, the SEC approved the incorporation of San Jose Green Energy Corporation (SJGEC), RGEC's 100% subsidiary that will develop and operate the SJPP. The DOE approved the transfer of the SEOC to SJGEC.

Meanwhile, site clearing and development works have been substantially completed allowing solar farm contractor, Schema Konsult, Inc, and grid connection contractor Philcantech Enterprises, to commence works by Q1 2024.

On March 29, 2024, the Global Environment Center Foundation (GEC) of Japan announced that the SJSPP has been selected to receive Joint Crediting Mechanism (JCM) subsidy.

At this point, PGEC is in the final stages of securing a power supply agreement with an offtaker.

Limbauan Solar Power Project (LSPP)
Solar Energy Operating Contract (SEOC) No. 2017-05-394

The LSPP is located in the province of Isabela and its SEOC is held by BKS Green Energy Corporation (BKS). The LSPP will be developed in two (2) phases: (a) 6 MW_{DC} Phase 1 (LSPP-1) and (b) the 33.8 MW_{DC} (LSPP-2).

On August 16, 2023, PGEC acquired 100% of the outstanding capital stock of BKS from its previous stockholders. The corresponding Certificate Authorizing Registration (CAR) was issued by the BIR in September 2023, approving the transfer of the BKS shares in its stock and transfer books under PGEC. The ownership of BKS will eventually be transferred to RGEC as RGEC's 100% subsidiary.

On November 10, 2020, BKS and Isabela Electric Cooperative II (ISELCO II) executed a Power Supply Agreement for LSPP-1 for the supply of power to the franchise area of ISELCO II with a term of 15 years at a rate of ₱5.40/kWh. The application for approval of the PSA is still pending with the ERC.

On December 1, 2023, BKS obtained a Clearance to Undertake System Impact Study from the DOE. This clearance, along with other documents, were submitted to NGCP in March 2024 for them to prepare System Impact Study for the project.

On December 13, 2023 the DOE issued a Certificate of Award entitling LSPP-2 to a Green Energy Tariff of ₱4.4043/kWh for a period of twenty years.

Vestas O&M Agreement for NWPP2
On December 13, 2022, PetroWind entered into a Wind Turbine Supply Agreement with Vestas Asia Pacific A/S for the supply of WTGs for the NWPP2. On the same date, it also signed a Wind Turbine Supervision and Commissioning Agreement with Vestas Service Philippines, Inc. (Vestas PH) for technical advisory and commissioning services. Moreover, a Service & Availability Agreement (AOM 5000) was executed with Vestas PH for it to handle the operations and maintenance of the NWPP2 turbines and warrant their availability.

Rooftop SolarProjects
Mapúa Malayan Colleges Mindanao (MMCM) Solar Rooftop Project
On February 13, 2024, PGEC signed a Solar Rooftop System Installation and Maintenance Agreement with Mapúa Malayan Colleges Mindanao (MMCM) for a 360 kWp solar rooftop project utilizing 600 units of 600 Wp solar panels manufactured by Canadian Solar. The total contract cost is ₱32.86 million, with payments structured as fixed monthly installments of ₱342,249 over eight years. PGEC will be responsible for the operations and maintenance of the facility for the same period.

The engineering, procurement, and construction (EPC) work was subcontracted to Davao-based contractor Equinox Synergy OPC, with the EPC contract signed on February 22, 2024. The MMCM Solar Rooftop Project was successfully completed on July 8, 2024.

Isuzu Autoparts Manufacturing Corporation (IAMC) Solar Rooftop Project
On July 23, 2024, PGEC entered into a Supply and Install Contract for the installation of a 3.002 MWp rooftop solar project at IAMC's manufacturing facility in Laguna. The total contract price is ₱187.48 million with payments structured as fixed monthly installments of ₱1.95 million over eight years. PGEC will also be responsible for the operations and maintenance of the solar facility for the duration of the contract.

The EPC contract was awarded to Fravinz Enterprises, Inc. on August 9, 2024. Construction commenced in January 2025 and is expected to be completed by April 2025. Upon completion, it will be among the largest commercial and industrial (C&I) rooftop solar facilities in Laguna.

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36. **Subsequent Events**

On January 30, 2025, the Power Sector Assets and Liabilities Management Corporation (PSALM) conducted the second round of public bidding pf PSALM's property consisting of three (3) lots where MGI's steamfield, an access road and an outfield reinjection re located. In particular, the 3 lots with a total land area of approximately 58,911 square meters are located in Sto. Tomas City, Batangas and Calamba City, Laguna. The minimum bid price was set at ₱473.17 million. MGI being the lone bidder, PSALM proceeded with the negotiated sale in accordance with the negotiation procedures for negotiated sale of Maibarara properties issued by Privatization Bids and Awards Committee (PBAC) of PSALM.

Following the successful negotiated sale, on February 17, 2025, MGI secured a ₱500 million short-term loan (STL) from RCBC to finance the acquisition of the abovementioned PSALM lots. The said STL carries a 6.69% interest per annum payable monthly beginning March 19, 2025, while total loan principal is due on February 12, 2026.

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and the Stockholders
PetroEnergy Resources Corporation
7th floor, JMT Building, ADB Avenue
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of PetroEnergy Resources Corporation and its subsidiaries (the Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated April 2, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the 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 basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic 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 basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Wenda Lynn M. Loyola
Wenda Lynn M. Loyola
Partner
CPA Certificate No. 109952
Tax Identification No. 242-019-387
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-117-2025, January 8, 2025, valid until January 7, 2028
PTR No. 10465322, January 2, 2025, Makati City

April 2, 2025

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68

DECEMBER 31, 2024

Philippine Securities and Exchange Commission (SEC) issued the revised Securities Regulation Code Rule SRC Rule 68 which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by Revised SRC Rule 68 that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets
The Group is not required to disclose the financial assets in equity securities as the total financial assets at fair value through profit or loss securities amounting to ₱6.14 million do not constitute 5% or more of the total current assets of the Group as at December 31, 2024.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
As of December 31, 2024, there are no amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties) that aggregates each to more than ₱100,000 or 1% of total assets whichever is less.

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

The following is the schedule of receivables from related parties, which are eliminated in the consolidated financial statements as at December 31, 2024:

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts written off	Not Current	Balance at end of period
PetroGreen Energy Corporation	₱19,227,974	₱22,502,666	(₱6,131,117)	₱–	₱–	₱35,599,523
PetroWind Energy Inc.	776,140	6,759,408	(5,876,454)	–	–	1,659,094
Maibarara Geothermal, Inc.	642,468	5,829,460	(6,178,043)	–	–	293,885
PetroSolar Corporation	375,196	5,642,860	(4,401,334)	–	–	1,616,722
Dagohoy Green Energy Corporation	–	1,204,180	–	–	–	1,204,180
Rizal Green Energy Corporation	–	46,796	–	–	–	46,796
San Jose Green Energy Corporation	–	37,391	–	–	–	37,391
BKS Green Energy Corporation	–	22,460	–	–	–	22,460
Bugallon Green Energy Corporation	–	9,348	–	–	–	9,348
	₱21,021,778	₱42,054,569	(₱22,586,948)	₱–	₱–	₱40,489,399

Schedule D. Long-term Debt
Please refer to the Consolidated Audited Financial Statement, Note 19 for details of the loans.

Schedule E. Indebtedness to Related Parties
The Group has no outstanding long-term indebtedness to related parties as of December 31, 2024.

Schedule F. Guarantees of Securities of Other Issuers
The Group does not have guarantees of securities of other issuers as of December 31, 2024.

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of Shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	700,000,000	568,711,842	-	173,865,595	6,064,534	388,899,213

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
PetroEnergy Resources Corporation
7th floor, JMT Building, ADB Avenue
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of PetroEnergy Resources Corporation and its subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated April 2, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule of Components 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 basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Wenda Lynn M. Loyola

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Partner
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Tax Identification No. 242-019-387
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-117-2025, January 8, 2025, valid until January 7, 2028
PTR No. 10465322, January 2, 2025, Makati City

April 2, 2025

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

AS OF DECEMBER 31, 2024 AND 2023

Financial Soundness Indicators
Below are the financial ratios that are relevant to the Group for the year ended December 31, 2024 and 2023:

Financial ratios		2024	2023 (As Restated)
Current ratio	Total current assets / Total current liabilities	**2.06:1**	1.25:1
Acid test ratio	Total current assets – inventories – other current assets / Total current liabilities	**1.84:1**	1.20:1
Solvency ratio	After tax net profit + depreciation / Long-term + short-term liabilities	**0.15:1**	0.11:1
Debt-to-Equity Ratio	Total liabilities / Total stockholder's equity	**0.72:1**	0.76:1
Asset-to-Equity Ratio	Total assets / Total stockholder's equity	**1.72:1**	1.76:1
Interest rate coverage ratios	Earnings before interest and taxes (EBIT) / Interest expense*	**2.79:1**	2.28:1
Return on equity	Net income / Average shareholder's equity	**6.80%**	7.65%
Return on assets	Net income / Average assets	**3.92%**	4.91%
Return on revenue	Net income / Total revenue	**25.57%**	15.46%
Earnings per share	Net income / Weighted average no. of shares	**0.8296**	0.2759
Price Earnings Ratio	Closing price / Earnings per share	**4.34**	17.94

(Forward)

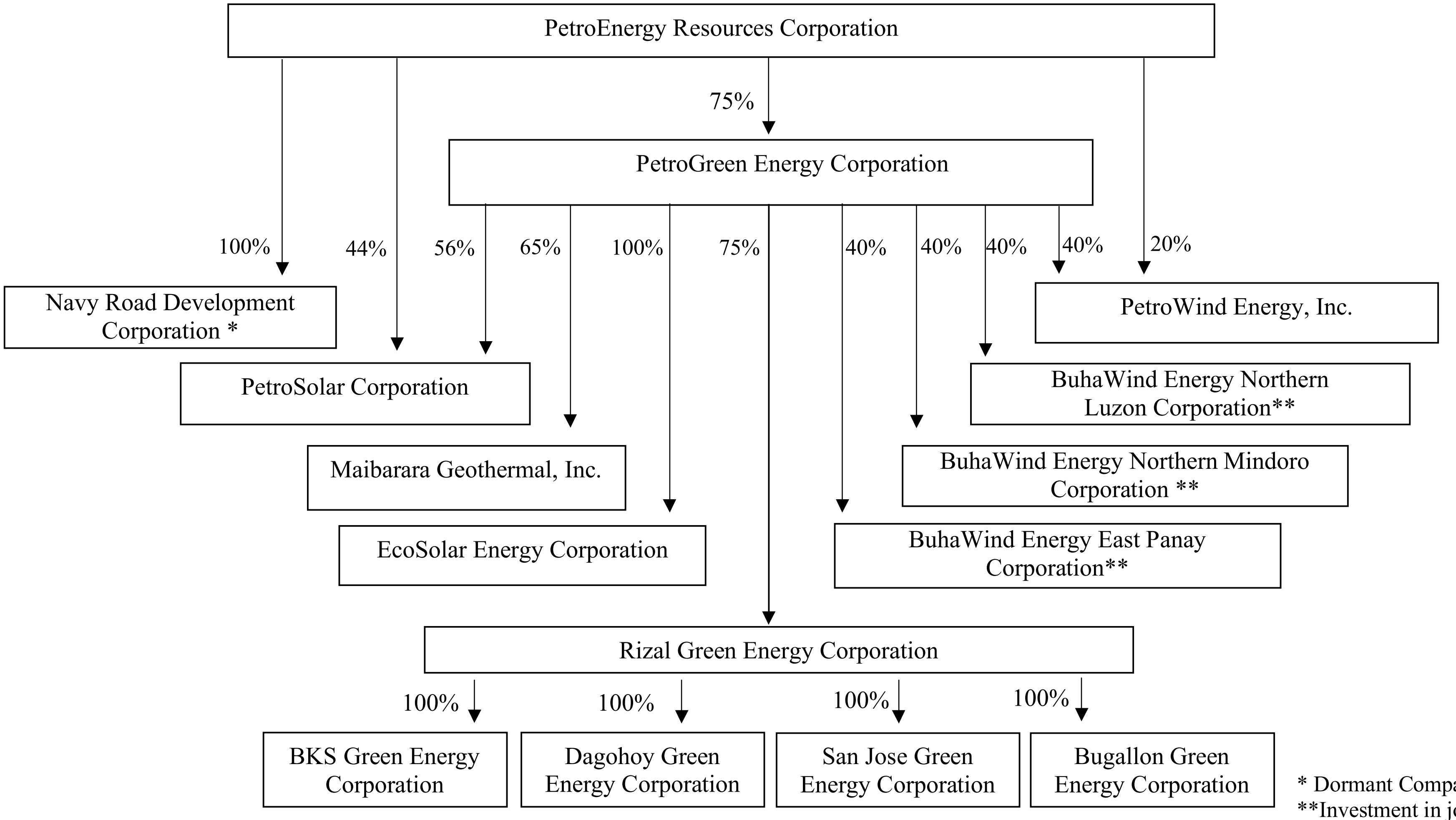
Long term debt-to-equity ratio	Long term debt / Equity	**0.55:1**	0.39:1
EBITDA to total interest paid	EBITDA** / Total interest paid	**4.65**	4.51

**Interest expense is capitalized as part of the construction-in-progress account under PPE.*
***Earnings before interest, taxes, depreciation and amortization (EBITDA)*

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Group Structure
Below is a map showing the relationship between and among the Group and its subsidiaries as of December 31, 2024:

PETROENERGY RESOURCES CORPORATION
GROUP STRUCTURE



* Dormant Company
**Investment in joint venture.

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

PETROENERGY RESOURCES CORPORATION

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION*

DECEMBER 31, 2024

Unappropriated Retained Earnings, beginning of the reporting period		₱182,647,944
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings appropriation		–
Effect of reinstatements or prior-period adjustments		–
Others		–
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	28,435,593	
Retained Earnings appropriated during the reporting period	–	
Effect of reinstatements or prior-period adjustments	–	
Others	–	28,435,593
Unappropriated Retained Earnings (Deficit), as adjusted		154,212,351
Add/Less: Net income (loss) for the current year		154,823,024
Less: Category C.1 Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate / joint venture, net of dividends declared	90,607,639	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	1,460,999	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	–	
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	–	92,068,638
Subtotal		92,068,638
Add: Category C.2 Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	–	
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 PFRS	–	
Subtotal		–

(Forward)

Add: Category C.3 Unrealized income recognized in the profit or loss in prior 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 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 PFRS	–	
Subtotal		–
Adjusted Net Income / Loss		216,966,737
Add: Category D: Non actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	–
Subtotal		
Add/Less: Category E: Adjustments related to the relief granted by SEC and BSP (see Footnote 3)		
Amortization of the effect 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 available for dividends distribution		
Net movement of the treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of the deferred tax asset not considered in reconciling items under previous categories	12,995,764	
Net movement of the deferred tax asset and deferred tax liabilities related to same transaction, e.g, set-up of right of use asset and lease liability, set-up of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	–	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Subtotal		12,995,764
Total Retained Earnings, end of the reporting period available for dividend		**₱229,962,501**

**Based on December 31, 2024 Parent Company audited financial statements.*

FOOTNOTES:

(1) The amount of retained earnings of the company should be based on its separate ("stand alone") audited financial statements.

(2) Unappropriated Retained Earnings, beginning of the reporting period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding period.

(3) Adjustments related to the relief provided by SEC and BSP pertain to accounting relief (e.g losses that are reported on a staggered basis) granted by regulators. However, these are actual losses sustained by the company and must be adjusted in the reconciliation to reflect the actual distributable amount.

(4) This Reconciliation of Retained Earnings Available for Dividend Declaration is pursuant to Sec.42 of the Revised Corporate Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT Act and its Implementing Rules and Regulations.

PETROENERGY RESOURCES CORPORATION

SUPPLEMENTRAY SCHEDULE OF EXTERNAL AUDITOR FEE - RELATED INFORMATION

DECEMBER 31, 2024

	2024	2023
Total Audit Fees	**4,632,000**	₱4,476,658
Non-audit services fees:		
Other assurance services	**–**	–
Tax services	**300,000**	–
All other services	**–**	–
Total Non-audit Fees	**300,000**	–
Total Audit and Non-audit Fees	**₱4,932,000**	₱4,476,658

2025 FIRST QUARTER FINANCIAL STATEMENTS

https://edge.pse.com.ph/openDiscViewer.do?edge_no=4fe68fe141a85cd8ec6e1601ccee8f59

From: noreply-cifssost@sec.gov.ph
Sent: Thursday, May 15, 2025 10:23 AM
Subject: SEC eFast Initial Acceptance

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Greetings!

SEC Registration No: AS94008880
Company Name: PETROENERGY RESOURCES CORP.
Document Code: SEC_Form_17-Q

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

Thank you.

REMINDER:
TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instruction stated in the form.

Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer.

1. General Information Sheet (GIS-Stock)
2. General Information Sheet (GIS-Non-stock)
3. General Information Sheet (GIS- Foreign stock & non-stock)
4. Broker Dealer Financial Statements (BDFS)
5. Financing Company Financial Statements (FCFS)
6. Investment Houses Financial Statements (IHFS)
7. Publicly – Held Company Financial Statement
8. General Form for Financial Statements
9. Financing Companies Interim Financial Statements (FCIF)
10. Lending Companies Interim Financial Statements (LCIF)

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements.

A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

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

COVER SHEET

A S O 9 4 - 0 8 8 8 0

SEC Registration Number

P E T R O E N E R G Y   R E S O U R C E S   C O R P O R A T I O N
A N D   S U B S I D I A R I E S

(Company's Full Name)

7 T H   F L O O R   J M T   B U I L D I N G
A D B   A V E N U E   O R T I G A S   C E N T E R
P A S I G   C I T Y

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

Maria Cecilia L. Diaz de Rivera

(Contact Person)

09999910722

(Company Telephone Number)

1 2 3 1

Month *Day*

(Fiscal Year)

Form Type

1 7 - Q

0 7 1 7

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

1,980

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 11
OF THE SECURITIES REGULATION CODE (SRC)
AND SRC RULE 17(a)-1(b) (2) THEREUNDER

1. 31 March 2025
For the quarterly period ended

2. SEC Identification Number ASO94-08880 3. BIR Tax Identification No. 004-471-419-000

4. PetroEnergy Resources Corporation
Exact name of registrant as specified in its charter

5. Manila, Philippines 6. (SEC Use Only)
Province, country or other jurisdiction of incorporation Industry Classification Code:

7. 7th Floor JMT Condominium, ADB Avenue, Pasig City 1605
Address of principal office Postal Code

8. (632) 8637-2917
Registrant's telephone number, including area code

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common (par value of P1.00/share)	568,711,842

Amount of Debt Outstanding = ₱9,919,816,099

11. Are any or all of the securities listed on the Philippine Stock Exchange?
All issued and outstanding common shares are listed in the Philippine Stock Exchange.

12. Indicate by check mark whether the registrant:

a. has filed all reports required to be filed by Section 11 of the Securities Regulation Code(SRC) and SRC 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 the registrant was required to file such reports)

Yes [/]

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

Yes [/]

TABLE OF CONTENTS

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Philippine Peso)

	Unaudited	Unaudited	Audited
	31-Mar-25	30-Mar-24	31-Dec-24
ASSETS			
Current Assets			
Cash and cash equivalents (Note 6)	**₱2,043,336,693**	₱3,944,592,810	₱2,770,469,655
Short term investments (Note 6)	**-**	-	200,000,000
Restricted cash (Note 7)	**377,432,462**	374,251,690	217,290,257
Receivables (Note 8)	**997,859,432**	722,951,569	759,004,222
Financial assets at fair value through profit and loss (FVTPL) (Note 9)	**6,189,623**	7,059,247	6,144,437
Contract Assets - current portion (Note 10)	**112,881,903**	93,866,114	161,320,397
Crude oil inventory	**37,455,181**	24,216,179	49,440,029
Other current assets (Note 11)	**383,508,466**	280,707,857	434,581,875
Total Current Assets	**3,958,663,760**	5,447,645,466	4,598,250,872
Noncurrent Assets			
Property and equipment-net (Notes 5 and 12)	**15,851,365,339**	12,372,701,414	14,974,940,788
Deferred oil exploration cost (Note 13)	**457,986,953**	410,338,944	431,416,713
Contract assets - net of current portion (Note 10)	**756,777,066**	662,603,813	675,168,269
Investment in joint venture and business combination (Note 14)	**2,882,000**	2,882,000	2,882,000
Right-of-use of assets (Note 15)	**249,019,366**	316,999,128	302,353,808
Deferred tax assets-net	**-**	18,691,787	8,182,787
Intagible assets and goodwill (Note 16)	**868,229,398**	1,166,357,242	875,957,481
Investment properties - net (Note 17)	**1,611,533**	1,611,533	1,611,533
Other noncurrent assets (Note 18)	**1,670,597,550**	1,618,831,703	1,489,876,484
Total Noncurrent Assets	**19,858,469,205**	16,571,017,564	18,762,389,863
TOTAL ASSETS	**23,817,132,965**	22,018,663,030	23,360,640,735
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses (Note 19)	**667,939,678**	687,662,241	899,967,148
Loans payable - current (Note 20)	**1,760,193,681**	1,691,082,703	1,263,628,373
Lease liabilities - current (Note 15)	**45,073,615**	61,319,984	37,063,244
Income tax payable	**67,735,220**	44,075,621	32,721,792
Total Current Liabilities	**2,540,942,194**	2,484,140,549	2,233,380,557
Noncurrent Liabilities			
Loans payable - net of current portion (Note 20)	**6,754,037,779**	6,071,153,898	6,881,665,545
Lease liabilities - net of current portion (Note 15)	**284,278,085**	269,881,742	282,061,826
Asset retirement obligation (Note 21)	**165,296,019**	171,349,371	162,534,249
Deferred tax liability - net	**128,618,638**	-	138,837,688
Other noncurrent liability	**46,643,384**	31,345,890	45,610,791
Total Noncurrent Liabilities	**7,378,873,905**	6,543,730,901	7,510,710,099
Total Liabilities	**9,919,816,099**	9,027,871,450	9,744,090,656
Equity			
Attributable to equity holders of the Parent Company			
Capital stock (Note 22)	**568,711,842**	568,711,842	568,711,842
Additional paid- in capital (Note 22)	**2,156,679,049**	2,156,679,049	2,156,679,049
Retained earnings	**3,897,893,890**	3,855,352,878	3,754,431,369
Equity reserve (Note 22)	**1,495,570,578**	1,334,950,575	1,495,570,578
Remeasurement loss on defined benefit obligation	**(20,196,795)**	(12,374,372)	(20,161,301)
Cumulative translation adjustment	**114,499,681**	114,499,681	114,499,681
	8,213,158,245	8,017,819,653	8,069,731,218
Noncontrolling interest	**5,684,158,621**	4,972,971,927	5,546,818,861
Total Equity	**13,897,316,866**	12,990,791,580	13,616,550,079
Total Liabilities and Equity	**₱23,817,132,965**	₱22,018,663,030	₱23,360,640,735

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Philippine Peso)

	Unaudited For the 1st Quarter ending	
	31-Mar-25	31-Mar-24
REVENUES		
Electricity sales (Note 4)	**₱885,307,929**	₱785,852,912
Oil revenues (Note 4)	**112,389,739**	139,797,833
Other revenues	**2,557,894**	19,446,299
	1,000,255,562	945,097,044
COST OF SALES		
Cost of sales - Electricity (Notes 4 and 22)	**376,686,252**	308,345,798
Cost of sales - Oil Production (Note 4)	**101,357,867**	107,081,132
Change in crude oil inventory (Note 4)	**11,984,848**	(10,540,127)
Cost of sales - Others	**2,347,971**	19,192,621
	492,376,938	424,079,424
GROSS INCOME	**507,878,624**	521,017,620
GENERAL AND ADMINISTRATIVE EXPENSES	**80,043,822**	84,088,535
OTHER INCOME (CHARGES)		
Interest expense (Notes 15 and 20)	**(147,089,974)**	(133,118,268)
Interest income (Notes 4, 6, 7 and 8)	**34,692,502**	46,370,447
Net unrealized foreign exchange gain (loss)	**(1,094,861)**	1,022,948
Accretion expense (Note 21)	**(3,261,157)**	(3,199,041)
Net unrealized gain (loss) on fair value changes on financial assets at FVPL	**45,186**	100,527
Miscellaneous income (charges) (Note 4)	**5,108,299**	4,297,217
	(111,600,005)	(84,526,170)
INCOME BEFORE INCOME TAX	**316,234,797**	352,402,915
PROVISION FOR (BENEFIT FROM) INCOME TAX	**35,432,517**	30,677,519
NET INCOME	**280,802,280**	321,725,396
NET INCOME ATTRIBUTABLE TO:		
Equity Holders of the Parent Company	**143,462,519**	185,523,586
Noncontrolling interest - IS	**137,339,761**	136,201,810
NET INCOME	**₱280,802,280**	₱321,725,396
EARNINGS PER SHARE FOR NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY- BASIC AND DILUTED	**0.2523**	0.3262

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Philippine Peso)

	Unaudited For the 1st Quarter ending	
	31-Mar-25	31-Mar-24
NET INCOME	**₱280,802,280**	₱321,725,396
OTHER COMPREHENSIVE INCOME (LOSS)		
Remeasurement gains on net accrued retirement liability - net of tax	-	(97,778)
Share in other comprehensive income of a joint venture	-	-
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	-	(97,778)
TOTAL COMPREHENSIVE INCOME	**₱280,802,280**	₱321,627,618
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTATBLE TO:		
Equity Holders of the Parent Company	**143,462,519**	185,425,808
Noncontrolling interest - IS	**137,339,761**	136,201,810
TOTAL COMPREHENSIVE INCOME	**₱280,802,280**	**₱321,627,618**

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Philippine Peso)

		Unaudited	Unaudited	Audited
		31-Mar-25	**31-Mar-24**	**31-Dec-24**
CAPITAL STOCK				
Authorized capital	700,000,000			
Issued and outstanding				
Balance beginning of year	568,711,842	**₱568,711,842**	**₱568,711,842**	**₱568,711,842**
Issuance during the period	-			
Total issued and outstanding	568,711,842			
		568,711,842	**568,711,842**	**568,711,842**
ADDITIONAL PAID-IN CAPITAL				
Balance beginning of year		2,156,679,049	2,156,679,049	2,156,679,049
Additions during the period		-	-	-
		2,156,679,049	**2,156,679,049**	**2,156,679,049**
UNAPPROPRIATED RETAINED EARNINGS				
Balance at beginning of year		3,754,431,369	3,669,829,291	3,311,057,942
Dividend declaration		-	-	(28,435,592)
Net Income		143,462,519	185,523,586	471,809,019
		3,897,893,888	**3,855,352,877**	**3,754,431,369**
REMEASUREMENT OF NET ACCRUED RETIREMENT LIABILITY				
Balance at beginning of year		**(20,161,301)**	(12,472,150)	**(12,472,150)**
Remeasurement gain (loss) on accrued retirement liability		**(35,493)**	(97,778)	**(7,689,151)**
		(20,196,794)	**(12,374,372)**	**(20,161,301)**
CUMULATIVE TRANSLATION ADJUSTMENT				
Balance at beginning of year		114,499,681	114,499,681	114,499,681
Movement of cumulative translation adjustment		-	-	-
		114,499,681	**114,499,681**	**114,499,681**
PARENT'S OTHER EQUITY RESERVES				
Balance at beginning of year		1,495,570,578	1,334,950,575	1,334,950,575
Change in ownership without loss of control		-	-	170,170,003
Share issuance costs		-	-	(9,550,000)
PARENT'S OTHER EQUITY RESERVES		**1,495,570,578**	**1,334,950,575**	**1,495,570,578**
TOTAL EQUITY ATTRIBUTED TO EQUITY HOLDERS OF PARENT		**8,213,158,244**	**8,017,819,652**	**8,069,731,218**
NONCONTROLLING INTEREST				
Balance at beginning of year		5,546,818,861	4,836,770,117	4,835,320,996
Net income		137,339,761	136,201,811	409,603,702
Increase in non-controlling interests - stock issuances		-	-	604,394,800
Change in ownership without loss of control		-	-	(250,170,003)
Remeasurement loss on net accrued retirement liabilities		-	-	(2,330,634)
Cash dividends		-	-	(50,000,000)
		5,684,158,622	**4,972,971,928**	**5,546,818,861**
TOTAL EQUITY		**₱13,897,316,866**	**₱12,990,791,580**	**₱13,616,550,079**

PETROENERGY RESOURCES CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF CASHFLOWS

(Amounts in Philippine Peso)

	Unaudited	Unaudited	Audited
	31-Mar-25	31-Mar-24	31-Dec-24
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**316,234,797**	352,402,915	993,830,477
Adjustments for:			
Interest expense	**147,089,974**	133,118,268	555,725,055
Depletion, depreciation and amortization	**240,023,958**	197,240,137	831,328,554
Impairment loss (reversal)	**-**	-	52,442,592
Net unrealized foreign exchange loss (gain)	**1,094,861**	(1,022,948)	(3,798,131)
Provision for probable losses	-	-	4,648,449
Accretion expense	**3,261,157**	3,199,041	11,980,721
Dividend income	**-**	-	(18,893)
Net gain on sale of equipment and investment	**-**	-	(543,532)
Net loss (gain) on fair value changes on financial assets at fair value through profit or loss	**(45,186)**	(100,527)	814,283
Interest income	**(34,692,502)**	(46,370,447)	(191,203,364)
Movement in accrued retirement liability	**(35,494)**	97,778	6,472,709
Operating income before working capital changes	**672,931,565**	638,564,217	2,261,678,920
Decrease (increase) in:			
Short-term investments	**214,478,424**	2,016,708,112	-
Receivables	**(262,263,808)**	(108,980,902)	(104,208,320)
Contract Assets	**(33,170,303)**	(19,762,529)	(99,781,268)
Other current assets	**(4,942,833)**	(45,454,463)	(161,653,795)
Increase in Accounts payable and accrued expenses	**(177,394,220)**	(120,298,349)	83,949,749
Cash generated from (used in) operations	**409,638,825**	2,360,776,086	1,979,985,286
Interest received	**38,852,467**	117,537,116	266,928,903
Income taxes paid, including movement in CWT	**7,763,698**	(1,273,661)	(82,703,088)
Net cash provided by (used in) operating activities	**456,254,990**	2,477,039,541	2,164,211,101
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for:			
Acquisitions of property, plant and equipment	**(1,140,130,194)**	(344,415,162)	(3,574,290,337)
Deferred oil exploration costs	**(26,570,240)**	(23,541,979)	(40,052,013)
Deferred development costs	**(92,141,115)**	(94,003,319)	(89,505,254)
Acquisitions of intangibles	**-**	-	(1,029,434)
Advances to contractors	**-**	-	(100,619,459)
Decrease in short-term investments	**-**	-	1,775,286,425
Proceeds from sale of property, plant and equipment	**-**	-	543,532
Dividends received	**-**	-	18,893
(Increase)/decrease in Other noncurrent assets	**(91,206,646)**	(174,598,364)	58,611,711
Net cash used in investing activities	**(1,350,048,195)**	(636,558,824)	(1,971,035,936)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availments of loans	**500,000,000**	2,012,500,000	3,993,181,074
Issuance of stocks to NCI	**-**	-	604,394,800
Payments of:			
Loans	**(129,634,254)**	(2,130,986,646)	(3,717,068,818)
Interest	**(194,229,987)**	(113,177,220)	(492,370,770)
Dividends to Non-Controlling Interest	**-**	-	(72,500,000)
Lease liabilities	**(911,070)**	(911,070)	(38,419,188)
Equity issuance cost	**-**	-	(9,550,000)
Dividends by the Parent Company	**-**	-	(28,475,106)
Increase in other noncurrent liabilities	**(6,970,198)**	742,298	-
Net cash provided by financing activities	**168,254,491**	(231,832,638)	239,191,992
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(1,594,248)**	1,640,364	3,798,131
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(727,132,962)**	1,610,288,443	436,165,288
CASH AND CASH EQUIVALENTS, BEGINNING	**2,770,469,655**	2,334,304,367	2,334,304,367
CASH AND CASH EQUIVALENTS, END	**2,043,336,693**	3,944,592,810	2,770,469,655

1. Corporate Information

a. Organization

PetroEnergy Resources Corporation ("PERC" or "PetroEnergy" or the "Parent Company") is a publicly-listed domestic corporation. Its registered office and principal place of business is 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City.

PERC was organized on September 29, 1994 as Petrotech Consultants, Inc. to provide specialized technical services to its then parent company, Petrofields Corporation, and to companies exploring for oil in the Philippines.

In 1997, PERC simultaneously adopted its present name and changed its primary purpose to oil exploration and development and mining activities. Subsequently in 1999, PERC assumed Petrofields' oil exploration contracts in the Philippines and the Production Sharing Contract covering the Etame discovery block in Gabon, West Africa.

On August 11, 2004, PERC's shares of stock were listed on the Philippine Stock Exchange (PSE) by way of introduction.

In 2009, following the enactment of Republic Act No. 9513, otherwise known as the "Renewable Energy Act of 2008" (RE Law), PERC amended its articles of incorporation to include among its purposes the business of generating power from renewable sources such as, but not limited to, biomass, hydro, solar, wind, geothermal, ocean and such other renewable sources of power.

On March 31, 2010, PERC incorporated PetroGreen Energy Corporation ("PetroGreen" or "PGEC"), its 75%-owned subsidiary (77%-owned in 2022), to act as its renewable energy arm and holding company. PGEC ventured into renewable energy development and power generation through its subsidiaries and affiliate: (a) Maibarara Geothermal, Inc. ("MGI", 65%-owned) - owner and Renewable Energy (RE) developer of the 20 MW Maibarara Geothermal Power Project (MGPP-1) in Santo Tomas, Batangas and its expansion, the 12 MW MGPP-2; (b) PetroSolar Corporation ("PetroSolar or PSC", 56%-owned) - owner and RE developer of the 50 MW_{DC} Tarlac Solar Power Project (TSPP-1) in Tarlac City and its 20 MW_{DC} expansion (TSPP-2); and (c) PetroWind Energy Inc. ("PetroWind or PWEI", 40%-owned subsidiary in 2023 (joint venture in 2022) - owner and developer of the 36 MW Nabas Wind Power Project (NWPP-1) and its 13.2 MW expansion (NWPP-2) in Nabas and Malay, Aklan.

In 2023, PetroEnergy made direct acquisition of shares in PetroWind and PetroSolar and additional acquisition of equity shares in PetroGreen. In 2023 also, PGEC incorporated new RE entities which are disclosed in detail in Note 1d. The subsidiaries of PetroEnergy and the respective percentages of ownership are disclosed in Note 4.

In 2023, the Securities and Exchange Commission approved the incorporation of Rizal Green Energy Corporation (RGEC) as a wholly owned subsidiary of PGEC to develop new solar projects. In 2024, Taisei Corporation acquired a 25% equity stake in RGEC.

RGEC subsequently established three (3) renewable energy entities: Dagohoy Green Energy Corporation (DGEC) for the Dagohoy Solar Power Project, San Jose Green Energy Corporation (SJGEC) for the San Jose Solar Power Project (SJSPP), and Bugallon Green Energy Corporation (BGEC) for the Bugallon Solar Power Project (BSPP).

Separately, on August 16, 2023, PGEC acquired 100% of BKS Green Energy Corp. (BKSGEC or BKS), which holds the service contract for the Limbauan Solar Power Project in Isabela. BKSGEC was subsequently sold by PGEC to RGEC on December 19, 2024.

On November 20, 2024, EcoSolar Energy Corporation (ESEC) was incorporated. ESEC is a 100%-owned subsidiary of PGEC, that holds shares in RE companies that will develop the solar power projects in Panitan, Capiz.

b. Nature of Operations

The Group's two (2) main energy businesses are: (1) upstream oil exploration and development, and (2) power generation from RE resources including, (a) geothermal, (b) solar, and (c) wind.

Upstream Oil Exploration and Development

Petroleum production is on-going in the Etame (Gabon) concession, while the other petroleum concessions in the Philippines are still in the advanced exploration stages or pre-development stages.

Renewable Energy

Geothermal Energy

MGI's geothermal projects are the 20 MW MGPP-1 in Sto. Tomas, Batangas that started commercial operations on February 8, 2014 and its expansion, the 12 MW MGPP-2 that started commercial operations on April 30, 2018.

Solar Energy

PetroSolar's solar power projects are the 50 MW_{DC} TSPP-1 in Tarlac City, Tarlac that started commercial operations on February 10, 2016 and its 20 MW_{DC} TSPP-2 which started exporting power to the grid on April 22, 2019.

Other solar power projects currently undergoing testing and commissioning include the 27 MW_{DC} Dagohoy Solar Power Project (DSPP) in Dagohoy, Bohol, which began exporting power to the grid on November 12, 2024, and the 19.6 MW_{DC} San Jose Solar Power Project (SJSPP) in San Jose, Nueva Ecija, which started exporting power on December 21, 2024.

Additionally, the 25 MW_{DC} Bugallon Solar Power Project (BSPP) in Bugallon, Pangasinan, is under construction, with target commercial operations date by December 2025, along with the 40MW_{DC} Limbauan Solar Power Project (LSPP) in Isabela, which is also set for commercial operations date by December 2025.

Wind Energy

PetroWind's Nabas Wind Power Projects are located in Nabas and Malay, Aklan. Phase 1 with a capacity of 36 MW NWPP-1 commenced commercial operations on June 10, 2015. On the other hand, the 13.2 MW NWPP-2 is underway. The first three (3) 6.6 MW turbines started its testing and commissioning on April 4, 2024.

c. Acquisition of Shares of Stock

On April 24, 2023, PERC and EEI Power Corporation (EEIPC) entered into a Share Purchase Agreement (SPA), wherein PERC agreed to purchase all of EEIPC's equity interests in PGEC (7.5%), PSC (44%), and PWEI (20%) on different payment schedules. PERC executed the respective Deeds of Absolute Sale and fully paid EEIPC the purchase price for the latter's shares in PWEI, PSC and PGEC on May 10, 2023, August 1, 2023, and August 31, 2023, respectively.

This acquisition resulted in changes in the classification of PGEC's and PERC's investment in PWEI as well as Group's interest and non-controlling interests (NCI) in the three entities mentioned (see Notes 4, 5, 13, 21 and 31).

In 2024, the purchase price allocation was completed in relation to the investment in PWEI. Provisional goodwill and customer relationships which were initially recorded in 2023 comparative balances were finalized and restated (see Notes 4, 5, 13, 21 and 31).

d. Pipeline RE Projects

On March 5, 2021, PetroGreen and Copenhagen Energy A/S, a Danish company and affiliate of CE Pacific ApS (CE), executed the Heads of Terms as basis for the potential collaboration on the development of offshore wind (OSW) power projects in the Philippines and creation of SPVs that will develop the projects.

Pursuant to the Heads of Terms, PGEC and CE entered into Joint Venture Agreements (JVAs) that will govern the obligations of the parties in the development of the Northern Luzon, Northern Mindoro and East Panay OSW projects, and incorporated three (3) special purpose vehicles (SPVs) in November 2022 namely: BuhaWind Energy Northern Luzon Corporation (BuhaWind NL or BENLC), BuhaWind Energy Northern Mindoro Corporation (BuhaWind NM or BENMC) and BuhaWind Energy East Panay Corporation (BuhaWind EP or BEEPC) [collectively called BuhaWind Energy Philippines or BEP]. PGEC owns 40% and 60% equity interest in BEP as of December 31, 2023 and 2022, respectively. The DOE approved the assignment of PGEC's DOE wind service contracts to BEEPC, BENMC and BENLC on December 27, 2023, December 29, 2023 and February 21, 2024, respectively.

On August 31, 2023, the Securities and Exchange Commission (SEC) approved the incorporation of Rizal Green Energy Corporation (RGEC), PGEC's 100%-owned subsidiary in 2023 and 75%-owned in 2024, that shall hold shares in the RE companies that will develop the solar power projects in Bohol, Pangasinan, Isabela and Nueva Ecija.

On September 13, 2023, the SEC approved the incorporation of Dagohoy Green Energy Corporation (DGEC), a wholly owned subsidiary of RGEC, the RE entity that will own, develop, and operate the Dagohoy Solar Power Project in Bohol. On February 28, 2024, the DOE approved the assignment of Solar Energy Operating Contract (SEOC) No. 2022-06-629 from PGEC to DGEC and issued the corresponding new Certificate of Registration (COR) with Registration No. SEOC 2022-06-629-AF1.

On October 14, 2023, the SEC approved the incorporation of San Jose Green Energy Corporation (SJGEC), a wholly owned subsidiary of RGEC, the RE entity that will own, develop and operate the San Jose Solar Power Project in Nueva Ecija. On July 19, 2023, the DOE approved the assignment of V-Mars Solar Energy Corporation's DOE service contract to PGEC, allowing PGEC to develop the San Jose Solar Power Project in Nueva Ecija. On April 16, 2024, the DOE approved the assignment of SEOC No. 2015-09-251-AFI from PGEC to SJGEC and issued the corresponding new COR with Registration No. SEOC 2015-09-251-AF2.

On October 14, 2023, the SEC approved the incorporation of Bugallon Green Energy Corporation (BGEC), a wholly owned subsidiary of RGEC, the RE entity that will own, develop, and operate the Bugallon Solar Power Project (BSPP) in Pangasinan. On April 16, 2024, the DOE approved the assignment of SEOC 2022-04-622 from PGEC to BGEC and issued the corresponding new COR with Registration No. SEOC 2022-04-622-AF1.

On August 16, 2023, PGEC acquired 100% of BKS Green Energy Corp.'s (BKS) shares of stock, a Filipino corporation that holds the service contract over the Limbauan Solar Power Project (LSPP) in Isabela. BKSGEC was subsequently sold to RGEC on December 19, 2024. The transaction was accounted for business combination under common control.

On November 20, 2024, the SEC approved the incorporation of ESEC, currently, a wholly owned subsidiary of PGEC, that is planned to hold the new projects of PGEC, such as utility-scale solar, aquavoltaics and Battery Energy Storage Systems (BESS), among others.

e. Approval of Consolidated Financial Statements
The accompanying unaudited consolidated interim financial statements as of and for the period ended March 31, 2025 were approved and authorized for issue by the Board of Directors (BOD).

2. Basis of Preparation

Basis of Preparation
The accompanying consolidated financial statements have been prepared under the historical cost basis, except for financial assets carried at fair value through profit or loss (FVTPL) which are measured at fair value, and crude oil inventory which is valued at net realizable value (NRV).

The financial statements are presented in Philippine Peso (PHP or ₱), which is the Parent Company's functional currency. All amounts are rounded to the nearest PHP unless otherwise stated.

Statement of Compliance
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2023. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

New Accounting Standards, Interpretations and Amendments Effective Subsequent to December 31, 2024

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of exchangeability*

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

The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to 2024 on the Group's financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

4. Summary of Significant Accounting Policies

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as at March 31, 2025, March

31, 2024 and December 31, 2024. The financial statements of the subsidiaries are prepared in the same reporting year as the Parent Company, using consistent accounting policies.

Below are the subsidiaries, which are all incorporated in the Philippines, with their respective percentage ownership as of March 31, 2025, March 31, 2024 and December 31, 2024:

	31-Mar-2025	31-Mar-2024	31-Dec-2024
Direct interest:			
PGEC	**75%**	75%	75%
PSC	**44%**	44%	44%
PWEI	**20%**	20%	20%
Navy Road Development Corporation (NRDC) - dormant company	**100%**	100%	100%
Indirect interest:			
Percentage share of PetroGreen in its subsidiaries:			
MGI	**65%**	65%	65%
PSC	**56%**	56%	56%
PWEI	**40%**	40%	40%
BKS	**–**	100%	–
RGEC	**75%**	100%	75%
ESEC[(1)]	**100%**	–	100%
Subsidiaries of RGEC:			
DGEC	**100%**	100%	100%
SJGEC	**100%**	100%	100%
BGEC	**100%**	100%	100%
BKS[(2)]	**100%**	–	100%

[1] *Incorporated subsidiary in 2024 (Note 1)*
[2]*PGEC sold its 100% shares in BKS to RGEC (Note 1)*

Subsidiaries are entities controlled by PERC. PERC controls an investee if and only if PERC has:

a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
b) exposure, or rights, to variable returns from its involvement with the investee; and
c) the ability to use its power over the investee the amount of the investor's returns.

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

a) contractual arrangement with the other vote holders of the investee;
b) rights arising from other contractual arrangements; and
c) Group's voting rights and potential voting rights.

PERC re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidations of a subsidiary begins when PERC obtains control over the subsidiary and ceases when PERC loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date PERC gains control until the date PERC ceases to control the subsidiary.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments where necessary are made to ensure consistency with the policies adopted by the Group. All intra-group balances, transactions, profits and expenses and gains and losses are eliminated during consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests (NCI), the difference between any consideration paid and the relevant share acquired of the carrying value of the net asset of the subsidiary is recorded in equity. Gains or losses on disposals from NCI are also recorded in equity.

NCI are presented separately from the Parent Company's equity. The portion of profit or loss and net assets in subsidiaries not wholly owned are presented separately in the consolidated statement of comprehensive income and consolidated statement of changes in equity, and within equity in the consolidated statement of financial position under 'Non-controlling interests'.

Cash and Cash Equivalents
Cash includes cash on hand and in banks (demand deposits). Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the dates of acquisition and that are subject to an insignificant risk of change in value.

Short-term Investments
This pertains to interest bearing time deposits with terms of more than 3 months but not more than one year.

Restricted Cash
Restricted cash is recognized when the Group reserves a portion of its cash for a specific purpose such as to pay loan interest charges and loan principal amortization, and that there are contractual restrictions directly related to the use of and access of the bank accounts. This includes cash held under escrow accounts. Restricted cash that are expected to be used for a period of no more than 12 months after the financial reporting period are classified as current assets, otherwise, these are classified as noncurrent assets.

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.

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 FVTPL.

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. 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.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flow 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.

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.

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 FVTPL

The Group has no financial asset classified as financial assets at FVOCI.

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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, short-term investments, receivables, restricted cash, and refundable deposits.

Financial assets at FVTPL
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the consolidated statement of profit or loss when the right of payment has been established.

The Group's financial assets at FVTPL includes marketable equity securities and investment in golf club shares.

Impairment of financial assets
The Group recognizes an allowance for ECLs for all debt instruments not held at FVTPL. 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.

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).

The Group may 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.

Financial Liabilities – Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, financial liabilities at amortized cost (loans and borrowings) 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 include accounts payable and accrued expenses, excluding statutory liabilities, loans payable and lease liabilities. The Group does not have financial liabilities at FVTPL.

Subsequent measurement
After initial recognition, 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 comprehensive income.

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

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

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Crude Oil Inventory
Crude oil inventory is stated at NRV at the time of production. NRV is the estimated selling price less cost to sell. The estimated selling price is the market values of crude oil inventory at the time of production.

Other Current Assets
This account comprises supplies inventory, refundable deposits, prepayments and advances to suppliers.

Supplies inventory refers to parts purchased for used in operations. Supplies inventory are stated at the lower of cost or NRV. Cost is determined using the specific identification method. NRV is the current replacement cost of supplies inventory.

Prepayments are expenses paid in advance and recorded as asset before these are utilized. The prepaid expenses are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred. Prepayments that are expected to be realized for a period of no more than 12 months after the financial reporting period are classified as current assets, otherwise, these are classified as noncurrent assets.

Advances to suppliers are reclassified to the proper asset or expense account and deducted from the supplier's billings as specified in the provisions of the contract.

Property, Plant and Equipment
Property, plant and equipment, except for land, are stated at cost less accumulated depletion, depreciation and amortization and any accumulated impairment losses. Land is stated at cost less any accumulated impairment losses. The initial cost of the property, plant and equipment consists of its purchase price, including any import duties, taxes and any directly attributable costs of bringing the assets to its working condition and location for its intended use and abandonment costs.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to the consolidated statement of comprehensive income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation of an item of property, plant and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Wells, platforms and other facilities related to oil operations are depleted using the units-of-production method computed based on estimates of proved reserves. The depletion base includes the exploration and development cost of the producing oilfields.

Land improvements consist of betterments, site preparation and site improvements that ready land for its intended use. These include excavation, non-infrastructure utility installation, driveways, sidewalks, parking lots, and fences.

Property, plant and equipment are depreciated and amortized using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Power plant, FCRS and production wells	25
Office condominium units	15
Land improvements	5
Transportation equipment	4 to 5
Office improvements	3
Office furniture and other equipment	2 to 3

The useful lives and depletion, depreciation and amortization methods are reviewed periodically to ensure that the period and method of depletion, depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Construction in progress represents property, plant and equipment under construction and is stated at cost. This includes the cost of construction to include materials, labor, professional fees, borrowing costs and other directly attributable costs. Construction in progress is not depreciated until such time the construction is completed.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is credited or charged to current operations.

When the assets are retired or otherwise disposed of, the cost and the related accumulated depletion, depreciation and amortization and any accumulated impairment losses are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

PFRS 3 provides that if the initial accounting for a business combination can be determined only provisionally by the end of the reporting period in which the combination occurs because either the fair values to be assigned to the acquiree's identifiable assets or liabilities or the consideration of the combination can be determined only provisionally, the acquirer shall account for the business combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months from the acquisition date as follows: (i) the carrying amount of the identifiable assets or liabilities that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable assets or, liabilities being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

<u>Deferred Oil Exploration Costs</u>
PERC follows the full cost method of accounting for exploration costs determined on the basis of each SC area. Under this method, all exploration costs relating to each SC are tentatively deferred pending determination of whether the area contains oil reserves in commercial quantities.

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 comprehensive 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.

The exploration costs relating to the SC where oil in commercial quantities are discovered are subsequently reclassified to "Wells, platforms and other facilities" shown under "Property and equipment" account in the consolidated statements of financial position upon substantial completion of the development stage.

<u>Deferred Development Costs – Geothermal included in Other Noncurrent Assets</u>
All costs incurred in the geological and geophysical activities such as costs of topographical, geological and

geophysical studies, rights of access to properties to conduct those studies, salaries and other expenses of geologists, geophysical crews, or others conducting those studies are charged to profit or loss in the year such costs are incurred.

If the results of initial geological and geophysical activities reveal the presence of geothermal resource that will require further exploration and drilling, subsequent exploration and drilling costs are accumulated and deferred under the "Other noncurrent assets" account in the consolidated statement of financial position.

These costs include the following:

- costs associated with the construction of temporary facilities;
- costs of drilling exploratory and exploratory type stratigraphic test wells, pending determination of whether the wells can produce proved reserves; and
- costs of local administration, finance, general and security services, surface facilities and other local costs in preparing for and supporting the drill activities, etc. incurred during the drilling of exploratory wells.

If tests conducted on the drilled exploratory wells reveal that these wells cannot produce proved reserves, the capitalized costs are charged to expense except when management decides to use the unproductive wells for recycling or waste disposal.

Once the project's technical feasibility and commercial viability to produce proved reserves are established, the exploration and evaluation assets shall be reclassified to "Property, plant and equipment" and depreciated accordingly.

<u>Deferred Development Costs – Solar and Wind Power Projects included in Other Noncurrent Assets</u>
These are costs incurred in the development of the RE projects. Costs are capitalized if the technological and economic feasibility is confirmed, usually when a project development has reached a defined milestone according to an established project management model. These costs include the following:
- costs incurred for the RE projects
- costs of administration, finance, general and security services and other costs attributed to the RE projects.

Deferred development costs of RE projects are recognized under "Other noncurrent assets" in the statement of financial position. Once the project's technical feasibility and commercial viability has been established, development costs shall be reclassified to "Property, plant and equipment" and depreciated accordingly.

<u>Investment in a Joint Venture (JV)</u>
A JV is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Investment in a JV is accounted for under the equity method of accounting.
Under the equity method, the investment in a JV 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 JV since the acquisition date.

The consolidated statement of comprehensive income reflects the Group's share of the financial performance of the joint venture. 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 JV, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses from transactions between the Group and the JV are eliminated to the extent of the interest of the JV.

The aggregate of the Group's share in profit or loss of a JV is shown under "Other income (charges)" in the consolidated statement of comprehensive income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the JV.

The financial statements of the JV are prepared in the same reporting period of 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 for the investment in a JV, the Group determines whether it is necessary to recognize an impairment loss on its investment in a JV. At each reporting date, the Group determines whether there is objective evidence that the investment in JV is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the JV and its carrying value, then recognizes the loss in the consolidated statement of comprehensive income.

Upon loss of joint control over the JV, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income.

Contract Assets

A contract asset is recognized for the earned consideration for goods or services transferred to a customer before the customer pays or before payment is due. Contract assets are measured at the present value of future collections to be received over a period of time. Contract assets that are expected to be received within 12 months after the financial reporting period are classified as current assets, otherwise, these are classified as noncurrent assets.

Intangible Assets (Other than Goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets are amortized using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Customer relationship	27
Land rights	25
Production license	10
Software license	1.5 to 3

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Interest in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognized in relation to its interest in a joint operation its:

- assets, including its share of any assets held jointly
- liabilities, including its share of any liabilities incurred jointly
- revenue from the sale of its share of the output arising from the joint operation
- share of the revenue from the sale of the output by the joint operation
- expenses, including its share of any expenses incurred jointly

The Group accounts for the assets it controls and the liabilities it incurs, the expenses it incurs and the share of income that it earns from the sale of crude oil by the joint operations.

The Group's participating interest in the Etame block in Gabon, West Africa and participating interests in

Philippine service contracts (SCs) are classified as joint operations.

Impairment of Nonfinancial Assets (excluding Goodwill)
The Group assesses at each reporting date whether there is an indication that an asset (e.g., property, plant and equipment, investment properties, deferred costs, intangible assets and right-of-use assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depletion, depreciation and amortization had no impairment loss been recognized for the asset in prior years.

Capital Stock and Additional Paid-in Capital
The Group records common stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity shares. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. When any member of the Group purchases the Group's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity.

Retained Earnings
Retained earnings represent the cumulative balance of consolidated net income, effects of changes in accounting policy and other capital adjustments, net of dividend declaration.

Cumulative Translation Adjustment
Cumulative translation adjustment represents the resulting exchange differences in the remeasurement of accounts due to change in functional currency.

Equity Reserve
Equity reserve is made up of equity transactions other than equity contributions such as gain or loss resulting from increase or decrease of ownership without loss of control.

Dividend Distribution
Cash dividends on capital stock are recognized as a liability and deducted from retained earnings when approved by the BOD.

Revenue Recognition
Revenue is recognized when the control of petroleum and electricity are transferred to the customer at an amount that reflects the consideration which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements.

Electricity sales

Revenues from sale of electricity using renewable energy is consummated and recognized over time whenever the electricity generated by the Group is transmitted through the transmission line designated by the buyer, for a consideration.

Oil revenues
Revenue from crude oil is recognized at a point in time when the control of the goods has transferred from the sellers (Consortium) to the buyer at the delivery point. Revenue is measured at the fair value of the consideration received.

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*.

Other Revenues
Revenues from passed on wheeling charges are consummated and recognized over time whenever the electricity generated by the Group is transmitted through MERALCO's distribution system, for a consideration. Revenues from pass-on Wholesale Electricity Spot Market (WESM) transactions are consummated and recognized over time whenever the electricity generated by the Group is traded through WESM, for a consideration.

Interest income
Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Dividend income
Dividend income is recognized according to the terms of the contract, or when the right of the payment has been established.

<u>Share in Net Income of a Joint Venture</u>
Share in net income of a joint venture represents the Group's share in profit or loss of its joint venture.

<u>Miscellaneous Income</u>
Miscellaneous income is recognized when the Group's right to receive the payment is established.

<u>Costs and Expenses</u>
Cost of electricity sales
Costs of electricity sales pertain to direct costs in generating electricity power which includes operating and maintenance costs (O&M) for power plant and fluid collection and reinjection system (FCRS), depreciation and other costs directly attributed to producing electricity.

Oil production
Oil production are costs incurred to produce and deliver crude oil inventory, including transportation, storage and loading, among others.

Change in crude oil inventory
Change in crude oil inventory pertains to the movement of beginning and ending crude oil inventory charged as part of cost of sales.

General and administrative expenses
General and administrative expenses constitute costs of administering the business.

Costs and expenses are recognized as incurred.

<u>Income Taxes</u>
Current Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date.

Deferred Tax
Deferred tax is provided using the balance sheet liability method on all temporary differences at the reporting

date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences except to the extent that the deferred tax liabilities arise from the: a) initial recognition of goodwill; or b) the initial recognition of an asset or liability in a transaction which is not: i) a business combination; and ii) at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences with certain exceptions, and carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred tax assets, however, are not recognized when it arises from the: a) initial recognition of an asset or liability in a transaction that is not a business combination; and b) at the time of transaction, affects neither the accounting income nor taxable profit or loss.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date, and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered. The Group does not recognize deferred tax assets and deferred tax liabilities that will reverse during the income tax holiday (ITH).

Deferred tax assets and liabilities are measured at the tax rates that are applicable 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 as of the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit or loss or other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Subsidiaries operating in the Philippines file income tax returns on an individual basis. Thus, the deferred tax assets and deferred tax liabilities are offset on a per entity basis.

<u>Leases</u>

Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use assets includes the amount of lease liability recognized, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

	Number of Years
Land	18 to 25
Office space	2

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies to the leases of low-value assets recognition exemption to leases that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Retirement Benefits
The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to consolidated statement of comprehensive income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Asset Retirement Obligation (ARO)

The Group records present value of estimated costs of legal and constructive obligations required to restore the oilfields and plant sites upon termination of its operations. The nature of these restoration activities includes dismantling and removing structures, rehabilitating settling ponds, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is constructed or the ground or environment at the sites are disturbed. When the liability is initially recognized, the present value of the estimated cost is capitalized as part of the carrying amount of the ARO assets (included under "Property, plant and equipment") and ARO liability.

Liability and capitalized costs included in oil properties are equal to the present value of the Group's proportionate share in the total decommissioning costs of the consortium on initial recognition. Additional costs or changes in decommissioning costs are recognized as additions or charges to the corresponding assets and ARO when they occur.

For closed sites or areas, changes to estimated costs are recognized immediately in the consolidated statement of comprehensive income.

If the decrease in liability exceeds the carrying amount of the asset, the excess shall be recognized immediately in profit or loss.

For the oil operation, the Group depreciates ARO assets based on units-of-production method.
For the renewable energy, the Group depreciates ARO assets on a straight-line basis over the estimated useful life of the related asset or the service contract term, whichever is shorter, or written off as a result of impairment of the related asset.

The Group regularly assesses the provision for ARO and adjusts the related liability and asset.

Foreign Currency-Denominated Transactions and Translation

The consolidated financial statements are presented in PHP, which is the Parent Company's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency using the exchange rate at date of transaction. Monetary assets and liabilities denominated in foreign currencies are reinstated to the functional currency using the closing exchange rate at reporting date.

All exchange differences are taken to the consolidated statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Earnings Per Share

Basic earnings per share is computed on the basis of the weighted average number of shares outstanding during the year after giving retroactive effect to any stock split or stock dividends declared and stock rights exercised during the current year, if any.

Diluted earnings per share is computed on the basis of the weighted average number of shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services, serves different markets subject to different risks and returns. Financial information on business segments is presented in Note 25 to the consolidated financial statements.

Provisions and Contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's situation at the reporting date (adjusting events) are reflected in the financial statements, if any. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

5. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments, estimates and assumptions are reflected in the consolidated financial statements, as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of Functional Currency
The Parent Company determines its functional currency based on economic substance of underlying circumstances relevant to the Parent Company. The functional currency has been determined to be the PHP based on the economic substance of the Parent Company's business circumstances.

Capitalization of Deferred Oil Exploration Costs and Deferred Development Costs
Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. If the conditions for asset capitalization of development costs are not met, then such costs are expensed outright.

As of March 31, 2025 and December 31, 2024, the carrying value of deferred oil explorations costs amounted to ₱457.99 million and ₱431.42 million, respectively (see Note 13), and the Group's deferred development costs amounted to ₱420.34 million and ₱328.20 million as of March 31, 2025 and December 31, 2024, respectively (see Note 18).

Classification of Joint Arrangements
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 assesses their rights and obligations arising from the arrangement and specifically 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, considered on a case to case basis

This assessment often requires significant judgment. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting of the investment.

The Group's investment in PWEI and BEP are structured in a separate incorporated entity. The Group and the parties to the agreement only have the right to the net assets of the joint venture through the terms of the contractual arrangement. Accordingly, the joint arrangement is classified as a joint venture. As of March 31, 2025 and December 31, 2024, the Group's investment in a joint venture amounted to ₱2.88 million (see Note 14).

The Group and the parties to the agreement in investment in Gabon, West Africa and investments in petroleum concessions in the Philippines have joint control over its rights to the assets and obligations for the liabilities, relating to the arrangement. Accordingly, the joint arrangements are classified as joint operations (see Notes 12 and 13).

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at 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 year are discussed below.

Estimation of Geothermal Field Reserves
The Group performed volumetric reserve estimation to determine the reserves of the Maibarara geothermal field. As a requirement for project financing, the Group engaged at its own cost the New Zealand firm Sinclair Knight Merz (SKM) in 2011 to undertake a comprehensive third-party technical review of the Maibarara geothermal field. This review included analysis of the resource assessment performed in-house by the Group as well as a separate SKM reserve estimation and numerical modeling of the Maibarara reserves.

The Group's simulation indicated a mean (P50) proven reserves of 27.8 MW for 25 years. In contrast, SKM calculated the P50 reserves at 44 MW. At 90% probability (P90), the reserves calculated are 28 MW and 12 MW by SKM and the Group, respectively. SKM concluded that the approach taken by the Group is conservative as it limits reservoir thickness to depths where a maximum thickness of 280°C will be encountered although the measured temperature reached as high as 324°C. There is reasonable confidence that the 20 MW (gross) plant development is feasible as the P90 level appears also conservative as with the Group's approach. In addition, SKM identified indicated reserves, translating to 10 MW-26 MW in the area south of and outside the current area of development.

Also, there is a likely geothermal potential south of the proven area where two old wells were drilled and encountered high fluid temperatures (T ~ 300°C). MGI identified the southern block as a probable reserve area. SKM in 2011 suggested that the southern block can be classified as Indicated Resource based on the Australian Code as high temperatures have been intersected by the two wells. SKM estimated that the stored heat in the Southern Block has a resource potential equivalent to 12 MW for a project life of 25 years.

An updated reserves estimation using the stored-heat calculation was made in 2015 by the Group as a result of reservoir and production performance and the 2014 drilling campaign. The 2014 drilling proved that the current resource area can produce around 33.1 MW, more than enough to meet the steam requirement of the existing 20 MW power plant plus the 12 MW expansion power plant. Using Monte Carlo simulation to estimate the reserves, the proven resource area has an 80% probability of delivering between 18.1 MW to 50.9 MW over a 25-year operating period. This Monte Carlo simulation also showed that the expected mean reserve for the proven resource area is 30.4 MW for 25 years.

The Group engaged a U.S. firm Geothermal Science, Inc. (GSI) in 2015 to perform a third-party technical appraisal of the resource for the planned 12 MW expansion. This third-party review was also made as a requirement for the project financing of MGPP-2 or M2. GSI adopted the technique from the US Geological Survey Circular 790 in making the probabilistic calculation of the geothermal reserves at Maibarara. Based on this approach, GSI estimates that Maibarara has a minimum or proven reserves of 40.2 MW, P90 for 25 years plant life and Most Likely Reserve of 61.6 MW, P50 for 25 years of plant life.

The Group commenced producing power commercially last February 8, 2014. To date, the current production wells of M1 and M2 are capable of producing 38 MW at full-bore capacity. These production wells including the complement reinjection wells are concentrated on the proven resource area.

As of March 31, 2025 and December 31, 2024, there has been no significant change in the estimated reserves that would affect the carrying value and useful life of the Group's property, plant and equipment.

Estimation of Proved and Probable Oil Reserves
The Parent Company assesses its estimate of proved and probable reserves on an annual basis. The estimate is based on the technical assumptions and is calculated in accordance with accepted volumetric methods, specifically the probabilistic method of estimation. Probabilistic method uses known geological, engineering and economic data to generate a range of estimates and their associated probabilities.

All proved and probable reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. Estimated oil reserves are utilized in the impairment testing and the calculation of depletion expense using the unit of production method of the investments.

As of March 31, 2025 and December 31, 2024, the carrying value of "Wells, Platforms and other Facilities" under "Property, Plant and Equipment" amounted to ₱425.03 million and ₱446.76 million, respectively (see Note 12).

Estimation of Useful Lives of Property, Plant and Equipment
The Group reviews on an annual basis the estimated useful lives of property, plant and equipment based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depletion, depreciation and amortization expense and decrease noncurrent assets.

There is no change in the estimated useful lives of property, plant and equipment as of March 31, 2025 and December 31, 2024 (see Note 12).

Impairment of Nonfinancial Assets
The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost of disposal and its value in use.

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, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

  The related balances of the Group's nonfinancial assets as of March 31, 2025 and December 31, 2024 follow:

	Unaudited 31-Mar-2025	Audited 31-Dec-2024
Property, plant and equipment (Note 12)	**₱15,851,365,339**	₱14,974,940,788
Intangible assets (Note 16)	**772,426,870**	780,154,952
Deferred oil exploration costs (Note 13)	**457,986,953**	431,416,713
Deferred development costs (Note 18)	**420,343,246**	328,202,131
Right-of-use assets (Note 15)	**249,019,366**	302,353,808
Investment properties (Note 17)	**1,611,533**	1,611,533
	₱17,752,753,307	₱16,818,679,925

There are no indicators of impairment that would trigger impairment review on March 31, 2025 and December 31, 2024 other than those mentioned below.

Gabon, West Africa

The Parent Company believes that the fluctuation in crude oil prices in the market, political risks in Gabon, discount rates and changes in other assumptions such as change in production profile which is based on continued production until the term of the existing PSC are indicators that the assets might be impaired or if there is reversal of prior impairment loss.

In 2018, the Gabonese Government allowed the sixth amendment to the Exploration Production Sharing Contract ("EPSC") that extends the exploitation period for the production licenses by ten (10) years, or from September 2018 until September 2028, extendible by five (5) years and by a final extension of 5 more years. The extension of the EPSC will allow the consortium to maximize the use of the existing facilities that are already in place to increase or maintain production until the field's extended life (see Note 12).

SC 14-C2 – West Linapacan

SC 14-C2 has not yet expired and was granted with a 15-year extension of the SC as approved by the DOE from December 18, 2010 to December 18, 2025. The SC 14-C2 consortium proceeded with a third-party technical evaluation to assess potential production opportunities. With the SC nearing its expiration in December 2025, the assets were tested for impairment.

Impairment loss (reversal)

In assessing whether impairment is required, the carrying value of the asset is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Given the nature of the Parent Company's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment loss is value in use.

The Parent Company estimates value in use using a discounted cash flow model using a discount rate of 12.28% in 2024.

The Parent Company recognized impairment (reversal of impairment) loss, nil in March 31, 2025 and below for the year ended December 31, 2024, presented on a net basis:

Wells, platforms and other facilities – net (Note 12)	**₱169,899,110**
Deferred oil exploration costs – net (Note 13)	**(117,456,518)**
	₱52,442,592

Estimation of Asset Retirement Obligations
The Group has various legal obligations to decommission or dismantle its assets related to the oil production, geothermal energy project, wind energy project and solar power project at the end of each respective service contracts. In determining the amount of provisions for restoration costs, assumptions and estimates are required in relation to the expected costs to restore sites and infrastructures when such obligation exists. The Group recognizes the present value of the obligation to dismantle and capitalizes the present value of this cost as part of the balance of the related property, plant and equipment, which are being depreciated and amortized on a straight-line basis over the useful life of the related assets (for the renewable energy) and based on units-of-production method based on estimates of proved reserves (for the oil operations).

Cost estimates expressed at projected price levels until dismantling date are discounted using rates ranging from 6.10% to 9.50% in 2024 to take into account the timing of payments. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with charges being recognized as accretion expense (see Note 21).

Changes in the asset retirement obligation that result from a change in the current best estimate of cash flow required to settle the obligation or a change in the discount rate are added to (or deducted from) the amount recognized as the related asset and the periodic unwinding of the discount on the liability is recognized in profit or loss as it occurs.

While the Group has made its best estimate in establishing the asset retirement obligation, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning activities, the ultimate provision requirements could either increase or decrease significantly from the Group’s current estimates. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Asset retirement obligation as of March 31, 2025 and December 31, 2024 follows (see Note 21):

	Unaudited	Audited
	31-Mar-25	31-Dec-24
Solar power project	**₱60,491,417**	₱43,544,555
Wind power project	**45,186,789**	44,485,756
Oil production	**44,468,696**	59,580,781
Geothermal energy project	**15,149,117**	14,923,157
	₱165,296,019	₱162,534,249

Recoverability of input VAT
The Group maintains an allowance for input VAT based on an assessment of the recoverability of these assets using the historical success rate of VAT refunded from the Bureau of Internal Revenue (BIR). A review is made by the Group on a continuing basis annually to determine the adequacy of the allowance for losses. The carrying value of input VAT amounted to ₱654.56 million and ₱594.37 million as of March 31, 2025 and December 31, 2024, respectively (see Note 18).

Recognition of deferred tax assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces them to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As of March 31, 2025 and December 31, 2024, the Group did not recognize deferred tax assets on certain temporary differences, NOLCO and MCIT as the Group believes that it may not be probable that sufficient taxable income will be available in the near foreseeable future against which the tax benefits can be realized prior to their expiration.

6. Cash and Cash Equivalents and Short-term Investments

	Unaudited	Audited

	31-Mar-24	31-Dec-24
Cash on hand and in banks	**₱746,864,274**	₱795,686,309
Cash equivalents	**1,296,472,419**	1,974,783,346
Cash and Cash Equivalents	**2,043,336,693**	2,770,469,655
Short-term investments	**₱–**	₱ 200,000,000

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

As of March 31, 2025 and December 31, 2024, the Group has nil and ₱200.00 million short-term investments with periods of more than three months but less than one year.

Interest income earned on cash and cash equivalents and short-term investments amounted to ₱14.48 million, P150.81 million as of March 31, 2025 and December 31, 2024, respectively.

7. Restricted Cash

The Group is required to maintain in Debt Service Payment Account (DSPA) pursuant to the Project Loan Facility Agreement (PLFA) of MGI and Omnibus Loan and Security Agreement (OLSA) of PSC and Debt Service Reserve Account (DSRA) of PWEI pursuant to its OLSA (see Note 20). The funds maintained in these accounts are used to pay the forthcoming debt service scheduled every year until the loan is fully paid off. Under the PLFA/OLSA, where the banks are one of the parties, the banks shall have the exclusive control over and exclusive right of withdrawal from the restricted cash accounts.

8. Receivables

	Unaudited 31-Mar-25	Audited 31-Dec-24
Trade receivables:		
Electricity sales	**₱623,577,959**	₱395,415,640
Electricity sales – related party (Note 23)	**97,677,584**	103,154,602
Oil revenues	**54,983,533**	66,079,326
Other trade receivables	**678,919**	1,053,324
Non-trade receivables:		
Receivables from related party	**158,478,060**	132,255,582
Receivable from contractors	**19,195,658**	19,195,658
Interest receivable	**6,924,355**	11,084,320
Consortium operator	**2,682,452**	2,682,452
Others	**36,343,364**	30,765,770
	1,000,541,884	761,686,674
Less allowance for impairment losses	**2,682,452**	2,682,452
	₱997,859,432	₱759,004,222

Trade receivables are generally on 30 days credit term. Interest income earned from the delayed payment of trade and other receivable amounted to nil and ₱9.62 million in March 31, 2025 and December 31, 2024, respectively. The Renewable Energy Payment Agreement with TransCo stipulates that in the event TransCo fails to pay upon the lapse of one billing period after the payment date, TransCo shall pay interest thereon, calculated from the payment date to the day such amount is actually paid. Interest rate is T-bill rate plus 3%.

9. Financial Assets at Fair Value Through Profit or Loss (FVTPL)

	Unaudited 31-Mar-25	Audited 31-Dec-24
Marketable equity securities	**₱5,419,623**	₱5,374,437
Investment in golf club shares	**770,000**	770,000
	₱6,189,623	₱6,144,437

Net gain (loss) on fair value changes on financial assets at FVTPL included in profit or loss amounted to (₱0.05 million) and ₱0.81 million as of March 31, 2025 and December 31, 2024, respectively. Dividend income received from equity securities amounted to nil and ₱0.02 million as of March 31, 2025 and December 31, 2024, respectively.

10. Contract Assets – current and noncurrent portion

On May 26, 2020, the Energy Regulatory Commission (ERC) approved Resolution No. 6 series of 2020 approving the adjustment to Feed in Tariff for the years 2016 – 2020 using 2014 as the base year for the consumer price index and foreign exchange. TransCo has an annual application for the adjusted FIT rate with the ERC which is the basis for recording of FIT arrears and contract assets.

As of March 31, 2025 and December 31, 2024, current portion of the contract asset amounted to ₱112.88 million and ₱161.32 million, respectively, while noncurrent portion amounted to ₱756.78 million and ₱675.17 million, respectively.

11. Other Current Assets

	Unaudited 31-Mar-25	Audited 31-Dec-24
Supplies inventory	**₱ 220,354,711**	₱ 218,028,949
Prepaid expenses	**132,491,092**	141,502,783
Advances to suppliers	**11,478,732**	64,935,026
Prepaid income taxes	**13,717,547**	8,111,388
Others	**5,466,384**	2,003,729
	₱383,508,466	₱ 434,581,875

Supplies Inventory
Supplies inventory refers to purchased supplies and parts that are intended to be used for operations and maintenance.

Prepaid Expenses
Prepaid expenses include various prepaid insurances, services and rent. Prepaid expenses also include advance payment for Real Property Taxes (RPT), Stand-by Letter of Credit (SBLC) charges and operations and maintenance fees.

12. **Property, Plant and Equipment**

	Unaudited 31-Mar-25									
	Power plants	FCRS and production wells - geothermal	Wells, platforms and other facilities	Land	Land improvements	Office condominium units and improvements	Transportation equipment	Office furniture and other equipment	Construction in progress	Total
Cost										
Balances at beginning of year	**₱14,129,412,958**	**₱2,424,039,537**	**₱2,522,427,946**	**₱708,771,894**	**₱283,630,557**	**₱90,108,940**	**₱128,750,580**	**₱1,425,508,913**	**₱939,199,729**	**₱22,651,851,053**
Additions	**45,753,742**	**65,832,668**	–	**524,911,586**	–	**1,264,005**	**7,993,392**	**5,821,728**	**488,553,073**	**1,140,130,195**
Balances at end of year	**14,175,166,700**	**2,489,872,205**	**2,522,427,946**	**1,233,683,480**	**283,630,557**	**91,372,945**	**136,743,972**	**1,431,330,641**	**1,427,752,802**	**23,791,981,248**
Accumulated depletion and depreciation										
Balances at beginning of year	**4,594,774,402**	**671,283,792**	**1,659,650,233**	–	**24,528,533**	**46,147,245**	**72,495,020**	**192,066,768**	–	**7,260,945,993**
Depletion and depreciation	**205,495,642**	**30,006,240**	**21,735,310**	–	**476,083**	**1,279,713**	**1,394,166**	**3,266,530**	–	**263,653,685**
Balances at end of year	**4,800,270,045**	**701,290,032**	**1,681,385,543**	–	**25,004,616**	**47,426,958**	**73,889,186**	**195,333,298**	–	**7,524,599,678**
Accumulated impairment losses										
Balances at beginning of year	–	–	**416,016,231**	–	–	–	–	–	–	**416,016,231**
Impairment loss (Note 5)	–	–	–	–	–	–	–	–	–	–
Balances at end of year	–	–	**416,016,231**	–	–	–	–	–	–	**416,016,231**
Net book values	**₱9,374,896,654**	**₱1,788,582,174**	**₱425,026,172**	**₱1,233,683,480**	**₱258,625,941**	**₱43,945,987**	**₱62,854,787**	**₱1,235,997,344**	**₱1,427,752,802**	**₱15,851,365,339**

	Audited 31-Dec-24									
	Power plants	FCRS and production wells - geothermal	Wells, platforms and other facilities	Land	Land improvements	Office condominium units and improvements	Transportation equipment	Office furniture and other equipment	Construction in progress (Note 13)	Total
Cost										
Balances at beginning of year	₱11,579,180,788	₱2,125,079,210	₱2,420,151,480	₱685,163,228	₱280,299,351	₱80,500,468	₱99,913,336	₱232,539,845	₱1,497,104,568	₱18,999,932,274
Additions	1,953,089,912	170,065,700	717,825	23,608,666	3,331,206	9,608,472	30,866,279	620,078,952	762,923,325	3,574,290,337
Transfers from deferred exploration costs (Note 12)	–	–	112,888,783	–	–	–	–	–	–	112,888,783
Change in ARO estimate (Note 20)	(9,506,927)	1,799,792	(11,330,142)	–	–	–	–	–	–	(19,037,277)
Disposal	(13,086,270)	(1,107,758)	–	–	–	–	(1,966,964)	–	–	(16,160,992)
Reclassifications	619,735,454	128,202,594	–	–	–	–	–	572,890,116	(1,320,828,164)	–
Balances at end of year	14,129,412,957	2,424,039,538	2,522,427,946	708,771,894	283,630,557	90,108,940	128,812,651	1,425,508,913	939,199,729	22,651,913,125
Accumulated depletion and depreciation										
Balances at beginning of year	4,068,728,242	562,671,715	1,568,996,366	–	22,162,978	41,243,424	65,537,656	179,162,886	–	6,508,503,267
Depletion and depreciation	539,132,429	109,719,835	90,653,867	–	2,365,555	4,903,821	8,934,443	12,903,881	–	768,613,831
Disposals	(13,086,269)	(1,107,758)	–	–	–	–	(1,966,965)	–	–	(16,160,992)
Balances at end of year	4,594,774,402	671,283,792	1,659,650,233	–	24,528,533	46,147,245	72,505,134	192,066,767		7,260,956,106
Accumulated impairment losses										
Balances at beginning of year	–	–	246,117,121	–	–	–	–	–	–	246,117,121
Impairment loss (Note 5)	–	–	169,899,110	–	–	–	–	–	–	169,899,110
Balances at end of year	–	–	416,016,231	–	–	–	–	–	–	416,016,231
Net book values	₱9,534,638,555	₱1,752,755,746	₱446,761,482	₱708,771,894	₱259,102,024	₱43,961,695	₱56,307,517	₱1,233,442,146	₱939,199,729	₱14,974,940,788

Foreign Operations

Gabon, West Africa
Background
The Group holds approximately 2.53% participating interest in the Exploration and Production Sharing Contract covering the Etame block in Gabon, West Africa (the “Etame Marin Permit”). The other parties in the consortium are Addax Petroleum Etame, Inc. (33.90%) and VAALCO Gabon (Etame), Inc. (63.58%) (the “Gabon Consortium”), are leaders in their respective areas of operation. VAALCO is the Consortium’s operator, and is in charge of conducting the exploration and production activities in the Gabon contract area.

The EPSC is a contract with the Gabonese Government that gives the holder of the said EPSC exclusive rights and obligations to perform exploration, exploitation, and production activities and in the case of the consortium, within the Etame Marin Permit area.

In August 2021, the Consortium entered into a Bareboat Charter Agreement and Operating Agreement with World Carrier Offshore Services Corporation (World Carrier) to provide and operate a Floating Storage and Offloading (FSO) unit at the Etame Marin field for up to eight (8) years with additional option periods available upon the expiration of the current 20-year Floating Production, Storage and Offloading (FPSO) contract with BW Offshore in September 2022.

In December 2021, the consortium commenced a four-well drilling program in the Etame, Avouma and North Tchibala fields using the Borr Norve jack-up drilling rig, aimed to sustain field production to above 20,000 BOPD.

Etame-8H sidetrack was completed in February 2022. Avouma-3H sidetrack was completed in April 2022, South Tchibala-1HB sidetrack in July 2022, and North Tchibala-2H sidetrack in November 2022. Workovers were also conducted on Ebouri-2H, North Tchibala-1H and Southeast Etame-4H wells within 2022. This resulted in an increase in overall crude production of ~18,000-20,000 BOPD by the end of 2022.

Throughout 2023 and 2024, the consortium carried out preparatory activities (i.e. permitting, reservoir modelling and oil platform upgrades) for the Phase 3 Drilling Campaign, comprised of four (4) new production wells, one (1) new gas well, and two (2) workovers of existing wells. Target commencement of the drilling campaign is July 2025 with expected completion by Q2 2026.

Update on Production
Production was routed to the Petroleo Nautipa, the spread-moored (FPSO) vessel from the Etame, Avouma-Southeast Etame-North Tchibala and Ebouri platforms, and from the wells tied to the subsea Etame manifold. The produced oils were processed and exported from the FPSO, which had a storage capacity of one million barrels of oil (MMBO).

Throughout 2022, facility reconfiguration works were being completed in parallel for the hook-up and commissioning of the new FSO vessel Teli, which replaced the Petroleo Nautipa FPSO vessel in mid-October 2022. The FSO vessel is now operational and receiving crude from all Etame Marin platform wells. The two (2) old subsea wells – Etame-6H and Etame-7H – which were originally connected directly to the old Petroleo Nautipa FPSO, have been hooked-up to the FSO last December 30, 2022.

Crude production comes from four (4) oil fields (Etame, Avouma, Ebouri and North Tchibala).

For the 1st Quarter of 2025, total crude production reached 1.38 MMBO. The Consortium managed 2 liftings, resulting in net crude export of 1.29 MMBO. Since the Gabon oilfield has been put on-line in 2002, a total of 143.73 MMBO has been extracted to date over the last 22 years.

As of March 31, 2025 and December 31, 2024, PetroEnergy has investments in Gabon, West Africa included in “Wells, platforms and other facilities” account under “Property, plant and equipment” amounting to ₱425.03 million and ₱446.76 million, respectively. With the fluctuation in crude oil prices and recoverable oil reserves, impairment loss (reversal of impairment loss) was recognized amounting to nil and ₱169.90 million in March 31, 2025 and December 31,2024, respectively.

Philippine Operations

SC 14-C2 – West Linapacan, Northwest Palawan
West Linapacan was discovered in the early 1990s. It produced oil from 1992 to 1996, peaking at 18,000 BOPD, before it was shut-in due to early water incursion.

The SC 14C2 Consortium, led by operator Philodrill Corp., negotiated with a potential farmee for the drilling of potential drilling targets, in exchange for a majority share and Operatorship of SC 14C2. This farm-in is subject to the approval of the DOE.

While the consortium awaited the farmee's completion of the farm-in documentation, Philodrill continued to do in-house G&G work over at the West Linapacan area at the interim. For compliance, a "Transition Work Program and Budget, covering November 2020 to March 2021 was submitted to the DOE in November 2020 and was approved.

Throughout the second half of 2022, the SC 14-C2 consortium proceeded with a third-party technical evaluation of the West Linapacan B field, to assess potential production opportunities.

On May 11, 2023, the SC 14-C2 consortium approved to unitize the service contract with SC 6B, subject to the issuance Department Circular (DC) regarding application for new petroleum service contract by the Department of Energy (DOE). However, following the release of DOE DC No. 2023-12-0033 titled "Guidelines on the Awarding of Petroleum Service Contracts for Development and Production" on December 18, 2023 with supplementary guidelines issued on January 10, 2024, the SC 14-C2 consortium decided to apply for a new Development and Production Petroleum Service Contract (DP PSC) prior to the expiration of the current SC 14-C2 service contract. This new application would combine the SC 14-C2 (West Linapacan) and SC 14-C1 (Galoc) blocks.

SC 14 C2 is due to expire in December 2025.

Due to the limited term remaining, the Group assessed the recoverability of the investment included in "Wells, platforms and other facilities" account under "Property, plant and equipment" and recorded impairment loss amounted to nil and ₱0.34 million in March 31, 2025 and December 31, 2024, respectively.

As of March 31, 2025 and December 31, 2024, PetroEnergy's investments in the West Linapacan Oilfield included in "Wells, platforms and other facilities" account under "Property, plant and equipment" amount to nil.

SC 75 – Offshore Northwest Palawan
Service Contract 75 (SC 75) was signed on December 27, 2013 with partners PXP Energy Corporation (50%) and PNOC-Exploration Corporation (35%). The block covers the West Philippine Sea with an area of 616,000 hectares.

On October 14, 2020, the DOE issued a formal notice to the SC 75 consortium, lifting the Force Majeure imposed since September 2015. Through this letter, the consortium was notified to resume its Work Program commitments under SC 75, including the committed ~1,000 sq.km 3D seismic survey over the identified leads in SC 75.

On January 06, 2022, the SC 75 consortium officially engaged Shearwater Geoservices Ltd. for the ~1,100 sq.km 3D seismic survey over SC 75 using the M/V Geo Coral seismic vessel. However, the programmed 3D seismic acquisition campaign was suspended on April 06, 2022 after Operator PXP Energy Corporation received a written directive from the DOE to put all exploration activities on hold until the Security, Justice and Peace Coordinating Cluster (SJPCC) issues the necessary clearance to proceed. On April 11, 2022, PXP declared a Force Majeure event over the suspended seismic survey.

The SC 75 consortium is awaiting further instructions from the DOE, while all contracted vessels and personnel for the seismic survey have since demobilized from the SC 75 area.

As of March 31, 2025 and December 31, 2024, the corresponding percentages of the Group's participation in the various Petroleum SC areas are as follows:

Gabonese Oil Concessions	2.525%
SC 14C2 - West Linapacan	4.137%
SC 75 - NW Palawan	15.000%

The oil revenues are derived from Gabon Operations. All contractual obligations with the Gabonese Government are complied with. The Philippine contracts are in exploration stage and some contracts are being farmed out to reduce risk inherent to the business.

Development, and power generation from Renewable Energy Resources

Maibarara Geothermal Power Project

Geothermal Renewable Energy Service Contract (GRESC) No. 2010-02-012

Following the DOE Philippine Energy Contracting Round for Geothermal in 2009, PERC signed the Service Contract for the Maibarara Geothermal Power Project (MGPP) on February 1, 2010. PERC then conducted pre-development activities in 2010 to 2011. In order to carry out the development and operations of the MGPP, PetroEnergy (through its subsidiary, PetroGreen) then created Maibarara Geothermal, Inc. (MGI) along with Trans-Asia Oil and Energy Development Corporation ("Trans-Asia", subsequently renamed as PHINMA Energy Corporation or "PHINMA", and now known as ACEN Corporation or "ACEN") and PNOC Renewable Corporation (PNOC RC), with 65%, 25%, and 10% equity ownerships, respectively.

In June 2019, ACEN, the energy platform of Ayala Corporation, completed the acquisition of PHINMA, including PHINMA's 25% share in MGI.

20 MW Maibarara-1 Geothermal Power Plant (MGPP-1)

The DOE confirmed the commerciality of the 20-MW MGPP-1 in 2011, allowing MGI to proceed with the MGPP's development stage, involving 1) the drilling of two (2) wells to complete the steam production and reinjection well capacities, and 2) the construction of the steamfield and power plant facilities. The MGPP-1's 115kV Transmission Line system was successfully connected to the existing Manila Electric Company (MERALCO) line in September 2013. Upon completion of the reliability and performance testing, the MGPP-1 went on commercial operations on February 8, 2014. All electricity generated are sold to offtaker, ACEN, following the aforementioned acquisition of PHINMA by ACEN.

On June 23-28, 2023, the MGPP-1 and 2 power plants had an opportunity maintenance shutdown during the relocation of transmission line and stub poles affected by SLEX-TR4 construction. Various maintenance activities for the plants' mechanical, electrical, and instrumentation facilities, as well as for the switchyard and transmission lines, were carried-out by MGI technical staff and private contractors.

MGPP-1 delivered 40.41 GWh and 160.27 GWh of electricity on March 31, 2025 and December 31, 2024, respectively.

12 MW Maibarara-2 Geothermal Power Plant (MGPP-2)

With the stable performance of the reservoir, MGI decided to pursue an expansion of the MGPP. There was at least 5 MW of excess steam supply from the MGPP-1 wells, and with the ~6 MW capacity of the new well, an expansion of 12 MW was decided and approved in 2015 (MGPP-2).

Major power plant components from Fuji Electric Co. Ltd. ("Fuji", the same supplier as the MGPP-1) were delivered and installed on site from March to April 2017. MGPP-2 was first synchronized to the grid on March 9, 2018, with the full 12 MW attained on March 18, 2018. Reliability tests were then conducted from March 18 to 27, 2018, during which the power plant was on full 12 MW operation.

The Energy Regulatory Commission (ERC) formally notified MGI of the approval of MGPP-2's Certificate of Compliance (COC) application on April 26, 2018. Subsequently, the MGPP-2 was accepted into the Wholesale Electricity Spot Market (WESM) on April 30, 2018 – pegging the MGPP-2's start of Commercial Operations on the same date. This operationally started the application of MGPP-2's Electricity Supply Agreement (ESA) with PHINMA, now ACEN, wherein all of MGPP-2's generated electricity are sold to ACEN.

Workover operations were conducted on production well MB-15D in June 2022. After which, new production well MB-18D was drilled in September 2022 and hooked-up in November 2022. To date, the field's total gross output is now being sustained at ~33 MW.

MGPP-2 transmitted 24.02 GWh and 96.49 GWh of electricity on March 31, 2025 and December 31, 2024, respectively.

Both the MGPP-1 and the MGPP-2 are registered with the Board of Investments and are enjoying the incentives under the Renewable Energy Act of 2008.

Tarlac Solar Power Project (TSPP)

Solar Energy Service Contract (SESC) No. 2015-03-115

The SESC for the TSPP was awarded by the DOE on March 19, 2015. On June 17, 2015, PGEC and affiliate EEI Power Corporation ("EEIPC", 100% subsidiary of EEI Corporation), incorporated PetroSolar to undertake the development of the TSPP.

50 MW_{DC} Tarlac Solar Power Project-1 (TSPP-1)

On June 22, 2015, PetroGreen and solar farm lot owner, Luisita Industrial Park Corporation (LIPCO), executed a Lease Agreement for the 55-hectare solar farm development. This was assigned to PetroSolar on September 15, 2015. As the LIPCO property is within the Central Technopark, which is under the jurisdiction of the Philippine Economic Zone Authority (PEZA), PetroSolar was able to register as an Ecozone Utilities Enterprise on July 28, 2015, entitling it to the incentives available to PEZA locators.

After only four (4) months of ground works, the TSPP-1 was completed by mid-January 2016 and was able to export power to the grid on January 27, 2016. The DOE eventually gave its Certificate of Endorsement (COE) – Feed-in-Tariff (FiT) for TSPP-1, with an official Commercial Operations Date on February 10, 2016. Subsequently, on April 6, 2016, PSC executed its Renewable Energy Payment Agreement (REPA) with the National Transmission Corporation (TransCo), assuring the TSPP-1's revenues from the FiT payment of ₱8.69/kWh from 2016 to 2036.

On April 24, 2023, PERC and EEI Power Corporation (EEIPC) entered into a Share Purchase Agreement (SPA), where PERC agreed to purchase all of EEIPC's equity interests in PetroSolar (44%). The full payments for the EEIPC shares in PSC were made on August 1, 2023.

The total energy exported to the grid was 17.43 GWh and 69.46 GWh on March 31, 2025 and December 31, 2024, respectively.

20 MW_{DC} Tarlac Solar Power Project (TSPP-2)

On September 17, 2018, the BOI formally awarded to PetroSolar the latter's Certificate of Registration for the 20 MWDC TSPP-2. This approval entitles the TSPP-2 to enjoy duty-free importations, and a seven-year Income Tax Holiday (ITH), among others.

After the site construction works for the TSPP-2 were completed in March 2019 and its registration with the WESM was secured from the Independent Electricity Market Operator of the Philippines Inc. (IEMOP) on April 21, 2019, the TSPP-2 started exporting power to the grid on April 22, 2019 as part of its testing and commissioning activities. The ERC conducted its technical inspections for the TSPP-2 on May 31, 2019, as part of PetroSolar's Certificate of Compliance (COC) for TSPP-2.

On February 27, 2020 and March 18, 2020, the DOE formally issued to PSC the Certificate of Confirmation of Commerciality (COCOC) and the Certificate of Endorsement (COE) for TSPP-2, respectively. The COE is a prerequisite to the issuance of the Certificate of Compliance (COC) by the ERC. The COC will determine the official Commercial Operations Date (COD) for TSPP-2.

The ERC issued a Provisional Approval to Operate (PAO) to TSPP-2 on December 16, 2021, subject to PSC's compliance to 1) public offering requirement and 2) terms under PSC's Point-to-Point application, once approved. The said PAO is valid until December 15, 2022, and sets TSPP-2's WESM COD to January 25, 2022.

On October 25, 2022, PSC submitted application for validity extension of the PAO for TSPP-2. While evaluation of the application was underway, ERC issued 2023 COC revised guidelines that extended the effectivity of TSPP-2's PAO until December 15, 2024. On December 13, 2024, the ERC extended the validity of the PAO until December 15, 2025.

In December 2023, PSC completed the construction of the TSPP-2 49 MWac substation. PSC will use this new substation once it receives approval from ERC.

TSPP-2 exported 7.36 GWh and 28.92 GWh on March 31, 2025 and December 31, 2024, respectively.

Nabas Wind Power Project (NWPP)
Wind Energy Service Contract (WESC) No. 2009-09-002
The service contract for the Nabas Wind Power Project (NWPP) covers 2,000 hectares of public and private lands in rolling terrain located near the northwestern tip of Panay Island. It lies about 6 km southeast of Caticlan, and electricity-deficient Panay and Boracay islands are natural markets of future power from NWPP.

On August 1, 2013, the DOE formally issued the Confirmation of Commerciality for the 36 MW NWPP-1, making it the third WESC to be declared commercially feasible. Construction of NWPP-1 started in December 2013 and was completed in the first half of 2015.

On June 16, 2015, the DOE released the COE for FIT Eligibility (COE-FIT), endorsing the official start of commercial operations to be June 10, 2015. On August 17, 2015, the ERC approved PWEI's COC for NWPP-1. This confirms the commercial operations date of the wind farm to be June 10, 2015.

NWPP-1 exported 35.38 GWh and 96.38 GWh on March 31, 2025 and December 31, 2024, respectively.

Nabas Wind Power Project-2 (NWPP-2)
On May 13, 2020, the DOE formally awarded to PetroWind the Certificate of Confirmation of Commerciality (COCOC) for the planned Nabas-2 Wind Power Project (NWPP-2). This signifies that NWPP-2 has been approved for construction as being commercially feasible.

On February 17, 2021, the DENR-EMB Region 6 issued the amended Environmental Compliance Certificate (ECC) to PetroWind for NWPP-2, while the Forest Land Use Agreement (FLAG) has been signed by the DENR Central Office on January 4, 2022.

PWEI emerged as the lone qualified bidder for the Visayas wind allocation for a capacity of 13.2MW. On September 28, 2022, the DOE awarded PWEI its GEA Certificate of Award No. GEA-W2022-09-005, for winning the bid for the Visayas Wind Auction at ₱5.755/kWh. PWEI, for its NWPP-2, is to be awarded a twenty (20)-year offtake, through (REPA), effective upon its Delivery Commencement Date (DCD) originally set for May 25, 2025.

PWEI awarded the NWPP-2 WTG Supply, Supervision, and Services Agreements to Vestas on December 13, 2022. On the other hand, PWEI also awarded and issued the Notice to Proceed (NTP) for the contract for the NWPP-2 Main Balance of Plant (BoP) for the Civil, Electrical (Substation and Switching Station, and Electrical Feeder Lines), including WTG Electro-Mechanical Works installation to EEI Corporation (EEI) on December 20, 2022.

On January 13, 2023, DENR signed Special Agreement for Protected Areas (SAPA) of NWPP-2. This agreement allows PWEI to develop NWPP-2 in the approved area for at least 25 years. PWEI also secured the tree cutting permit within private lands and forestlands on March 16, 2023.

Following the successful completion of grid connection facilities and the erection of the first three (3) wind turbines (WTGs), PWEI commenced the testing and commissioning of these WTGs on April 4, 2024.

Meanwhile, due to the challenges related to the originally planned total six (6) WTGs in the Malay side, PWEI opted to relocate the remaining three (3) turbines within the Municipality of Nabas and has engaged EEI for the necessary civil works. All necessary environmental permits were secured in December 2024, and EEI is expected to mobilize at the project site by January 2025.

In response to PetroWind's request, the DOE Green Energy Auction Committee (GEAC) granted an extension of the DCD until October 25, 2025.

NWPP-2 exported 10.34 GWh and 18.24 GWh on March 31, 2025 and December 31, 2024, respectively.

Bugallon Solar Power Project (BSPP)
Solar Energy Operating Contract (SEOC) No. 2022-04-622-AF1

On May 5, 2022, PGEC was awarded the SEOC by the DOE for the development of the BSPP in Brgy. Salomague Sur, Bugallon, Pangasinan.

In 2023, PGEC completed the Distribution Impact Study (DIS), which was approved by the Central Pangasinan Electric Cooperative (CENPELCO) and endorsed to the NEA for final approval. PGEC also secured a Certificate of Non-Overlap (CNO) from the National Commission on Indigenous Peoples (NCIP), confirming that the project site is outside ancestral domains and free from tribal claims.

On November 14, 2023, PGEC obtained the locational clearance, followed by an ECC Amendment on November 28, 2023, transferring the ECC grantee from PGEC to BGEC. CENPELCO also approved PGEC's DIS, and the subsequent Distribution Asset Study (DAS) submitted on November 21, 2023, which was approved on February 26, 2024. The SEOC was later transferred by PGEC to BGEC on April 16, 2024.

On September 17, 2024, BGEC awarded the Design, Supply, and Installation Agreement for EPC to Crosslink Construction Corporation. On September 19, 2024, BGEC engaged Schema Konsult, Inc. as the Owner's Engineer. On November 15, 2024, BGEC signed a Distribution Wheeling Services Agreement and a Connection Agreement with CENPELCO for BSPP's integration as an embedded generator.

On November 12, 2024, BGEC was awarded with a Certificate of Energy Project of National Significance (CEPNS), entitling the BSPP to all rights and privileges stated in DOE Department of Order No. DO2024-04-0003.The BSPP was a winning bid in the second round of the Green Energy Auction Program (GEA-2) held in June 2023. Upon its commercial operations date target in December 2025, the project will be entitled to a Green Energy Tariff of ₱4.4043/kWh for a term of twenty (20) years.

Dagohoy Solar Power Project (DSPP)
Solar Energy Operating Contract (SEOC) No. 2022-06-629 – AF1

On June 28, 2022, PGEC was awarded the SEOC by the DOE for the development of DSPP in Brgy. San Vicente, Dagohoy, Bohol. PGEC secured favorable endorsements for land reclassification from the Dagohoy Sangguniang Bayan in October 2022 and the Bohol Sangguniang Panlalawigan in December 2022. These endorsements are necessary for obtaining Locational Clearance and the Building Permit.

On February 28, 2024, the DOE approved the assignment/ transfer of the SEOC No. 2022-06-629 from PGEC to Dagohoy Green Energy Corporation (DGEC). Consequently, DGEC was issued with a new Certificate of Registration (COR) with Registration No. SEOC 2022-06-629-AF1.

NGCP approved PGEC's application to conduct the System Impact Study (SIS) for DSPP via its Online Transmission Connection Application (OTCA) portal, with the SIS scheduled for mid-2023. While awaiting SIS completion, PGEC awarded an initial site development contract to Media Construction and Development Corporation (MCDC) for site grading, access roads, drainage, and perimeter fencing. The SIS was completed on August 1, 2023. By Q1 2024, Global Electric and Philcantech Enterprises had commenced the construction of solar farm facilities and grid connections. On May 20, 2024, DGEC executed an Omnibus Loan and Security Agreement with Rizal Commercial Banking Corporation (RCBC) for a facility of up to ₱834.76 million.

DSPP began delivering power to the grid on November 12, 2024, with full commercial operations expected by Q2 2025. DGEC entered into an Operations and Maintenance Agreement with Global Electric for an initial one-year term, subject to extension.

San Jose Solar Power Project (SJSPP)
Solar Energy Service Contract (SESC) No. 2015-09-251-AF2

On July 19, 2023, the DOE approved the assignment of the SESC 2015-09-251 from V-Mars Solar Energy Corporation (V-MARS) to PGEC. Consequently, SJGEC was issue with a new Certificate of Registration (COR) with Registration No. SESC 2015-09-251-AF1. Later, on July 27, 2023, PGEC purchased parcels of land in San Jose and Science City of Muñoz, Nueva Ecija, from V-MARS. The land titles were registered under PGEC's name on September 21, 2023. The SEC approved the incorporation of SJGEC (Note 1d) on October 14, 2023 (Note 1d). On April 16, 2024, the DOE later approved the transfer of PGEC's SESC 2015-09-AF1 to SJGEC with the corresponding issuance of new COR No. SESC 2015-09-251-AF2.

Meanwhile, site clearing and development were substantially completed, enabling Schema Konsult, Inc. and Philcantech Enterprises to begin construction in Q1 2024. SJGEC entered into an Owner's Engineer Agreement with Maschinen and Technik Inc. for SJSPP's two phases - Phase 1 on January 23, 2024, and Phase 2 on June 5, 2024. The EPC contracts were awarded to Schema Konsult, Inc. on April 1, 2024, for Phase 1 and May 22, 2024, for Phase 2.

On May 3, 2024, SJGEC signed a Power Supply Agreement with SN Aboitiz Power - Magat, Inc. for the sale of SJSPP electricity generation.

On December 19, 2024, SJGEC signed the Connection Agreement and Distribution Wheeling Services Agreement with Nueva Ecija II Electric Cooperative (NEECO-II).

Limbauan Solar Power Project (LSPP)
Solar Energy Service Contract (SESC) No. 2017-05-394

On November 10, 2020, BKS and Isabela Electric Cooperative II (ISELCO II) executed a 15-year Power Supply Agreement (PSA) at a rate of ₱5.40/kWh for LSPP-1. As of March 31, 2025, the PSA approval remains pending with the ERC.

In September 2023, the BIR issued a Certificate Authorizing Registration for PGEC's acquisition of 100% of BKS's shares. As the acquisition was made through BKSGEC's shares, the existing SESC between BKS and the DOE remains with BKS.

On December 1, 2023, BKS obtained the DOE's Clearance to undertake the System Impact Study (SIS), with submission to NGCP scheduled for January 2024. Additionally, on December 13, 2023, the DOE issued a Certificate of Award granting BKS's LSPSS-2 a Green Energy Tariff of ₱4.4045/kWh for twenty (20) years. The SIS was completed on September 23, 2024.

BKSGEC entered into an Early Works Agreement with Harmonic System Incorporated on October 2, 2024. On December 10, 2024, BKSGEC signed EPC contracts with Schema Konsult, Inc. for the DC portion and Harmonic System Incorporated for the AC portion of the project. On December 16, 2024, BKSGEC engaged Tractebel Engineering Ltd. as the Owner's Engineer.

Collateral to Secure Borrowings
MGI has mortgaged as collateral in favor of RCBC (the Lender) its property consisting of real assets and chattel with the total carrying value of ₱4,662.01 million and ₱4,507.46 million as of December 31, 2024 and 2023, respectively, in relation to its two (2) loan facilities.

PSC mortgaged all its property and equipment related to TSPP-1 as collateral in connection with its loan in favor of PNB and DBP.

PWEI pledged all of its property and equipment items related to NWPP-1 and NWPP-2 as collateral to secure its borrowings to DBP

DGEC mortgaged all its property and equipment related to DSPP as collateral in connection with its loan in favor of RCBC.

Change in ARO estimate and transfers from advances to contractors, deferred oil exploration costs and development costs are considered as noncash investing activities.

Depletion of wells, platforms and other facilities is presented as a separate item under cost of sales in the consolidated statements of comprehensive income.

13. **Deferred Oil Exploration Costs**

The movements in deferred oil exploration costs are as follows:

	Unaudited 31-Mar-25	Audited 31-Dec-24
Cost		
Balances at beginning of year	**₱617,837,215**	₱690,673,984
Additions	**26,570,239**	40,052,013
Transfer to property plant and equipment (Note 12)	–	(112,888,783)
Balances at end of year	**644,407,454**	**617,837,214**
Accumulated impairment losses		
Balances at beginning of year	**186,420,501**	303,877,019
Impairment loss (reversal) (Note 5)	–	(117,456,518)
Balances at end of year	**186,420,501**	186,420,501
	₱457,986,953	₱431,416,713

Details of deferred oil exploration costs as of March 31, 2025 and December 31, 2024 are as follows:

	Unaudited 31-Mar-25	Audited 31-Dec-24
Cost		
Gabonese Oil Concessions (Note 13)	**₱574,867,981**	₱ 548,566,651
SC. No. 75 – Offshore Northwest Palawan	**65,819,126**	65,550,217
SC. No. 14 - C2 (West Linapacan)	**3,720,347**	3,720,346
	644,407,454	617,837,214
Accumulated impairment losses		
Gabonese Oil Concessions (Note 13)	**182,700,154**	182,700,155
SC. No. 14 – C2 (West Linapacan)	**3,720,347**	3,720,346
	186,420,501	186,420,501
	₱457,986,953	₱431,416,713

Philippine Oil Operations – Development Phase

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 to the government the amount they should have spent, but did not, in direct proportion to their work obligations. The participating companies have Operating Agreements among themselves which govern their rights and obligations under these contracts.

The full recovery of these deferred costs is dependent upon the discovery of oil in commercial quantities from any of the petroleum concessions and the success of future development thereof.

As of March 31, 2025 and December 31, 2024, the remaining participating interest of the Parent Company in Petroleum SC areas is SC 75 – Offshore Northwest Palawan wherein the Parent Company has 15% interest.

SC 75 – Offshore Northwest Palawan
Service Contract 75 (SC 75) was signed on December 27, 2013 with partners PXP Energy Corporation (PXP energy) [50%] and PNOC-Exploration Corporation (35%). The block covers the West Philippine Sea with an area of 616,000 hectares.

On October 14, 2020, the DOE issued a formal notice to the SC 75 consortium, lifting the Force Majeure imposed since September 2015. Through this letter, the consortium was notified to resume its Work Program commitments under SC 75, including the committed ~1,000 sq.km 3D seismic survey over the identified leads in SC 75.

On January 6, 2022, the SC 75 consortium officially engaged Shearwater Geoservices Ltd. For the ~1,100 sq.km 3D seismic survey over SC 75 using the M/V Geo Coral seismic vessel. However, the programmed 3D seismic acquisition campaign was suspended on April 6, 2022 after Operator PXP Energy received a written directive from the DOE to put all exploration activities on hold until the Security, Justice and Peace Coordinating Cluster (SJPCC) issues the necessary clearance to proceed. On April 11, 2022, PXP declared a Force Majeure event over the suspended seismic survey.

The SC 75 consortium is awaiting further instructions from the DOE, while all contracted vessels and personnel for the seismic survey have since demobilized from the SC 75 area.

14. **Investments in Joint Venture and Business Combination**

All joint ventures are incorporated in the Philippines. Details of the Company's investments with respective percentages of ownership follow:

	Unaudited 31-Mar-25		Audited 31-Dec-2024	
Joint ventures	**Percentages of ownership**	**Carrying values**	Percentages of ownership	Carrying values
BUHAWIND EP	**40%**	**₱1,234,000**	40%	₱1,234,000
BUHAWIND NL	**40%**	**934,000**	40%	934,000
BUHAWIND NM	**40%**	**714,000**	40%	714,000
		₱2,882,000		₱2,882,000

BuhaWind NL, BuhaWind NM, and BuhaWind EP
As disclosed in Note 1d, the SEC approved the incorporation of BuhaWind Energy Philippines entities. PGEC initially invested ₱420,000 for each of the BEP Companies and accounted those as investment in joint ventures.

From 2022 to 2024, PGEC and CE proceeded with several feasibility studies for the three (3) offshore wind blocks, namely 1) desktop wind and met-ocean resource studies, 2) power market study, and 3) desktop site characterization studies in preparation for detailed geophysical and geotechnical studies.

In 2023, PGEC made an additional oil investment of ₱1.70 million in Buhawind Energy. Also, in 2023 PGEC sold 20% of its interest in BEP to CE for ₱1.77 million which resulted in a gain of ₱1.69 million.

On December 2, 2024, the NGCP issued the System Impact Study (SIS) for the 2,000 MW Northern Luzon

Offshore Wind Project (NLOWPP).

As of March 31, 2025 and December 31, 2024, these entities were still in the pre-development stage and have not yet started its operations.

Business Combination
PetroWind Energy Inc.
Prior to May 2023, PetroGreen's 40% interest in PetroWind is accounted for as investment in joint venture. The other 60% interest is owned by EEIPC (20%) and BCPG Wind Cooperatief U.A. (40%).

As disclosed in Notes 1 and 5, the Group, through PGEC, consolidated PWEI starting May 2023 as the Group gained control over the relevant activities of PWEI.

The valuation was completed in 2024 and the acquisition date fair value of PWEI's net asset, including the identifiable intangible asset (customer relationship) has been determined. The fair value of the property, plant and equipment and customer relationship increased by ₱36.98 million and ₱397.21 million, respectively, from the provisional fair values. As a result, there was an increase in the deferred tax liability - net of ₱138.84 million and an increase in the non-controlling interest of ₱118.14 million. There was also a corresponding reduction in the goodwill of ₱645.64 million, resulting in ₱95.80 million of total goodwill arising from acquisition.

Goodwill amounting to ₱95.80 million, based on the final purchase price allocation study, represents the fair value of expected synergies arising from the business acquisition of PWEI. The Group performed its annual impairment test and did not note any indicators of impairment on the goodwill as of December 31, 2024 and 2023. None of the goodwill recognized is expected to be deductible for income tax purposes.

Based on the final valuation performed, the Group has identified the final fair value of the other intangible asset which is the customer relationship with an estimated useful life of 27 years based on the remaining term of PWEI's service contract for the NWPP. The carrying value of customer relationship as of December 31, 2024 and 2023 amounted ₱663.30 million and ₱689.84 million, respectively, net of amortization during the period amounting to ₱26.53 million and ₱17.69 million, respectively (see Note 16).

15. **Leases**

The Group entered into lease contracts for office spaces and land used as geothermal field and photovoltaic (PV) solar power facility. The office space lease agreements are for a period of two (2) years and are renewable by mutual agreement of both parties.

The land lease agreement (LLA) with NPC and PSALM for the geothermal field in Sto. Tomas, Batangas has a lease term of twenty-five (25) years, extendable for another 25 years upon mutual agreement of both parties.

The two lease agreements with Luisita Industrial Park Corporation (LIPCO) for land used for the photovoltaic solar power facility in Tarlac are for a period of 25 years, renewable by mutual agreement of both parties, generally under the same terms and conditions, with an escalation clause of 3% for TSPP-1 and 2% for TSPP-2 every 2 years.

The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for all other leases, including leases of vehicles and parking slots.

The rollforward analyses of right-of-use assets follow:

	Unaudited 31-Mar-2025		
	Land	**Office Spaces**	**Total**
Cost			
Beginning balance	**₱420,099,971**	**₱19,740,687**	**₱439,840,658**
Additions	**80,253**	**3,780,903**	**3,861,156**
Refund	**–**	**–**	**–**
Derecognition	**(77,934,108)**	**–**	**(77,934,108)**
Ending balance	**342,246,116**	**23,521,590**	**365,767,706**
Accumulated depreciation			
Beginning balance	**120,776,976**	**16,709,874**	**137,486,850**
Depreciation (Notes 4, 5, 21 and 23)	**5,833,629**	**793,742**	**6,627,371**
Derecognition	**(27,365,882)**	**–**	**(27,365,882)**
Ending balance	**126,610,605**	**17,503,616**	**116,748,340**
Net Book Value	**₱ 215,635,511**	**₱6,017,974**	**₱249,019,366**

	Audited 31-Dec-24		
	Land	Office spaces	Total
Cost			
Beginning balances	₱420,180,224	₱16,609,844	₱436,790,068
Additions	–	3,130,843	3,130,843
Refund	(80,253)	–	(80,253)
Ending balances	420,099,971	19,740,687	439,840,658
Accumulated amortization			
Beginning balances	100,632,211	13,263,394	113,895,605
Amortization (Notes 4, 5, 23 and 25)	20,144,765	3,446,480	23,591,245
Ending balances	120,776,976	16,709,874	137,486,850
Net Book Values	₱299,322,995	₱3,030,813	₱302,353,808

The depreciation of the right-of-use of the lands in Tarlac and Batangas are presented as part of "Cost of electricity sales" while the depreciation of the right-of-use of office spaces are presented as part of "General and administrative expenses" in the consolidated statement of comprehensive income.

No lease liability was recognized for leases of land that have been prepaid. The rollforward analyses of lease liabilities are as follows:

	Unaudited 31-Mar-25	Audited 31-Dec-24
Beginning balance	**₱319,125,070**	₱324,638,301
Payments	**(6,045,539)**	(38,419,188)
Interest expense	**16,287,499**	29,775,114
Additions	**-**	3,130,843
Ending balance	**329,351,700**	319,125,070
Less current portion	**45,073,615**	37,063,244
Noncurrent portion	**₱284,278,085**	₱282,061,826

16. **Intangible Assets and Goodwill**

	Unaudited 31-Mar-25					
	Goodwill	**Customer relationship**	**Land rights**	**Production license**	**Software and others**	**Total**
Cost:						
Balances at beginning of year	**₱95,802,529**	**₱707,523,801**	**₱153,277,610**	**₱45,074,178**	**₱48,994,290**	**₱1,050,672,408**
Additions	**–**	**–**	**–**	**–**	**1,887,343**	**1,887,343**
Balances at end of year	**95,802,529**	**707,523,801**	**153,277,610**	**45,074,178**	**50,881,633**	**1,052,559,751**
Accumulated amortization:						
Balances at beginning of year	**–**	**44,220,238**	**54,686,146**	**27,737,958**	**48,070,585**	**174,714,927**
Amortization	**–**	**6,633,036**	**1,532,776**	**1,155,748**	**293,866**	**9,615,426**
Balances at end of year	**–**	**50,853,274**	**56,218,922**	**28,893,706**	**48,364,451**	**184,330,353**
Net book values	**₱95,802,529**	**₱656,670,527**	**₱97,058,688**	**₱16,180,472**	**₱2,517,182**	**₱868,229,398**

	Audited 31-Dec-24					
	Goodwill	Customer relationship	Land rights	Production license	Software and others	Total
Cost:						
Balances at beginning of year	₱95,802,529	₱ 707,523,801	₱153,277,610	₱45,074,178	₱47,964,856	₱1,049,642,974
Additions	–	–	–	–	1,029,434	1,029,434
Balances at end of year	95,802,529	707,523,801	153,277,610	45,074,178	48,994,290	1,050,672,408
Accumulated amortization:						
Balances at beginning of year	–	17,688,095	48,555,042	23,114,965	46,233,347	135,591,449
Amortization	–	26,532,143	6,131,104	4,622,993	1,837,238	39,123,478
Balances at end of year	–	44,220,238	54,686,146	27,737,958	48,070,585	174,714,927
Net book values	₱95,802,529	₱ 663,303,563	₱98,591,464	₱17,336,220	₱923,705	₱875,957,481

Goodwill and customer relationship were recognized from business combination in Note 14.

Intangible assets (other than form business combination) pertain to land rights, which refers to grant of easement of right of way entered by PetroSolar to construct, operate, maintain, repair, replace and remove poles, wire, cables, apparatus, and equipment and such other apparatus and structures needed for the transmission line. This also includes production license and software for accounting and for geological interpretation of Gabon Etame oil fields.

17. Investment Properties

As of March 31, 2025 and December 31, 2024 this account consists of land and parking lot space (located in Tektite) with cost amounting to ₱1.61 million.

The fair values of the investment properties of the Group are between ₱1 million to ₱1.70 million as of March 31, 2025 and December 31, 2024. The Group determined the fair values of the Group's investment properties on the basis of recent sales of similar properties in the area where the investment in properties is located and taking into account the economic conditions prevailing at the time the valuations were made.

As of March 31, 2025 and December 31, 2024, the fair value of the investment properties is classified under the Level 3 category (see Note 24).

Except for insignificant amounts of real property taxes on the investment properties, no other expenses were incurred, and no income was earned in relation to the investment properties.

18. Other Noncurrent Assets

	Unaudited 31-Mar-2025	Audited 31-Dec-2024
Input VAT	**₱654,558,352**	₱594,365,675
Advances to contractors	**553,284,943**	507,039,790
Deferred development costs	**420,343,246**	328,202,131
Restricted cash	**17,853,462**	18,051,626
Others	**32,877,826**	49,312,712
	1,678,917,829	1,496,971,934
Less allowance for probable losses	**(8,320,279)**	(7,095,450)
	₱1,670,597,550	₱1,489,876,484

Input VAT
Input VAT represents VAT passed on from purchases of goods and services that can be claimed against any future liability to the BIR for output VAT from sale of goods and services.

Input VAT also includes outstanding input VAT claims that were applied or in the process of application by MGI for refund with the BIR. As of March 31, 2025 and December 31, 2024, the outstanding input VAT claims which are still pending with the CTA and SC amounted to ₱98.79 million.

Advances to contractors
Advances to contractors pertain to the downpayments to various contractors for procurement of materials, equipment and services.

Restricted cash
This pertains to the Parent Company's share in the non-current portion of escrow fund for the abandonment of the Etame Marine Permit.

Deferred development costs
These pertain to costs incurred in the exploration, development, production and expansion of renewable energy projects.

Others
Other noncurrent assets pertain to noncurrent portion of prepaid insurance, security deposits, advances to contractors and lot owners and balance of MERALCO account billing deposits.

19. **Accounts Payable and Accrued Expenses**

	Unaudited 31-Mar-2025	Audited 31-Dec-2024
Accounts payable	**₱266,151,573**	₱422,526,518
Accrued expenses		
Utilities	**186,083,859**	181,608,624
Interest (Note 20)	**114,658,180**	160,369,989
Deferred development cost	**-**	11,778,871
Sick/vacation leaves	**30,632,268**	28,172,804
Operations and maintenance	**14,595,326**	6,020,741
Profit share	**14,570,970**	14,570,970
Professional fees	**5,483,289**	22,182,580
Due to related party (Note 23)	**72,800**	539,417
Others	**4,008,621**	5,131,433
Withholding taxes and other tax payables	**17,170,460**	28,191,112
Due to NRDC	**2,269,737**	2,269,737
Others	**12,242,595**	16,604,352
	₱667,939,678	₱899,967,148

Accounts payable mainly consists of payable to suppliers and contractors that are currently involved in the development, construction and operations of energy projects. Accounts payable also includes unclaimed checks pertaining to dividends payable amounting to ₱11.38 million and ₱11.39 million as of March 31, 2025 and December 31, 2024, respectively.

The Group's accounts payable and accrued expenses are due within one year.

20. **Loans Payable**

The Group's loans payable as of March 31, 2025 and December 31, 2024 is as follows:

	Unaudited 31-Mar-2025	Audited 31-Dec-2024
Principal, balance at beginning of year	**₱8,212,548,049**	₱7,936,435,793
Add availments during the year	**500,000,000**	4,271,681,074
Less principal payments during the year	**(129,634,254)**	(3,995,568,818)
Principal, balance at end of year	**8,582,913,795**	8,212,548,049
Less unamortized deferred financing cost	**(68,682,335)**	(67,254,131)
	8,514,231,460-	8,145,293,918
Less current portion – net of unamortized deferred financing cost	**(1,760,193,681)**	(1,263,628,373)
Noncurrent portion	**₱6,754,037,779**	₱6,881,665,545

PetroEnergy's short-term and long-term loans payable
PetroEnergy entered into unsecured loan agreements to finance its investments in Renewable Energy Projects.

Omnibus Credit Line Agreement (OCLA) with the Development Bank of the Philippines (DBP)
On April 27, 2015, the Parent Company entered into an OCLA with DBP which provides a credit facility in the principal amount not exceeding ₱420 million. Effective January 19, 2021, the credit facility was reduced to ₱300 million. Loans payable to DBP as of December 31, 2022 are as follows:

- ₱63 million with interest rate of 5.8% and maturity on January 10, 2023
- ₱108 million with interest rate of 5.5% and maturity on January 26, 2023
- ₱80 million with interest rate of 5.8% and maturity on June 23, 2023

In 2023, the Parent Company paid the outstanding short-term loans from DBP.

Short-Term and Long-term Loan Facility with the Bank of the Philippine Island (BPI)
On April 19, 2023, the Parent Company entered into a short-term loan facility with BPI which provides a principal amount not exceeding ₱2.6 billion plus ₱1.0 billion blanket line with 1 year validity. Loans payable to BPI as of December 31, 2023 are as follows:

- ₱200 million with interest rate of 7.00% and maturity on April 11, 2024
- ₱551.52 million with interest rate of 7.00% and maturity on May 2, 2024
- ₱61.26 million with interest rate of 7.00% and maturity on February 28, 2024
- ₱1.25 billion with interest rate of 7.50% and maturity on January 31, 2024
- ₱422.51 million with interest rate of 7.50% and maturity on January 31, 2024
- ₱272.86 million with interest rate of 7.50% and maturity on January 31, 2024

On January 28, 2024, the Parent Company secured a 10-year long-term loan facility from BPI amounting to ₱2.55 billion with the following drawdowns and all with January 31, 2034 as the maturity date:
- ₱1.95 billion with interest rate of 7.2984%; Promissory Note (PN) Date: January 31, 2024
- ₱62.5 million with interest rate of 7.4449%; PN Date: February 28, 2024
- ₱201.5 million with interest rate of 7.4224%; PN Date: April 11, 2024
- ₱286.0 million with interest rate of 7.8449%; PN Date: May 02, 2024

The proceeds were used to settle the short-term loans due in January to May 2024.

On August 15, 2024, PetroEnergy converted its short-term loan from RCBC to long term loan amounting to ₱278.50 million with interest of 7.3553% and maturity date of August 15, 2034.

The Term Loan Facility Agreement of BPI and RCBC are subject to certain covenants including maintaining a maximum total liability to equity structure ratio of 2.33:1 and its earnings before interest, taxes, depreciation and amortization over its debt service to 1:1. As of December 31, 2024, the Parent Company is in compliance with the required ratios.

Interest expense related to these loans amounted to ₱50.88 million and ₱208.81 million on March 31, 2025 and December 31, 2024, respectively. Accrued interest payable amounted to ₱27.61 million and ₱72.95 million as of December 31, 2024 (see Note 19).

PetroGreen's long-term loans payable
Long-term loan with RCBC
On November 16, 2020, PetroGreen obtained a new long-term unsecured loan from RCBC amounting to ₱400.00 million. The loan bears interest at a fixed rate of 4.74% payable semi-annually. The principal amount is payable in five equal annual installments starting November 11, 2021.

As of March 31, 2025 and December 31, 2024, the outstanding balance of these loans, net of unamortized deferred financing costs, amounted to ₱79.90 million and ₱79.87 million, respectively.

Interest expense of PetroGreen related to these loans amounted to ₱1.06 million and ₱7.89 million in March 31, 2025 and December 31, 2024, respectively. Accrued interest payable amounted to ₱1.28 million and ₱0.43 million as of March 31, 2025 and December 31, 2024, respectively (see Note 19).

The loan covenants covering the outstanding debt of the PGEC include, among others, the following conditions: maintenance at all times of Debt-to-Equity (DE) Ratio of not greater than 2.5:1, Default Debt Service Coverage Ratio (DSCR) of at least 1.10x, Distribution DSCR of at least 1.20x and Current Ratio of above 1.0x. As of

March 31, 2025 and December 31, 2024, the Company is compliant with all the above conditions.

MGI's long-term loans payable

Project Loan Facility Agreements with RCBC

On May 19, 2016, MGI, together with PetroGreen, PHINMA and PNOC RC executed the Project Loan Facility Agreement with RCBC for a ₱1,400.00 million project loan to finance the design, development and construction of MGPP-2 or M2.

On September 5, 2016, MGI, together with PetroGreen, PHINMA and PNOC RC executed another Project Loan Facility Agreement with RCBC for a ₱2,100.00 million project loan to finance the design, development and construction of MGPP-1 or M1. This was done to consolidate the outstanding principal of the term loan under the 2011 OLSA with RCBC and BPI, incidental costs, general corporate expenditures and working capital requirement.

MGPP-1 or M1 new Loan

The new MGPP-1 or M1 loan amounting to ₱2,100.00 million has a term of ten (10) years from the drawdown date of October 10, 2016. Interest and principal are payable semi-annually. Interest payment started on October 12, 2016, while the twenty (20) semi-annual principal payments started on April 12, 2017.

Interest rate is fixed for the first five (5) years from drawdown date, based on the sum of the prevailing 5-year fixed benchmark rate on the pricing date and the margin of 1.75% (the "Initial Interest Rate"). On the repricing date, the interest for the remaining five (5)-year term of the loan will be the higher of (i) the sum of then prevailing 5-year fixed benchmark rate plus the margin of 1.75%, or (ii) the initial interest rate.

Interest expense recognized from the loan amounted to ₱11.04 million, ₱41.51 million March 31, 2025 and December 31, 2024, respectively.

MGPP-2 or M2 Expansion Loan

The MGPP-2 or M2 Expansion Loan amounting to ₱1,400.00 million has a term of twelve (12) years including thirty-six (36) months grace period from initial drawdown date of June 2, 2016. Interest and principal are payable semi-annually. Interest payment started on October 12, 2016, while the eighteen (18) semi-annual principal payments started on October 12, 2019.

Interest rate is fixed for the first seven (7) years from the initial drawdown date based on the sum of the prevailing 7-year fixed benchmark rate on the pricing date and the applicable margin of (1) 2.25% per annum prior to commercial operations date, or (2) 1.75% per annum from and after the Commercial Operations Date (the "Initial Interest Rate"). For subsequent drawdowns, interest rate will be the three (3) –day simple average interpolated rate based on the remaining tenor and computed using the straight-line method. On the repricing date, the interest for the remaining five (5)-year term of the loan will be the higher of (i) the sum of the then prevailing 5-Year fixed benchmark rate plus the applicable margin, or (ii) the weighted average interest rate during the first seven (7) years of the loan. Interest expense amounted to ₱43.15 million, ₱75.00 million and ₱83.46 million in 2023, 2022 and 2021 respectively.

On February 17, 2025, MGI obtained a short-term loan from RCBC amounting to ₱500 million to finance the acquisition of Power Sector Asset and Liabilities Management (PSALM) lots.

Accrued interest payable of MGI's loans amounted to ₱34.12 million and ₱15.57 million as of March 31, 2025 and December 31, 2024, respectively (see Note 19).

As of March 31, 2025 and December 31, 2024 the total outstanding balance of these loans amounted to ₱1,676 million and ₱1,177.87 million respectively.

The loan covenants covering the outstanding debt of MGI include, among others, the following conditions: maintenance at all times of Debt-to-Equity (DE) Ratio of not greater than 70:30, Default Debt Service Coverage Ratio (DSCR) of at least 1.10x both until full payment of the Loans, and Dividend DSCR of at least 1.20x. MGI is also required to transfer in the DSPA equivalent to one-sixth (1/6) of the amount sufficient to pay for the forthcoming debt service scheduled in April and October of every year until the loan is fully paid off (see Note

7). As of March 31, 2025 and December 31, 2024, MGI has been compliant with the above conditions.

PetroSolar's long-term loans payable
On November 12, 2015, the PetroSolar, together with PetroGreen and EEIPC, as third party mortgagors and pledgors, entered into a ₱2,600.00 million OLSA with PNB and DBP specifically to partially finance the design, development, procurement, construction, operation and maintenance of its TSPP.

PetroSolar shall fully pay the loan for the pro-rata account of each lender within twelve (12) years from and after the date of the initial drawdown. Interest and principal are payable semi-annually. Interest payment started on May 27, 2016, while the twenty-two (22) semi-annual principal payments started on November 27, 2016.

The rate of the interest applicable to the facility or the relevant part thereof for each interest period shall be fixed for the first seven periods (7) from the initial drawdown date (the Initial Interest Rate). Prior to the FIT entitlement and collection of FIT revenues of the borrower, the rate shall be the higher of: (i) the aggregate of the seven (7) year PDST-R2 and the initial credit spread of 2.25%, or (ii) the minimum interest rate of 5.75%. Upon FIT entitlement of at least 40MW and collection of FIT revenues by the borrower equivalent to an aggregate of at least ₱473.00 million within a period not exceeding twelve (12) consecutive months, the rate shall be the higher of (i) the weighted average interest rate in previous drawdowns less the step down credit spread of 0.25%, or (ii) minimum interest rate, and which interest rate shall be applied beginning the following month immediately succeeding the month wherein the aforesaid FIT entitlement and FIT revenue collection thresholds were satisfied. PetroSolar met the criteria for FIT entitlement and aggregate collection of at least ₱473 million within 12 months which resulted to a lower interest rate effective July 2017.

On November 25, 2022, the OLSA reached the 7th year of its term. The repricing date, based on the OLSA, shall occur by the end of the 7th year from the initial drawdown date, on which date, the interest rate for the remaining five (5) year tenor will be repriced. The new applicable interest rate is 9.12% after the repricing. This was renegotiated to be reduced from 9.12% to 8.59% which was approved by the bank and made effective starting May 26, 2023.

The loan covenants covering the outstanding debt of PetroSolar include, among others, maintenance of debt-to-equity ratio of 75:25 and establishment of DSPA required balance (see Note 7). As of March 31, 2025 and December 31, 2024, PetroSolar is in compliance with the said loan covenants.

As of March 31, 2025 and December 31, 2024, the outstanding balance of this loan amounted to ₱561.13 million and ₱561.37 million, respectively. Interest expense recognized from the loan amounted to ₱19.54 million and ₱67.72 million as of March 31, 2025 and December 31, 2024, respectively.

Accrued interest payable amounted to ₱14.23 million and ₱3.90 million as of March 31, 2025 and December 31, 2024, respectively (see Note 19).

PetroSolar mortgaged all of its property and equipment related to TSPP-1 as collateral in connection with the loan (see Note 12).

PetroWind long-term loans
<u>NWPP-1</u>
On November 4, 2013, PetroWind entered into ₱2.80 billion OLSA with DBP to finance the NWPP-1. Subsequently, on June 4, 2015, an amended agreement was entered between PetroWind and DBP for an increase in credit line amounting to ₱200.00 million.

The loan shall be fully paid and liquidated in 15 years from and after the date of initial borrowing. Principal and interest shall be repaid in 25 equal semi-annual installments with its first principal and interest payment made last January 10, 2017.

The rate of interest to be paid on interest date is 6.32% per annum, equal to benchmark rate plus 225 basis points (bps) per annum or 5.50% per annum, whichever is higher, subject to repricing every 5 years. The new interest rate after the first repricing date last January 10, 2019 is 9.01% per annum. This was renegotiated to be reduced from 9.01% to the higher between the benchmark rate plus 125 bps per annum or 7.00% per annum. The reduced interest rate of 7.31% per annum was approved by the bank and made effective starting January 10, 2024. This amendment did not result to the extinguishment of the loan.

On January 10, 2024, another repricing took place in accordance with the provision of the OLSA. As such, the interest rate after repricing is 7.31% per annum.

The total interest expense incurred amounted to ₱32.94 million and ₱132.77 million in March 31, 2025 and December 31, 2024, respectively. Interest payable amounted to ₱19.22 million and 65.41 million as of March 31, 2025 and December 31, 2024, respectively. (see Note 19).

NWPP-2

On February 22, 2023, PetroWind entered into ₱1.81 billion OLSA with DBP to finance the NWPP-2. The principal shall be payable in twenty-five (25) equal semi-annual installments in arrears to commence at the earlier of thirty-sixth (36th) month from initial drawdown or six (6) months from COD until fully paid. The interest shall be for fixed two (2) years based on the higher of 2-year BVAL plus 1.0% p.a. or 6.25% p.a. determined at the time of drawdown subject to repricing.

PetroWind has drawn a total of ₱1.54 billion as of March 31, 2025 and December 31, 2024. The remaining balance will be subsequently drawn in 2025.

On November 20, 2024, the Company secured a ₱265.00 million short-term loan with Bank of the Philippine Islands to partially finance the completion of the Nabas-2 Project. The principal amount shall be payable in ninety (90) days subject to renewal with interest initially fixed at the rate of 6.30% per annum.

The total interest expense incurred amounted to ₱31.69 million and ₱77.77 million as of March 31, 2025 and December 31, 2024, respectively.

For NWPP-1 and NWPP-2, the loan covenants require PetroWind to maintain a debt-to-equity ratio of not greater than 70:30 and maintain a DSRA required balance equivalent to one principal plus one interest amortization at all times until full settlement of the loan. As of March 31, 2025, PetroWind is in compliance with the said loan covenants.

PetroWind pledged all of its property and equipment items as collateral to secure its borrowings (see Note 12).

Dagohoy Green Energy Corporation

Omnibus Loan and Security Agreement (OLSA) with RCBC

On May 20, 2024, the Company, together with PGEC as the grantor, mortgagor, surety and guarantor and RGEC, as the share collateral security grantor, grantor, and guarantor, entered into OLSA of up to ₱834.76 million with RCBC specifically to partially finance the design, development, procurement, construction, operation and maintenance of its Dagohoy Solar Power Project.

The Company shall fully pay the loan within twelve (12) years from and after the date of the initial drawdown. Interest and principal are payable semi-annually.

The rate of interest applicable is determined by the Facility Agent in reference to the 2-year BVAL rate for two (2) years from the initial drawdown date plus the margin of 1.75% before Commercial Operations Date (COD), to be reduced by 0.25% after the COD. On the First Repricing Date (2nd anniversary of the closing date) and Second Repricing Date (7th anniversary of the closing date), the rate of interest is determined by the Facility Agent by reference to the 5-year BVAL rate.

The Company has drawn a total of ₱763.24 million as of March 31, 2025.

The loan covenant of DGEC requires the company to maintain a Debt Service Coverage Ratio of at least equivalent to the Maintenance DSCR commencing on the first anniversary of the Commercial Operations until the Loan Satisfaction Date, and Debt to Equity Ratio not exceeding the Maintenance Debt to Equity Ratio commencing on the Closing Date until the Loan Satisfaction Date. As of March 31, 2025 and December 31, 2024, DSCR maintenance requirement is not yet applicable since the DGEC is still in the testing and commissioning stage.

The total interest incurred amounted to ₱15.10 million on March 31, 2025 and ₱21.45 million on December 31, 2024.

Deferred financing costs
Deferred financing costs are incidental costs incurred in obtaining the loan which includes documentary stamp tax, transfer tax, chattel mortgage, real estate mortgage, professional fees, arranger's fee and other costs directly attributable to obtaining the loan. The balance of unamortized deferred financing costs is presented as a deduction from the loans payable account and is amortized over the term of the loan using the effective interest rate method.

21. Asset Retirement Obligation

The Group has recognized its share in the abandonment costs associated with the Etame, Avouma and Ebouri oilfields located in Gabon, West Africa, geothermal field located in Sto. Tomas Batangas, photovoltaic (PV) solar power facility in Tarlac, and wind farm in Nabas and Malay, Aklan.

Movements in this account follow:

	Unaudited 31-Mar-2025	Audited 31-Dec-2024
Balance at beginning of year	**₱162,534,249**	₱167,532,915
Change in estimates (Note 12)	**–**	(19,037,277)
Accretion expense	**3,261,157**	11,980,721
Foreign exchange adjustment	**(499,387)**	2,057,890
Balance at end of year	**₱165,296,019**	₱162,534,249

22. Equity

Under the existing laws of the Republic of the Philippines, at least 60% of the Parent Company's issued capital stock should be owned by citizens of the Philippines for the Parent Company to own and hold any mining, petroleum or renewable energy contract area. As of March 31, 2025, the total issued and subscribed capital stock of the Parent Company consists of 99.73% Filipino and 0.27% non-Filipino as compared to 99.79% Filipino and 0.21% non-Filipino as of December 31, 2024.

As of March 31, 2025 and December 31, 2024, paid-up capital consists of:

Capital stock – ₱1 par value	
Authorized – 700,000,000 shares	
Issued and outstanding	₱568,711,842
Additional paid-in capital	2,156,679,049
	₱2,725,390,891

The Group's track record of capital stock follows:

	Number of shares registered	**Issue/offer price**	**Date of SEC approval**	**Number of holders as of year-end**
Listing by way of introduction				
-August 11, 2004	84,253,606	₱3/share	August 4, 2004	
Add (deduct):				
25% stock dividend	21,063,402	₱1/share	September 6, 2005	
30% stock dividend	31,595,102	₱1/share	September 8, 2006	

1:1 stock rights offering	136,912,110	₱5/share	May 26, 2010	
December 31, 2010	273,824,220			2,149
Deduct: Movement	–			(26)
December 31, 2011	273,824,220			2,123
Deduct: Movement	–			(10)
December 31, 2012	273,824,220			2,113
Deduct: Movement	–			(41)
December 31, 2013	273,824,220			2,072
Deduct: Movement				(29)
December 31, 2014	273,824,220			2,043
Add (Deduct):				
2:1 stock rights offering	136,912,110	₱4.38/share	June 3, 2015	(15)
December 31, 2015	410,736,330			2,028
Deduct: Movement	–			(1)
December 31, 2016	410,736,330			2,027
Deduct: Movement	–			(15)
December 31, 2017	410,736,330			2,012
Add (Deduct):				
1.2:6 stock rights offering	157,975,512	₱4.8/share	January 8, 2018	(8)
December 31,2018	568,711,842			2004
Deduct: Movement	–			(5)
December 31,2019	568,711,842			1,999
Deduct: Movement	–			(1)
December 31,2020	568,711,842			1,998
Deduct: Movement	–			(5)
December 31,2021	568,711,842			1,993
Deduct: Movement	–			(2)
December 31,2022	568,711,842			1,991
Deduct: Movement	–			-
December 31,2023	568,711,842			1,991
Deduct: Movement	–			(14)
December 31,2024	568,711,842			1,977
Deduct: Movement	–			3
March 31,2025	568,711,842			1,980

On July 26, 2017, at the BOD meeting, the Parent Company was authorized to raise approximately one billion pesos (₱1,000,000,000) in capital, by offering and issuing to all eligible stockholders as of record date, the rights to subscribe up to all of the existing unissued common shares of the Parent Company ("Stock Rights Offer").

On September 29, 2017, the Parent Company filed its application for the listing and trading of rights shares with the PSE. On December 13, 2017, the PSE approved the application to list the Rights Shares.

The rights offer entitled eligible stockholders as of record date of January 12, 2018 to subscribe to one rights share for every 2.6 shares held at an offer price of ₱4.80 per share.

The rights offer was undertaken on January 22 to 26, 2018. Following the close of the offer period, the Parent Company successfully completed the stock rights offer for 157,975,512 common shares with gross proceeds of ₱ 758.28 million and was subsequently listed on the PSE on February 2, 2018.

The proceeds from the stock rights offer were used for the development and expansion plans of the Group's renewable energy projects and general corporate requirements.

Dividend Declaration
On July 18, 2024, PERC BOD approved the declaration of 5% cash dividend or ₱0.05 per share to all stockholders of record as of August 8, 2024 and payable on August 30, 2024. The dividends amounting to ₱28.48 million was paid in 2024.

On November 29, 2023, PERC BOD approved the declaration of 5% cash dividend or ₱0.05 per share to all stockholders of record as of December 14, 2023 and payable on December 28, 2023. The dividends amounting to ₱27.97 million was paid in 2023.

Cumulative Translation Adjustment
In 2018, because of the change in business circumstances of the Parent Company, management changed its functional currency from United States Dollar (USD) to PHP effective January 31, 2018. All resulting exchange differences in the remeasurement of USD balances to PHP balances were recognized as 'Cumulative Translation Adjustment'.

Equity Reserve and Deposit for Future Stock Subscription

a. On June 9, 2015, PetroEnergy sold its 10% interest in PetroGreen to EEIPC, bringing down its ownership in PetroGreen from 100% to 90%. The transaction was accounted as an equity transaction since there was no change in control.

   The effect of change in the ownership interest in PetroGreen on the equity attributable to owners of PetroEnergy as a result of the sale of 10% to EEI is summarized as follows:

Consideration received from NCI	₱206,000,000
Carrying amount of NCI sold	(125,950,762)
Excess of consideration received recognized in equity	₱80,049,238

b. On October 14, 2022, PetroGreen issued 363,244,840 shares to Kyuden (Note 31) resulting to the decrease in the ownership interest of PetroEnergy in PetroGreen from 90% to 76.92%. The transaction was accounted as an equity transaction since there was no loss of control.

   The effect of change in the ownership interest in PetroGreen on the 2022 equity attributable to owners of PetroEnergy is summarized as follows:

Consideration received from NCI	₱1,687,431,477
Carrying amount of NCI sold	(1,030,763,729)
Excess of consideration received recognized in equity	₱656,667,748

c. In January 2023, the Group classified the 2022 deposit for stock subscription received from Kyuden under escrow fund (Note 7) amounting to ₱1.63 billion into NCI and Equity Reserve (excess of consideration over carrying value of NCI sold) after Kyuden acquired the 10.47% additional ownership interest in PGEC through completion of all the requirements in the subscription agreement (see Note 31). The deposit for future stock subscription is considered a non-cash financing activity in 2022. Kyuden's ownership interest as of December 31, 2023 in PGEC is 25%.

   The effect of change in the ownership interest in PetroGreen on the 2023 equity attributable to owners of PetroEnergy is summarized as follows:

Consideration received from NCI*	₱1,634,762,579
Carrying amount of NCI sold	(925,716,414)
Excess of consideration received recognized in equity	₱709,046,165

   **Net of equity transaction cost amounting to ₱16.29 million*

d. In 2023, the effect of change in the ownership interest in PetroSolar on the equity attributable to owners of PetroEnergy as a result of PERC's acquisition of EEIPC's 44% interest (Note 1c) is summarized as follows:

Consideration	₱1,443,942,735
Carrying amount of NCI acquired	(1,285,392,308)
Excess of consideration paid recognized in equity	₱158,550,427

e. In 2023, the effect of change in the ownership interest in PetroGreen on the equity attributable to owners of PetroEnergy as a result of PERC's acquisition of EEIPC's 7.5% interest (Note 1c) is summarized as follows:

Consideration	₱521,211,059
Carrying amount of NCI acquired	(568,948,930)
Excess of carrying amount recognized in equity	(₱47,737,871)

f. On May 31, 2024, Rizal Green issued 2,500,000 shares to Taisei Corporation (Note 27) resulting in the decrease in the ownership interest of PetroGreen in Rizal Green from 100% to 75%. The transaction was accounted as an equity transaction since there was no loss of control.

The effect of change in the ownership interest in Rizal Green on the 2024 equity attributable to owners of PetroEnergy is summarized as follows:

Consideration received from NCI*	₱577,500,000
Carrying amount of NCI sold	(327,329,997)
Excess of consideration received recognized in equity	₱250,170,003

**Net of equity transaction cost amounting to ₱2.5 million*

g. On August 16, 2023, PetroGreen acquired 100% equity of BKS for a total consideration of ₱80 million from its previous stockholders. The fair value of the net asset acquired is determined to be nil at the time of the acquisition. As of December 31, 2023, the acquisition was initially recorded as acquisition of deferred development cost. The development of the Limbauan Solar Power Project undertaken by BKS commenced during the year 2024 and the financials of BKS were subsequently consolidated. As of December 31, 2024, the excess acquisition cost of ₱80 million over the fair value of the net assets of BKS (nil amount) at the time of the acquisition was charged against equity reserve account.

h. In 2024, stock issuance costs of ₱9.55 million paid for the issuance of shares of DGEC, BGEC and SGJEC to RGEC was accounted as an equity transaction in the consolidated financial statements.

As of March 31, 2025 and December 31, 2024, the balance of equity reserve account amounts to ₱1,495.57 million.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may increase its debt from creditors, adjust the dividend payment to shareholders or issue new shares.

As of March 31, 2025 and December 31, 2024, the Group monitors capital using a debt-to-equity ratio, which is total liabilities divided by total equity.

The Group's sources of capital as of March 31, 2025 and December 31, 2024 are as follows:

	Unaudited 31-Mar-2025	Audited 31-Dec-2024
Loans payable	**₱8,514,231,460**	₱8,145,293,918
Capital stock	**568,711,842**	568,711,842
Additional paid-in capital	**2,156,679,049**	2,156,679,049
Retained earnings	**3,897,858,396**	3,754,431,369
Equity reserve	**1,495,570,578**	1,495,570,578
	₱16,633,051,325	₱16,120,686,756

The table below demonstrates the debt-to-equity ratio of the Group as of March 31, 2025 and December 31, 2024:

	Unaudited 31-Mar-2025	Audited 31-Dec-2024
Total liabilities	**₱ 9,919,816,099**	₱ 9,744,090,656
Total equity	**13,897,316,866**	13,616,550,079
Debt-to-equity ratio	**0.71:1**	0.72:1

Based on the Group's assessment, the capital management objectives were met on March 31, 2025 and December 31, 2024.

23. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as 'Affiliates'). Related parties may be individuals or corporate entities.

Significant transactions with related parties are as follows:

	Transactions for the Period		Outstanding Balance Receivables (Payables)		Terms and
Related Party/Nature	**31-Mar-25**	31-Dec-24	**31-Mar-25**	31-Dec-24	**Conditions**
Investor					
House of Investments, Inc					
Internal audit services	**₱218,400**	₱905,760	**₱(72,800)**	₱(539,417)	Note a
Joint Venture					
PetroWind					
Rental income	–	-	–	–	Note b
Timewriting fee	–	-	–	–	Note c
Management income	–	-	–	–	Note c
Advances – receivable	–	-	–	–	Note d
			–	–	
Buhawind Energy Northern Luzon Corporation					
Time-writing Income	**23,544,024**	23,544,024	**23,544,024**	23,544,024	Note c
Rental Income	**453,986**	188,571	**453,986**	403,543	Note b
Reimbursement - receivables	**85,764,299**	27,079,351	**85,764,299**	62,899,252	Note d
Advances - receivables	**2,561**	9,348	**2,561**	9,348	
	109,764,870	50,821,294	**109,764,870**	86,856,167	
Buhawind Energy Northern Mindoro Corporation					
Time-writing Income	**2,943,003**	2,943,003	**2,943,003**	2,943,003	Note c
Rental Income	**453,986**	188,571	**453,986**	403,542	Note b
Reimbursement - receivables	**23,912,924**	19,624,812	**23,912,924**	23,749,200	Note d
	27,309,913	22,756,386	**27,309,913**	27,095,745	
Buhawind Energy East Panay Corporation					
Time-writing Income	**2,943,003**	2,943,003	**2,943,003**	2,943,003	Note c
Rental Income	**453,986**	188,571	**453,986**	403,543	Note b
Reimbursement - receivables	**17,219,871**	10,562,807	**17,219,871**	14,687,195	Note d
	20,616,860	13,694,381	**20,616,860**	18,033,741	

Affiliate

Related Party/Nature	Transactions for the Period 31-Mar-25	31-Dec-24	Outstanding Balance Receivables (Payables) 31-Mar-25	31-Dec-24	Terms and Conditions
AC Energy Corporation (ACEN)					
Electricity sales	**259,678,171**	1,032,907,225	**97,677,584**	103,154,602	Note e
Pass-on Wheeling, Ancillary & Transmission Charges	**172,027**	74,003,036	**678,919**	1,053,324	Note e
	259,850,198	1,106,910,262	**98,356,503**	104,207,926	
Affiliate					
LIPCO					
Land lease	**-**	₱32,270,323	–	–	Note f
Affiliate					
Enrique T. Yuchengco, Inc.					
Rental income	**524,757**	947,518	**524,757**	269,929	Note g

a. PetroEnergy has an Internal Audit Engagement arrangement with House of Investments, Inc. (HI). These are non-interest bearing and are due and demandable.

b. PetroGreen charges rental fees to PWEI and BEP amounting to ₱71,429 every month. These are non-interest bearing and payable when due and demandable.

c. Timewriting fees are charged by PetroGreen for accounting, legal management and other support services rendered to PWEI and BEP. Management income refers to charges by PetroEnergy to PWEI and BEP. These are non-interest bearing and are due and demandable.

d. Advances represent reimbursements of costs and expenses.

e. Electricity sales to ACEN (formerly PHINMA) is pursuant to the Electricity Supply Agreement. This is due and payable on the last business day of the month succeeding the billing period and non-interest bearing if paid within the due date.

f. The Group leased 77 hectares of land area from LIPCO (Note 15). These are non-interest bearing and payable when due and demandable.

g. On April 29, 2021, PGEC completed its first commercial and industrial (C&I) rooftop solar power project for the Enrique T. Yuchengco Bldg. in Binondo, Manila.

   The building owner E.T. Yuchengco Inc. (ETY) and project owner PGEC signed a 15-year Rent-to-Own Agreement for a 140.8-kWp solar rooftop facility last January 14, 2021. The rental period commenced upon the project's completion in April 2021. After said 15-year cooperation period, PGEC will turn-over the said rooftop solar facility to ETY free of charge.

24. **Financial Instruments**

The Group's principal financial instruments include cash and cash equivalents, short-term investments, financial assets at FVTPL, receivables, restricted cash, loans payable, accounts payable, accrued expenses and dividends payable. The main purpose of these financial instruments is to fund the Group's working capital requirements.

Categories and Fair Values of Financial Instruments

As of March 31, 2025 and December 31, 2024, the carrying amounts of the Group's financial assets and financial liabilities approximate their fair values except for loans payable and lease liabilities. The fair value of the loans payable as of December 31, 2024 amounted to ₱8.22 billion compared to their carrying value of ₱8.15 billion, respectively.

The methods and assumptions used by the Group in estimating the fair value of financial instruments are:

Financial instruments	**Considerations**
Cash and cash equivalents, Short-term investments, Restricted cash, Receivables, Contract assets, Accounts payable and Accrued expenses, and Short-term loans payable	Due to the short-term nature of the instruments, carrying amounts approximate fair values as at the reporting date.
Equity securities	Fair values are based on published quoted prices (Level 1).
Golf club shares	Fair values are based on quoted market prices at reporting date (Level 1).
Long-term loans payable	Fair value is based on the discounted value of expected future cash flows using the applicable interest rate for similar type of instruments. The fair value is derived using the prevailing PH BVAL rate in 2024 and 2023 (Level 3).
Lease liabilities	Estimated fair value is based on the discounted value of future cash flows using the prevailing PH BVAL rate in 2024 and 2023 (Level 3).

The fair value is based on the source of valuation as outlined below:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

On March 31, 2025 and December 31, 2024, there were no transfers of financial instruments among all levels.

Financial Risk Management Objectives and Policies

The Group manages and maintains its own portfolio of financial instruments in order to fund its own operations and capital expenditures. Inherent in using these financial instruments are the following risks on liquidity, market and credit.

Financial Risks

The main financial risks arising from the Group's financial instruments are liquidity risk, market risk and credit risk.

a. Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations when due. The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations and to mitigate the effects of fluctuation in cash flows. To cover its short-term and long-term funding requirements, the Group obtains funds from various sources including internally generated funds and loans from financial institutions. As of March 31, 2025 and December 31, 2024, the Group has existing credit line facilities from which they can draw funds from (see Note 20).

The tables below summarize the maturity profile of the Group's financial assets and financial liabilities as of March 31, 2025 and December 31, 2024 based on contractual payments:

	31-Mar-2025 (Unaudited)			
	On demand	**1 year or less**	**More than 1 year**	**Total**
Financial Assets				
Financial assets at FVTPL	**₱6,189,623**	**₱–**	**₱–**	**₱ 6,189,623**
Financial assets at amortized cost:		**–**	**–**	**–**
Cash and cash equivalents	**2,043,336,693**	**–**	**–**	**2,043,336,693**
Short-term investments	**–**	**–**	**–**	**–**
Accounts receivable	**214,140,512**	**721,255,543**	**–**	**935,396,055**
Other receivables	**19,195,658**	**–**	**36,343,365**	**55,539,022**
Interest receivable	**6,924,355**	**–**	**–**	**6,924,355**
Refundable deposits	**–**	**478,721**	**6,373,884**	**6,852,605**
Restricted cash	**–**	**377,432,462**	**17,853,462**	**395,285,924**
Contract assets	**–**	**112,881,903**	**756,777,066**	**869,658,969**
	2,289,786,841	**1,212,048,629**	**817,347,777**	**4,319,183,246**
Financial Liabilities				
Financial liabilities at amortized cost:				
Loans payable**	**–**	**1,760,193,681**	**6,754,037,779**	**8,514,231,460**
Lease liabilities	**–**	**45,073,615**	**284,278,085**	**329,351,700**
Accounts payable and accrued expenses*	**650,982,009**	**–**	**–**	**–** **650,982,009**
	650,982,009	**1,805,267,296**	**7,038,315,864**	**9,494,565,169**
Net financial assets (liabilities)	**₱1,638,804,832**	**₱ (593,218,667)**	**₱(6,220,968,087)**	**₱ (5,175,381,923)**

**Excluding statutory payables*

	31-Dec-2024 (Audited)			
	On demand	1 year or less	More than 1 year	Total
Financial Assets				
Financial assets at FVTPL	₱6,144,437	₱–	₱–	₱6,144,437
Financial assets at amortized cost:		–	–	–
Cash and cash equivalents	2,770,469,655	–	–	2,770,469,655
Short-term investments	200,000,000	–	–	200,000,000
Accounts receivable	218,790,240	498,570,242	–	717,360,482
Other receivables	–	–	30,561,241	30,561,241
Interest receivable	11,084,320	–	–	11,084,320
Refundable deposits	–	478,721	6,295,160	6,773,881
Restricted cash	–	217,290,257	18,051,626	235,341,883
Contract assets	–	161,320,397	675,168,269	836,488,666
	3,206,488,652	877,659,617	730,076,296	4,814,224,565
Financial Liabilities				
Financial liabilities at amortized cost:				
Loans payable**	–	1,263,628,373	6,881,665,545	8,145,293,918
Lease liabilities	–	35,678,238	583,479,239	619,157,477
Accounts payable and accrued expenses*	871,776,036	–	–	– 871,776,036
	871,776,036	1,299,306,611	7,465,144,784	9,636,227,431
Net financial assets (liabilities)	₱2,334,712,616	(₱421,646,994)	(₱6,735,068,488)	(₱4,822,002,866)

**Excluding statutory payables*

b. *Market Risk*

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

<u>Foreign Exchange Risk</u>

Foreign currency risk is the risk that the value of the Group's financial instruments denominated other than the Group's functional currency diminishes due to unfavorable changes in foreign exchange rates. The Group's transactional currency exposures arise from cash and cash equivalents, receivables and accounts payable and accrued expenses.

The Group's foreign currency-denominated financial instruments as of March 31, 2025 and December 31, 2024 are as follows:

	31-Mar-25 (Unaudited)		31-Dec-24 (Audited)	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Financial assets				
Cash and cash equivalents	**$ 1,752,674**	**₱ 100,270,621**	$1,846,319	₱97,454,974
Receivables	**-**	**-**	1,376,900	80,700,096
Restricted Cash	**312,069**	**17,853,462**	312,069	18,290,358
	2,064,743	**118,124,083**	3,535,288	196,445,428
Financial liabilities				
Accounts payable and accrued expenses	**88,197**	**5,045,772**	43,407	2,544,060
Net exposure	**$1,976,546**	**₱113,078,311**	$3,491,881	₱193,901,368

As of March 31, 2025 and December 31, 2024, the exchange rates used for conversion are ₱57.210 and ₱57.845 per $1, respectively.

There is no other impact on the Group's equity other than those already affecting income before income tax.

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's loans payable. Interest rate of loans payable is fixed for the first five (5) years or first seven (7) years and will be repriced thereafter.

There is no other impact on the Group's equity other than those already affecting income before income tax.

c. *Credit Risk*

Credit risk is the possibility of loss for the Group if its receivable counterparties fail to discharge their contractual obligations. With respect to credit risk arising from the other financial assets of the Group, which comprise of cash and cash equivalents, short-term investments, receivables, financial assets at FVTPL, and restricted cash, 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 and renewable energy businesses. The Group has a well-defined credit policy and established credit procedures. In addition, receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

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

	31-Mar-25	31-Dec-24
Financial assets:		
Cash in banks and cash equivalents	**₱2,042,276,179**	₱2,768,538,452
Short-term investments	**-**	200,000,000
Receivables	**997,859,432**	759,006,043
Restricted cash	**395,285,924**	6,144,437
Financial assets at FVTPL	**6,189,623**	6,773,881
Refundable deposits	**6,852,605**	235,341,883
Contract asset	**869,658,969**	836,488,666
	₱4,318,122,732	₱4,812,293,362

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The mechanics of the ECL calculations and the key elements are, as follows:

a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

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). In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The table below shows the aging by class of asset for the Group's financial assets and contract asset as of March 31, 2025 and December 31, 2024:

	31-Mar-2025 (Unaudited)			
	Current (High grade)	**More than 90 days (Standard grade)**	**Credit impaired**	**Total**
Financial assets:				
Cash and cash equivalents*	**₱2,042,276,179**	**₱–**	**₱–**	**₱2,042,276,179**
Short-term investments	**–**	**–**	**–**	**–**
Accounts receivable	**951,909,260**	**–**	**2,682,452**	**954,591,712**
Other receivables	**–**	**36,343,365**	**–**	**36,343,365**
Interest receivable	**6,924,355**	**–**	**–**	**6,924,355**
Financial assets at FVTPL	**6,189,623**	**–**	**–**	**6,189,623**
Refundable deposits	**6,852,605**	**–**	**–**	**6,852,605**
Restricted cash	**395,285,924**	**–**	**–**	**395,285,924**
Contract assets	**836,488,666**	**112,881,903**	**756,777,066**	**869,658,969**
	₱4,245,926,612	**₱149,225,268**	**₱759,459,518**	**₱4,318,122,732**

	31-Dec-2024 (Audited)			
	Current (High grade)	More than 90 days (Standard grade)	Credit impaired	Total
Financial assets:				
Cash and cash equivalents*	₱2,768,538,452	₱–	₱–	₱2,768,538,452
Short-term investments	200,000,000	–	–	200,000,000
Accounts receivable	717,360,482	–	2,682,453	720,042,935
Other receivables	–	30,561,241	–	30,561,241
Interest receivable	11,084,320	–	–	11,084,320
Financial assets at FVTPL	6,144,437	–	–	6,144,437
Refundable deposits	6,773,881	–	–	6,773,881
Restricted cash	235,341,883	–	–	235,341,883
Contract assets	836,488,666	–	–	836,488,666
	₱4,781,732,121	₱30,561,241	₱2,682,453	₱4,814,975,815

**excluding cash on hand*

Financial assets are classified as high grade if the counterparties are not expected to default in settling their obligations. Thus, credit risk exposure is minimal. Financial assets are classified as a standard grade if the counterparties settle their obligation with the Group with tolerable delays. Low grade accounts are accounts, which have probability of impairment based on historical trend. These accounts show propensity of default in payment despite regular follow-up actions and extended payment terms. The Group's cash in banks, cash equivalents, accounts receivable, interest receivable and restricted cash have high grade credit quality.

25. Segment Information

For management purposes, the Group is organized into business units based on their products and has four reportable segments as follows:

- The oil production segment is engaged in the oil and mineral exploration, development and production.
- The geothermal energy segment develops and operates geothermal steamfields and power plants.
- The solar energy segment carries out solar energy operations of the Group.
- Other activities pertain to research and investment activities.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

	31-Mar-2024 (Unaudited)						
	Oil Production	**Geothermal Energy**	**Solar Energy**	**Wind Energy**	**Other Activities**	**Elimination**	**Consolidated**
Segment revenue	**₱112,389,739**	**₱262,236,065**	**₱ 271,951,445**	**₱ 353,678,313**	**₱–**	**₱–**	**₱1,000,255,562**
Net income	**11,432,771**	**71,175,753**	**115,599,967**	**170,893,542**	**18,035,178**	**(106,334,930)**	**280,802,280**
Other comprehensive income (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other information:							
Segment assets except deferred tax asset	**₱6,385,131,523**	**₱6,044,787,927**	**₱7,766,698,567**	**₱6,924,726,899**	**₱7,705,875,584**	**₱(11,010,087,535)**	**₱23,817,132,965**
Deferred tax assets – net	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Segment liabilities except deferred tax liabilities	**₱2,843,961,242**	**₱ 2,030,101,689**	**₱3,632,637,991**	**₱ 2,934,588,563**	**₱178,615,548**	**₱ (1,828,707,571)**	**₱9,791,197,462**
Deferred tax liabilities - net	**(3,225,990)**	**3,750,804**	**4,615,001**	**10,157,130**	**(280,812)**	**(143,634,770)**	**(128,618,638)**
Provision for income tax	**₱43,107**	**₱ 5,634,683**	**₱ 7,118,627**	**₱22,005,657**	**₱ 630,444**	**₱ -**	**₱35,432,517**

	31-Dec-2024 (Audited)						
	Oil Production	Geothermal Energy	Solar Energy	Wind Energy	Other Activities	Elimination	Consolidated
Segment revenue	₱520,426,862	₱1,125,344,293	₱847,728,656	₱930,030,672	24,106,126	₱–	₱3,447,636,609
Net income	154,823,024	305,890,718	448,467,665	359,124,866	350,476,417	(737,369,969)	881,412,721
Other comprehensive income (loss)	1,220,527	(6,658,929)	108,412	61,034	(4,750,829)	–	(10,019,785)
Other information:							
Segment assets except deferred tax asset	₱6,485,362,987	₱5,455,416,838	₱7,061,065,330	₱6,929,267,771	₱7,842,842,525	(₱10,421,497,503)	₱23,352,457,948
Deferred tax assets – net	(₱3,225,990)	₱3,750,804	₱4,236,996	₱10,157,130	(₱280,812)	(₱6,455,341)	₱8,182,787
Segment liabilities except deferred tax liabilities	₱2,955,625,477	₱1,511,906,354	₱3,057,555,803	₱3,110,022,977	₱341,288,579	(₱1,371,146,222)	₱9,605,252,968
Deferred tax liabilities - net	₱–	₱–	₱–	₱–		₱138,837,688	₱138,837,688
Provision for income tax	₱15,436,222	₱22,016,377	₱20,206,143	₱51,666,271	₱3,092,743	₱–	₱112,417,756

InterGroup investments, revenues and expenses are eliminated during consolidation.

26. Basic/Diluted Earnings Per Share

The computation of the Group's earnings per share follows:

	Unaudited 31-Mar-2025	Unaudited 31-Mar-2024	Audited 31-Dec-2024
Net income attributable to equity holders of the Parent Company	**₱143,462,519**	₱185,523,586	₱ 471,809,019
Weighted average number of shares	**568,711,842**	568,711,842	568,711,842
Basic/diluted earnings per share	**₱0.2523**	₱0.3262	₱0.8296

Earnings per share are calculated using the net income attributable to equity holders of the Parent Company divided by the weighted average number of shares.

PERC does not have potentially dilutive common stock.

27. Non-controlling Interests

As of March 31, 2025 and December 31, 2024, the investment of Kyuden in PGEC resulted in an increase in NCI as discussed earlier (Note 22). Kyuden owns 25% of PGEC as of March 31, 2025 and December 31, 2024, respectively, while PERC owns 75% in both periods.

In 2023, the acquisition of EEIPC's ownership interests in PetroGreen, PetroWind and PetroSolar, as disclosed in Notes 1, 14 and 22, also resulted to changes in NCI as of December 31, 2023.

In 2023, PWEI issued shares in which NCI's subscription amounted to ₱204.41 million.

As of March 31, 2025 and December 31, 2024, the accumulated balances of and net income attributable to non-controlling interests are as follows:

	Unaudited 31-Mar-2025	Audited 31-Dec-2024
Accumulated balances of non-controlling interests:		
PetroGreen	**₱2,145,774,859**	₱2,220,570,583
PetroWind	**1,775,193,158**	1,587,245,283
MGI	**1,406,452,964**	1,381,541,451
RGEC	**356,737,640**	357,461,544
	₱5,684,158,621	₱5,546,818,861

	Unaudited 31-Mar-2025	Audited 31-Dec-2024
Net income attributable to non-controlling interests:		
PetroGreen	**₱44,794,734**	₱155,655,257
MGI	**24,911,514**	107,061,751
PetroWind	**68,357,417**	143,649,947
RGEC	**(723,904)**	3,236,747
	₱137,339,761	₱409,603,702

Dividends paid to non-controlling interests amounted to nil and ₱50.00 million as of March 31, 2025 and December 31, 2024, respectively.

Increase in non-controlling interests from stock issuances

PetroGreen

In September 2022, PetroGreen, PetroEnergy and Kyuden Internation Corporation (Kyuden), a wholly-owned subsidiary of Japan's Kyushu Electric Power Co., Inc., executed the Subscription Agreement and Shareholders' Agreement. Pursuant to the said documents, PetroGreen will issue 712,251,720 shares in two tranches in favor of Kyuden equivalent to 25% ownership interest in PetroGreen upon completion of the conditions precedent for the transaction.

In October 2022, PetroGreen received from Kyuden the payment for the subscription amounting to ₱3.37 billion, which is maintained in an escrow fund with a bank to be release based on the terms of the escrow agreement.

On October 14, 2022, transaction for the “Initial Closing” was completed. The subscription amount of ₱1.72 billion was released from the escrow account and the 363,244,840 shares coming from unissued shares of PetroGreen was issued in favor of Kyuden representing 14.53% ownership interest in PetroGreen.

On November 18, 2022, another ₱21.81 million was released from the escrow account representing the required 25% payment of the 25% subscribed shares for the increase in PetroGreen’s authorized capital stock as part of the “Pre-Approval Second Closing”. On December 14, 2022, SEC approved the application for increase in authorized capital stock from 2,500,000,000 shares at ₱1.0 par value to 2,849,006,880 shares with same par value.

As of December 31, 2022, the “Second Closing” under the Subscription Agreement is not yet completed since the fulfilment of the Conditions Precedent and the payment/release of the ₱1.63 billion remaining escrow fund was completed only on January 10, 2023. Effectively, Kyuden has 14.53% equity ownership in PetroGreen as of December 31, 2022. This resulted in an increase in non-controlling interest as of December 31, 2022 (see Note 22).

The amount of ₱1.65 billion representing the subscription amount for the “Pre-approval Second Closing” and “Second Closing” transactions are presented as separate line item as Deposit for Stock Subscription under the 2022 Equity section.

On January 10, 2023, the date of “Second Closing”, the remaining balance of the escrow account amounting to ₱1.63 billion was released and the stock certificate for the 349,006,880 subject shares was issued in favor of Kyuden. After the Second Closing on January 10, 2023, Kyuden already holds 25% ownership interest in PetroGreen.

PetroSolar
On March 28, 2022, the BOD and Stockholders approved the increase in PetroSolar’s authorized capital stock from ₱1,800,000,000 consisting of 18,000,000 shares at ₱100 par value per share, to ₱1,900,000,000 consisting of 19,000,000 shares at ₱100 par value per share. In compliance with Sec. 37 of the Revised Corporation Code, 25% or 250,000 shares of the authorized capital stock increase must be subscribed, and 25% or 62,500 shares of the subscribed capital stock must be paid up. Of the total subscribed capital stock amounting to ₱25,000,000, cash amounting to ₱6,250,000 equivalent to 62,500 shares was received by PetroSolar on April 6, 2022 as subscription payment for the proposed increase in authorized capital stock. PetroSolar filed its application for the approval of the proposed increase in authorized capital stock with the SEC on May 23, 2022. The said application was approved by the SEC on May 30, 2022. Upon approval, the 62,500 shares subscribed were treated as outstanding shares.

In 2023, the Group acquired the NCI in PetroSolar through PERC’s acquisition of EEIPC’s 44% ownership interest in PetroSolar. Details of the transaction are disclosed in Notes 1 and 22.

PetroWind
The business combination of PWEI in May 2023 resulted in NCI which represents the 40% ownership interest of BCPG in PetroWind. Details of the transaction are disclosed in Notes 1 and 14.

Rizal Green Energy Corporation
On April 23, 2024, Taisei Corporation of Japan signed an Investment Framework Agreement and Shareholders' Agreement with PGEC to acquire a 25% equity stake in RGEC. Following the fulfillment of the transaction's conditions precedent, the Subscription Agreement was signed on May 31, 2024. Taisei’s initial investment of ₱ 580.00 million for 2.50 million shares in RGEC and subsequent equity cash call contribution of ₱35.76 million resulted to an increase in non-controlling interest by ₱604.39 million (net of transaction cost of ₱11.36 million).

28. **Others**

a. The Interim Financial Report (March 31, 2025) is in compliance with generally accepted accounting principles.

b. The same policies and methods of computation were followed in the preparation of the interim financial report compared to the December 31, 2024 Consolidated Audited Financial Statements.

c. No unusual item or items affected the assets, liabilities, equity and cash flows of the March 31, 2025 Financial Statements.

d. Earnings per share is presented in the face of the unaudited statements of income for the period ended March 31, 2025 and December 31, 2024.

e. No significant events happened during the quarter that will affect the March 31, 2025 Unaudited Financial Statements.

f. There are no seasonal aspects that had a material effect on the financial condition or results of operation of the Company.

g. There is no foreseeable event that will trigger direct or contingent financial obligation that is material to the Company, including any default of accelerated obligation.

h. There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with other entities or persons that were created during the period.

i. There are no changes in estimates of amounts reported in prior periods of the current financial year or changes in estimates of amounts reported in prior financial years that could have material effect in the current period.

j. The Company has no contingent liabilities or assets during the period.

Item 2. Management's Discussion and Analysis or Plan of Operation

PART I – Management's Discussion and Analysis (Amounts are in Philippine Peso (P))

1. Consolidated Financial Position (March 31, 2025 and December 31, 2024)

	Unaudited 31-Mar-25	Audited 31-Dec-24	% Change	% of Total Assets
ASSETS				
Cash and cash equivalents	₱2,043,336,693	₱2,770,469,655	-26.25%	8.58%
Short term investments	-	200,000,000	-100.00%	0.00%
Restricted cash	377,432,462	217,290,257	73.70%	1.58%
Receivables	997,859,432	759,004,222	31.47%	4.19%
Financial assets at fair value through profit or loss (FVTPL)	6,189,623	6,144,437	0.74%	0.03%
Crude oil inventory	37,455,181	49,440,029	-24.24%	0.16%
Contract Assets - current portion	112,881,903	161,320,397	-30.03%	0.47%
Other current assets	383,508,466	434,581,875	-11.75%	1.61%
Property and equipment-net	15,851,365,339	14,974,940,788	5.85%	66.55%
Deferred oil exploration cost	457,986,953	431,416,713	6.16%	1.92%
Contract assets - net of current portion	756,777,066	675,168,269	12.09%	3.18%
Investment in joint venture and business combination	2,882,000	2,882,000	0.00%	0.01%
Right of use of assets	249,019,366	302,353,808	-17.64%	1.05%
Deferred tax assets-net	-	8,182,787	-100.00%	0.00%
Intagible assets and goodwill	868,229,398	875,957,481	-0.88%	3.65%
Investment properties-net	1,611,533	1,611,533	0.00%	0.01%
Other noncurrent assets	1,670,597,550	1,489,876,484	12.13%	7.01%
TOTAL ASSETS	**₱23,817,132,965**	**₱23,360,640,735**	1.95%	100.00%
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	667,939,678	899,967,148	-25.78%	2.80%
Loans payable - current	1,760,193,681	1,263,628,373	39.30%	7.39%
Lease liabilities - current	45,073,615	37,063,244	21.61%	0.19%
Income tax payable	67,735,220	32,721,792	107.00%	0.28%
Loans payable - net of current portion	6,754,037,779	6,881,665,545	-1.85%	28.36%
Lease liabilities - net of current portion	284,278,085	282,061,826	0.79%	1.19%
Asset retirement obligation	165,296,019	162,534,249	1.70%	0.69%
Deferred tax laibilities	128,618,638	138,837,688	-7.36%	0.54%
Other noncurrent liability	46,643,384	45,610,791	2.26%	0.20%
TOTAL LIABILITIES	**₱9,919,816,099**	**₱9,744,090,656**	1.80%	41.65%
EQUITY				
Attributable to equity holders of the Parent Company	8,213,158,245	8,069,731,218	1.78%	34.48%
Non-controlling interest	5,684,158,621	5,546,818,861	2.48%	23.87%
TOTAL EQUITY	**₱13,897,316,866**	**₱13,616,550,079**	2.06%	58.35%
TOTAL LIABILITIES AND EQUITY	**₱23,817,132,965**	**₱23,360,640,735**	1.95%	100.00%

Total assets amounted to ₱23.817 billion and ₱23.361 billion as of March 31, 2025 and December 31, 2024, respectively. Book value is at ₱14.44/share from ₱14.19/share.

Cash and cash equivalents consist of cash on hand, cash in banks and money market placements with original maturities of not more than three months. The 26.25% net decrease from ₱2.770 billion as of December 31, 2024 to ₱2.043 billion as of March 31, 2025 is mainly due to the following:

- Bugallon Green Energy Corporation's (BGEC), BKS Green Energy Corporation's (BKSGEC) and San Jose Green Energy Corporation's (SJGEC) payments for EPC contracts and various suppliers;
- Vaalco cash calls with no lifting proceeds as scheduled; and
- Other working capital requirements.

Short term investments with maturities of more than three months, decreased by 100% due to PGEC's conversion of short-term investments to cash and cash equivalents to be placed in money market placements and various special purpose vehicle's (SPV) expenditures.

Restricted cash increased as a result of additional funding of Debt Service Payment Account (DSPA) and Debt Service Reserve Account (DSRA) to be used for the next loan principal and interest payments.

The **Receivables** account mainly consists of receivables from electricity sales and lifting/sale of crude oil, with interest receivable as a minor component. The 31.47% increase is primarily due to PGEC's additional short-term advances to BGEC and BKSGEC for the construction of solar projects and electricity sales from PWEI, PSC, DGEC, and SJGEC from the testing and commissioning stages.

Financial assets at fair value through profit or loss (FVPL) amounted to ₱6.190 million and ₱6.144 million as of March 31, 2025 and December 31, 2024, respectively. The market prices of the portfolio are maintained resulting in minimal change in the account.

Crude oil inventory decreased as more barrels of crude were lifted than produced during the period.

Contract assets – current and non-current portions pertain to PWEI's and PSC's receivables from TransCo on FIT arrears, which are currently recorded at net present values since these will be collected over five (5) years. PWEI's and PSC's collections started in 2021 and 2022, respectively. The decrease for the current portion is due to the reclassification of the same to receivable account for the period January 1, 2020 to December 31, 2020. The increase in noncurrent portion is due to recording of additional FIT arrears and amortization of interest income using the adjusted FIT rates applied by TransCo, net of reclassification from non-current to current account.

Other current assets consist of supplies inventory, prepaid expenses, and other current assets. The bulk of the net decrease of 11.75% is due to the continuous amortization of prepaid expenses and MGI's refund of security deposit from PSALM relating only to long term lease.

Property and equipment-net amounted to ₱15.851 billion and ₱14.975 billion as of March 31, 2025 and December 31, 2024, respectively. The 5.85% net increase is mainly due to the following:

- MGI's acquisition of PSALM lots; and
- BGEC's and BKSGEC's solar project construction in proportion to payments for EPC progress billing and medium voltage power station, respectively.

Deferred oil exploration cost increased by 6.16% resulting from the continuous development of the Gabon oil field.

Investment in a joint venture and business combination refers to the investment in three newly incorporated SPVs namely: BuhaWind Energy Northern Luzon Corporation, BuhaWind Energy Northern Mindoro Corporation and BuhaWind Energy East Panay Corporation.

Right of use of assets and lease liabilities – these resulted from the adoption of the new PFRS 16 – leases in 2019. The 17.64% decline in Right of Use of Assets pertains to the derecognition of the account relating to long term lease as a result of MGI's acquisition of PSALM lots where access roads and steamfield are located.

Deferred tax assets/ liabilities – net resulted in timing differences in recognizing temporary deductible expenses and temporary taxable revenues such as accrued profit share, accretion expenses, accrued retirement liability, provision for probable losses, unrealized gains or losses and change in crude oil inventory.

Intangible assets and goodwill – *Goodwill from acquisition and consolidation of PWEI*
The Group's consolidated financial statements reflect the consolidation of PWEI after the completion of the

acquisition of 20% equity interest from EEI Power Corporation effective May 10, 2023. This is in addition to the PERC's existing 40% ownership through PGEC. The Group accounts for the acquired business using the acquisition method, which requires extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets, liabilities and contingent liabilities, if any, at the acquisition date. Any excess in the purchase price over the fair market values of the net assets acquired is recorded as goodwill in the consolidated statement of financial position. Judgment used in estimating the fair values to be assigned to the acquiree's assets and liabilities can materially affect the Group's financial position and performance.

Investment properties-net refers to land and parking lot space, where cost remains the same as of March 31, 2025.

Other non-current assets amounted to ₱1.671 billion and ₱1.490 billion as of March 30, 2025 and December 31, 2024, respectively. The 12.13% net increase is mainly due to the additions to Deferred Development Cost related to the exploration, development, production and expansion of various renewable energy projects.

Accounts payable and accrued expenses decreased by 25.78% mainly due to settlement of payables with contractors and suppliers.

Current portion of loans payable increased by 39.30% mainly due to MGI's short-term loan to finance the acquisition of Power Sector Asset and Liabilities Management (PSALM) lots.

Loans payable – net of current portion decreased by 1.85% due to the reclassification of a portion of loans from non-current to current after partial settlement.

Movement in Lease liabilities – current and non-current movement is mainly due to the interest recognized during the period.

The increase in **Income tax payable** account mainly pertains to additional set-up of provision during the period.

Asset retirement obligation amounted to ₱165.296 million and ₱162.534 million as of March 31, 2025 and December 31, 2024, respectively. The 1.70% increase mainly pertains to accretion made during the period.

Other non-current liability includes the Group's accrued retirement liability account. The net increase of 2.26% is mainly due to accrual of employees' retirement-related obligation.

Equity attributable to equity holders of the Parent Company amounted to ₱8.213 billion or ₱14.44 book value per share and ₱8.070 billion or ₱14.19 book value per share, as of March 31, 2025 and December 31, 2024, respectively. The increase in total Equity is mainly due to the continuous income generation from the renewable energy and oil operations.

Non-controlling interest (NCI) pertains to the following:
- 25% share of Kyuden in PetroGreen as of March 31, 2025 and December 31, 2024;
- 25% direct share of AC Energy, the 10% direct share of PNOC-RC, and 16.25% (25% of the 65% of PGEC) indirect share of Kyuden in MGI as of March 31, 2025 and December 31, 2024;
- 14% (25% of 56% share of PGEC) total indirect share of Kyuden in PSC as of March 31, 2025 and December 31, 2024;
- 40% direct share of BCPG in PWEI as March 31, 2025 and December 31, 2024; and
- 25% direct share of Taisei in RGEC as of March 31, 2025 and December 31, 2024

Non-controlling interest increased by 2.48% from ₱5.547 billion to ₱5.684 billion due to PERC's acquisition of EEIPC's ownership interests in PetroGreen, PetroWind and PetroSolar and Taisei's investment in RGEC in May 2024.

2. Consolidated Financial Performance (as of March 31, 2025 and as of March 31, 2024)

	Unaudited		% Change	% to Total Revenues
	31-Mar-25	31-Mar-24		
REVENUES				
Electricity sales	885,307,929	785,852,912	12.66%	88.51%
Oil revenues	112,389,739	139,797,833	-19.61%	11.24%
Other revenues	2,557,894	19,446,299	-86.85%	0.26%
	1,000,255,562	945,097,044	5.84%	100.00%
COST OF SALES				
Cost of sales - Electricity	376,686,252	308,345,798	22.16%	37.66%
Oil production operating expenses	101,357,867	107,081,132	-5.34%	10.13%
Change in crude oil inventory	11,984,848	(10,540,127)	-213.71%	1.20%
Cost of sales - Others	2,347,971	19,192,621	-87.77%	0.23%
	492,376,938	424,079,424	16.10%	49.23%
GROSS INCOME	507,878,624	521,017,620	-2.52%	50.77%
GENERAL AND ADMINISTRATIVE EXPENSES	80,043,822	84,088,535	-4.81%	8.00%
OTHER INCOME (CHARGES)				
Interest income	34,692,502	46,370,447	-25.18%	3.47%
Net unrealized foreign exchange gain (loss)	(1,094,861)	1,022,948	-207.03%	-0.11%
Net unrealized gain (loss) on fair value changes on financial assets at FVPL	45,186	100,527	-55.05%	0.00%
Interest expense	(147,089,974)	(133,118,268)	10.50%	-14.71%
Accretion expense	(3,261,157)	(3,199,041)	1.94%	-0.33%
Miscellaneous income (charges)	5,108,299	4,297,217	18.87%	0.51%
	(111,600,005)	(84,526,170)	32.03%	-11.16%
INCOME BEFORE INCOME TAX	316,234,797	352,402,915	-10.26%	31.62%
PROVISION FOR INCOME TAX	35,432,517	30,677,519	15.50%	3.54%
NET INCOME	280,802,280	321,725,396	-12.72%	28.07%
NET INCOME ATTRIBUTATBLE TO:				
Equity Holders of the Parent Company	143,462,519	185,523,586	-22.67%	14.34%
Noncontrolling interest	137,339,761	136,201,810	0.84%	13.73%
NET INCOME	280,802,280	321,725,396	-12.72%	28.07%

The Group's **consolidated net income** amounted to ₱280.802 million and ₱321.725 million for the 1st quarter ending March 31, 2025 and for the same period in 2024. For the first quarter of 2025, the **consolidated net income attributable to equity holders of the Parent Company** amounted to ₱143.463 million or ₱0.252 earnings per share as compared with ₱185.524 million or ₱0.326 earnings per share for the same period in 2024.

The increase in revenues is due to the following RE projects' testing and commissioning generation:

- Nabas-2's 6.6MW first three (3) WTGs starting April 4, 2024;
- DSPP's 27MW_{DC} solar plant starting November 12, 2024 and;
- SJSPP's 19.6MW_{DC} solar plant starting December 21, 2024.

The increase in cost of sales is primarily due to the operating costs including depreciation, operations and maintenance (O&M), security services and insurance of the above three (3) projects which are under testing and commissioning stage. The depreciation expense of recently capitalized expenditures of MGI added to the increased cost of sales.

Bulk of the other income (charges) account relates to interest expense which increased due to PWEI's and DGEC's project loans.

Despite the increase in revenues, the consolidated net income attributable to equity holders of the Parent Company decreased by 22.67% mainly due to the decline in crude oil revenues and decreased Independent Market Operator (IEMOP) related purchase transactions.

Revenues:

Electricity sales refer to the electricity power generation from MGPP, TSPP and NWPP. The 12.66% net increase in 2025 versus same period last year is due to testing and commissioning revenues of Nabas-2's first three (3) WTGs, DGEC and SJGEC.

Oil revenues decreased by 19.61% from ₱139.798 million as of March 31, 2024 to ₱112.390 million in March 31, 2025 mainly due to lower crude oil production barrels from average 464Kbbl to 435Kbbl and decline in crude oil price from average US$82.81/bbl to US$75.74/bbl from March 31, 2025 to same period in 2024.

Other revenues pertain to passed on Meralco wheeling, ancillary and transmission charges and Wholesale Electricity Spot Market (WESM) transactions. The decreased is mainly due to IEMOP related purchase transactions for the period.

Pass-on charges/costs are reflected in cost of sales-others to offset and close the amount recorded in other revenues account.

Costs and Expenses:

Cost of electricity sales pertain to the direct costs of generating electricity power including operating and maintenance costs (O&M) of all RE subsidiaries' power plants. The increase is mainly due to the consolidation of PWEI's financials, testing and commissioning activities of DGEC and SJGEC and MGI's increased non-cash expenses relating to the depreciation of additional capital assets.

Oil production operating expenses decreased by 5.34% due to adjustments upon finalization of the previous months' initial estimates.

Any oil produced but not delivered is recognized as crude oil inventory valued at its current crude oil price (net realizable value). The movement in crude oil inventory is presented as **Change in crude oil inventory**.

General and Administrative Expenses, Other Income (Charges) and Provision for Income Tax:

General and administrative expenses (G&A) decreased by 4.81% mainly due to lower expenses since YTD March 2025 includes non-recurring documentary stamp taxes relating to the conversion of PERC's short-term loan to long term.

Other income (charges) amounted to (₱111.600) million and (₱84.491) million as of March 31, 2025 and March 31, 2024, respectively. Below presents the itemized discussion of the changes in other income (charges) – net account.

- 25.18% decrease in **interest income is** due to PGEC's reduced money market investments because funds were already used to finance new RE projects, coupled with lower average interest rates compared to same period last year.
- downward movement from forex gain of ₱1.023 million to forex loss of ₱1.095 million for the quarter mainly due to conversion of USD accounts to Peso;
- decrease in the market prices of the investments in FVPL, from unrealized gain of ₱0.101 million to of ₱0.045 million;
- increase in **accretion expense** is mainly due to change in asset retirement obligation estimates as a result of year-end audit.

- bulk of the **interest expense** pertains to interest due on loans. The increase in interest expense of 10.50% from ₱133.118 million as of March 31, 2024 to ₱147.090 million as of March 31, 2025 is mainly due to new loan drawdowns for Nabas-2, MGI and DSPP projects. These are partially offset by reduction in RE subsidiaries' interest expense due to continuous loan principal repayments.

- increase in **miscellaneous income** is mainly due to management fees billed to renewable energy subsidiaries and PWEI's insurance proceeds from Business Interruption claims on WTG 1 generator breakdown and WTG10 damage blade pitch cylinder incident.

Provision for income tax:
Provision for income tax current pertains to the following:
- PSC's income tax – 5.00% special gross income tax under the PEZA incentives;
- MGI's 10% special corporate income tax rate, after the 7-year income tax holiday (for the MGPP-1), which ended last February 8, 2021, as part of its BOI incentives under RE Law;
- PWEI's 10% special corporate income tax rate since the 7-year income tax holiday of NWPP-1 has ended last June 9, 2022 and NWPP-2's 25% regular income tax; and
- PERC's and PGEC's 2% minimum corporate income tax.

Net Income Attributable to Non-controlling interest (NCI) is computed using the following equity holdings as of March 31, 2025 and March 31, 2024:
- 25% share of Kyuden in PetroGreen as of March 31, 2025 and March 31, 2024;
- 25% direct share of AC Energy, 10% direct share of PNOC-RC as of March 31, 2025 and nil as of March 2024;
- 14% (25% of 56% share of PGEC) total indirect share of Kyuden in PSC as of December 31, 2024, nil as of March 2024; and
- 40% share of BCPG in PWEI as of March 31, 2025 and March 31, 2024; and
- 25% direct share of Taisei in RGEC as March 31, 2025 and nil in March 31, 2024.

3. Consolidated Financial Position (March 31, 2025 and March 31, 2024)

	31-Mar-25	31-Mar-24	% Change	% in Total Assets
ASSETS				
Cash and cash equivalents	2,043,336,693	₱3,944,592,810	-48.20%	8.58%
Restricted cash	377,432,462	374,251,690	0.85%	1.58%
Receivables	997,859,432	722,951,569	38.03%	4.19%
Financial assets at fair value through profit and loss (FVTPL)	6,189,623	7,059,247	-12.32%	0.03%
Contract Assets - current portion	112,881,903	93,866,114	20.26%	0.47%
Crude oil inventory	37,455,181	24,216,179	54.67%	0.16%
Other current assets	383,508,466	280,707,857	36.62%	1.61%
Property and equipment-net	15,851,365,339	12,372,701,414	28.12%	66.55%
Deferred oil exploration cost	457,986,953	410,338,944	11.61%	1.92%
Contract assets - net of current portion	756,777,066	662,603,813	14.21%	3.18%
Investment in joint venture and business combination	2,882,000	2,882,000	0.00%	0.01%
Right of use of asset	249,019,366	316,999,128	-21.44%	1.05%
Deferred tax assets-net	-	18,691,787	-100.00%	0.00%
Intagible assets and goodwill	868,229,398	1,166,357,242	100.00%	3.65%
Investment properties-net	1,611,533	1,611,533	0.00%	0.01%
Other noncurrent assets	1,670,597,550	1,618,831,703	3.20%	7.01%
TOTAl ASSETS	**₱23,817,132,965**	**₱22,018,663,030**	8.17%	100.00%
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	667,939,678	687,662,241	-2.87%	2.80%
Loans payable - current	1,760,193,681	1,691,082,703	4.09%	7.39%
Lease liabilities - current	45,073,615	61,319,984	-26.49%	0.19%
Income tax payable	67,735,220	44,075,621	53.68%	0.28%
Loans payable - net of current portion	6,754,037,779	6,071,153,898	11.25%	28.36%
Lease liabilities - net of current portion	284,278,085	269,881,742	5.33%	1.19%
Asset retirement obligation	165,296,019	171,349,371	-3.53%	0.69%
Deferred tax liabilites-net	128,618,638	-	0.00%	0.54%
Other noncurrent liability	46,643,384	31,345,890	48.80%	0.20%
TOTAL LIABILITIES	**9,919,816,099**	**9,027,871,450**	9.88%	41.65%
EQUITY				
Attributable to equity holders of the Parent Company	8,213,158,245	8,017,819,653	2.44%	34.48%
Non-controlling interest	5,684,158,621	4,972,971,927	14.30%	23.87%
TOTAL EQUITY	**13,897,316,866**	**12,990,791,580**	6.98%	58.35%
TOTAL LIABILITIES AND EQUITY	**₱23,817,132,965**	**₱22,018,663,030**	8.17%	100.00%

Total assets amounted to ₱23.817 billion and ₱22.019 billion as of March 31, 2025 and March 31, 2024, respectively. Book value increased to ₱14.44/share from ₱14.10/share.

Cash and cash equivalents consist of cash on hand, cash in banks and money market placements with original maturities of not more than three months. The 48.20% net decrease from ₱3.945 billion as of March 31, 2025 to ₱2.043 billion as of March 31, 2024 is due to the following:

- PGEC's progress billing payments for the installation of rooftop solar PV system at Isuzu Autoparts Manufacturing Corporation and down payment for Northern Luzon's Light Detection and Ranging (LiDar);
- BGEC's, BKSGEC's and SJGEC's payments for EPC contracts and various suppliers;
- Vaalco cash calls; and

- Other working capital requirements.

Restricted cash increased as a result of additional funding of Debt Service Payment Account (DSPA) and Debt Service Reserve Account (DSRA) to be used for the next loan principal and interest payments.

The **Receivables** account mainly consists of receivables from electricity sales and lifting/sale of crude oil revenue. The 38.03% increase is mainly due to PWEI's, DGEC's, and SJGEC's testing and commissioning revenues and from timewriting for services provided by PERC and PGEC employees for Offshore Wind (OSW) Projects, covering the period, July 2023 to December 2024.

Financial assets at fair value through profit or loss (FVTPL) decreased by 12.32% from ₱ to ₱7.059 million to ₱6.190 million mainly due to decline in the market prices of the investment portfolio.

Crude oil inventory increased mainly due to higher production compared to the total liftings during the period.

Other current assets consist of supplies inventory, prepaid expenses, and other current assets. The bulk of the 36.62% net increase is mainly due to advance payment for EcoSolar Energy Corporation's (ESEC) rent and option fees for the land located at the project site in Panitan Capiz

Property and equipment- net amounted to ₱15.851 billion and ₱12.373 billion as of March 31, 2025 and March 31, 2024, respectively. The 28.12% net increase is mainly due to thefollowing:

- PWEI's acquisition of land for Nabas-2 and MGI's acquisition of PSALM lots;
- BGEC's and BKSGEC's solar project construction in proportion to payments for EPC progress billing and medium voltage power station; and
- additions to construction in progress on main balance of plant for Nabas-2 Wind Power Project, net of continuous depreciation of the Renewable Energy Power Plants, depletion of oil assets and other assets.

Deferred oil exploration cost amounted to ₱457.987 million and ₱410.339 million as of March 31, 2025 and March 31, 2024, respectively. The account increased by 11.61% resulting from the continuous development of the Gabon oil field.

Contract assets – current and non-current portions pertain to PWEI's and PSC's receivables from TransCo on FIT arrears, which are currently recorded at net present values since these will be collected over five (5) years. PWEI's and PSC's collections started in 2021 and 2022, respectively. The increase is due to higher incremental revenue used for the period January 1, 2020 to December 31, 2020. For noncurrent portion, increase is due to recording of additional FIT arrears and amortization of interest income using the adjusted FIT rates applied by TransCo, net of reclassification from non-current to current account.

Investment in a joint venture and business combination refers to the investment in three newly incorporated SPVs namely: BuhaWind Energy Northern Luzon Corporation, BuhaWind Energy Northern Mindoro Corporation and BuhaWind Energy East Panay Corporation.

Right of use of assets declined by 21.44% because of the derecognition of the account relating to long term lease as a result of MGI's acquisition of PSALM lots.

Deferred tax assets/ liabilites – net resulted in timing differences in recognizing temporary deductible expenses and temporary taxable revenues such as accrued profit share, accretion expenses, accrued retirement liability, provision for probable losses, unrealized gains or losses and change in crude oil inventory.

Bulk of **Intangible assets and goodwill** pertain to assets recognized as a result of business combination of PWEI.

Investment properties-net refers to land and parking lot space, with the cost remaining the same as of March 31, 2025.

Other non-current assets amounted to ₱1.671 billion and ₱1.619 billion as of March 31, 2025 and March 31, 2024, respectively. The 3.20% net increase is mainly due to deferred development costs related to the exploration, development, production and expansion of various renewable energy projects.

Accounts payable and accrued expenses decreased by 2.87% mainly due to settlement of payables to contractors and suppliers.

Current portion of loans payable increased by 4.09% due to MGI's short-term loan to finance the acquisition of Power Sector Asset and Liabilities Management (PSALM) lots and PWEI's additional short-term loan for Nabas-2 project.

Loans payable – net of current portion increased by 11.25% due to DGEC's loan drawdowns for EPC contract.

Lease liabilities – current net decrease of 26.49% is mainly due to annual payment of land lease for TSPP-1.

Lease liabilities – net of current portion increased mainly due to the amortization of interest expense recognized during the period.

The increase in **Income tax payable** account mainly pertains to additional set-up of provision during the period.

Asset retirement obligation amounted to ₱165.30 million and ₱171.35 million as of March 31, 2025 and March 31, 2024, respectively. The 3.53% decrease mainly pertains to foreign exchange rate adjustments during the period.

Other non-current liability pertains to the Group's accrued retirement liability account.

Equity attributable to equity holders of the Parent Company amounted to ₱8.213 billion or ₱14.44 book value per share and ₱8.018 billion or ₱14.10 book value per share, as of March 31, 2025 and March 31, 2024, respectively. The increase in total Equity is mainly due to the continuous income generation from the renewable energy and oil operations.

Non-controlling interest (NCI) pertains to the following:

- 25% share of Kyuden in PetroGreen as of March 31, 2025 and March 31, 2024;
- 25% direct share of AC Energy, the 10% direct share of PNOC-RC, and 16.25% (25% of the 65% of PGEC) indirect share of Kyuden in MGI as of March 31, 2025 and March 31, 2024;
- 14% (25% of 56% share of PGEC) total indirect share of Kyuden in PSC as of March 31, 2025 and March 31, 2024;
- 40% direct share of BCPG in PWEI as March 31, 2025 and March 31, 2024; and
- 25% direct share of Taisei in RGEC as of March 31, 2025 and nil in March 31 , 2024.

Non-controlling interest increased by 14.30% from ₱4.973 billion to ₱5.684 billion due to PERC's acquisition of EEIPC's ownership interests in PetroGreen, PetroWind and PetroSolar and Taisei's investment in RGEC.

<u>Key performance indicators</u>
– Refer to the Schedule of Financial Soundness Indicators

Material Commitments
Aside from the committed developments of the prospective projects, there are no other foreseen material commitments during the period.

Productivity Program
The development of the prospective renewable energy projects will increase the Group's capacity and power generation, while the prospective four-well drilling program in Gabon Etame, aimed to sustain field production to above 20,000 BOPD.

Receivable Management
The group's receivables are mainly due from sale of electricity to AC Energy and Transco and crude oil in Etame Gabon, through the consortium operator. These are being recorded once sale is made. Payment is received every 30-45 days following each sale.

For electricity sales of TSPP-1 and NWPP-1, the payment for the Actual FIT Revenue is sourced from the FIT-All Fund, specifically the Actual FIT Differential (FD) and the Actual Cost Recovery Revenue (ACRR). The FD is the difference between the Actual FIT Revenue and the ACRR and is collected from on-grid consumers as a uniform charge and applied to all billed kilowatt-hours. For FIT-Eligible RE Plants connected to the Wholesale Electricity Spot Market ("WESM"), the ACRR refers to the WESM proceeds remitted to the FIT-All Fund by the Independent Electricity Market Operator of the Philippines, Inc. ("IEMOP"), which took over the Philippine Electricity Market Corporation ("PEMC") as operator of the electricity spot market. PWEI and PSC regularly receive the both the ACRR and FD components within forty five (45) days after billing date.

PWEI and PSC manage this risk through proper and meticulous allocation of funds, proper timing of expenditures, employment of cost-cutting measures, and sourcing short-term funding requirements from local banks and investment houses or from affiliated companies.

For the twenty-one (21) years since oil production inception, there was no event that the buyer failed to remit the proceeds of the sale. However, the group is willing to look for another buyer should there be some problem that may happen in the future.

Liquidity Management
Management of liquidity requires a flow and stock perspective. Constraint such as political environment, taxation, foreign exchange, interest rates and other environmental factors can impose significant restrictions on firms in management of their financial liquidity.

The Group considers the above factors and pays special attention to its cash flow management. The Company identifies all its cash requirements for a certain period and invests unrestricted funds to money market placements to maximize interest earnings.

The Group does not anticipate any cash flow or liquidity problems within the next twelve (12) months. The Group is not in default of any, note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments.

Inventory Management
The only inventory is the crude oil produced in Gabon. The buyer lifts certain volume and pays the same in 30 days. The operator sees to it that crude oil inventory does not reach 800,000 barrels at any one time to avoid overflow and to generate revenues to cover production costs.

Cost Reduction Efforts
In order to reduce costs, the Group employs a total of one hundred eighty-nine (189) employees with multi-task assignments. The group also implements request for quotations to compare prices, quality of the products and services and negotiate the payment terms.

The Company's general and administrative expense is equivalent to 8.90% of the total revenue.

Rate of Return of Each Stockholder

The Company has no existing dividend policy. However, the Company intends to declare dividends in the future in accordance with the Corporation Code of the Philippines. Dividend declared for three (3) most recent years follows:

Date of Declaration	Dividends per Share		Record Date	Payment Date
	Cash	Stock		
July 28, 2022	5%		August 15, 2022	September 8, 2022
November 29, 2023	5%		December 14, 2023	December 28, 2023
July 18, 2024	5%		August 8, 2024	August 30, 2024

Financial Disclosures in view of the current global financial condition:

The Group Assess the financial risks exposures of the Company and its subsidiaries particularly on currency, interest credit, and market and liquidity risks. If any change thereof would materially affect the financial condition and results of operation of the Company, provide a discussion in the report on quantitative impact or such risks and include a description of enhancement in the company's risk management policies to address the same:

The Group's principal financial instruments include cash and cash equivalents, trading and investment securities (financial assets at FVPL) and receivables. The main purpose of these financial instruments is to fund the Company's working capital requirements.

Financial Risk Management Objectives and Policies.
Please refer to Note 24.

Operations Review and Business Outlook

A. OIL EXPLORATION

Foreign Operations

Gabon, West Africa

The daily oil production of the four oil platforms (Ebouri, Etame, North Tchibala and Avouma) for the 1st quarter ranged from 12,319 to 16,435 barrels of oil per day (BOPD). The fluctuation in the daily production is mainly attributed to brief downtime of Avouma and Etame platform power generators and/or gas lift compressors (GLC).

The total cargo lifted by the Consortium for the 1st Quarter of 2025 amounted to 1.29 million barrels of oil (MMBO). To date, the Etame Marin Field has already produced ~143.73 MMBO since production started in 2002.

Philippine Operations

Service Contract 14C2 – West Linapacan, Northwest Palawan

In line with its 2025 approved work program, the SC 14C2 consortium progressed with the conduct of reservoir engineering study. Results of the study will be integral for well siting and design.

Service Contract 75 – Offshore Northwest Palawan

SC 75 consortium is waiting for official notice from DOE regarding resumption of operations. Upon lifting of force majeure, consortium will proceed with conduct of survey planning and acquisition of new seismic data.

Summary of Petroleum Properties:

Contract No.	Contract Expiry	Participating Interest %	Location
Foreign Contract			
Production Sharing Contract (PSC) 93 – Gabon	2028	2.525%	Gabon Offshore
Philippine Service Contracts (SC)			
SC 14C2 – West Linapacan, Northwest Palawan	2025	4.137%	Northwest Palawan
SC 75 – Offshore Northwest Palawan	2025	15.000%	Northwest Palawan

The Company derives its petroleum revenues from its Gabon Operations. All contractual obligations with the Gabonese Government are complied with. One of the Company's petroleum Service Contracts in the Philippines (SC 75) is in exploration stage, and one (SC 14C2) contract is being farmed out to reduce risk inherent to the business.

B. RENEWABLE ENERGY PROJECTS

Maibarara Geothermal Power Project

For the 1st Quarter, the 20-MW Maibarara-1 (MGPP-1) and 12-MW Maibarara-2 (MGPP-2) Geothermal Power Plants were in continuous operation. From January 1 to March 31, 2025, the combined net exported output was 64,430.00 MWh (40,410.50 MWh from MGPP-1 and 24,019.50 MWh from MGPP-2).

Nabas Wind Power Project

The 36-MW Nabas-1 Wind Power Plant (NWPP-1) of PetroWind Energy Inc. (PWEI) was in continuous operation during the period of January 1-March 31, 2025. The total net energy exported to the grid was 35,376.19 MWh.

Following National Grid Corporation of the Philippines's (NGCP) issuance of Provisional Certificate of Approval to Connect (PCATC) on April 4, 2024, PWEI commenced testing and commissioning of Nabas 2 Wind Power Plant (NWPP-2) first three (3) wind turbines. From January 1 to March 31, 2025, NWPP-2 exported a total of 10,344.19

MWh to the grid. Meanwhile, site preparation activities at remaining three turbine sites (i.e. clearing/ grubbing & grading/levelling of platform and access roads) began in January 2025.

Tarlac Solar Power Project

The 50-MW_{DC} Tarlac-1 (TSPP-1) and 20-MW_{DC} Tarlac-2 (TSPP-2) Solar Power Plants were on continuous operations during the first quarter with the combined net exported output of 24,790.61 MWh (17,433.19 MWh from TSPP-1 and 7,357.41 MWh from TSPP-2).

San Vicente Wind Power Project

PGEC is currently exploring offtake arrangements (i.e. bilateral agreements or a future electricity market in Palawan) other than the CSP from PALECO which remains restrictive. Moreover, PGEC is coordinating with the National Power Corporation (NPC) regarding the completion of the contemplated connection point of the project, San Vicente-Alimanguan 69 kV transmission line. In parallel, PGEC is in constant dialogue with wind turbine suppliers and other third-party service providers with the aim of firming up project costs.

Dagohoy Solar Power Project

While the project is under Testing and Commissioning (T&C), DSPP exported a total output of 8,934.96 MWh to the grid for the period of January 1 to March 31, 2025. Final Certificate of Approval to Connect (FCATC) is expected to be issued by NGCP before end of April 2025.

San Jose Solar Power Project

While the project is under Testing and Commissioning (T&C), SJSPP exported a total output of 8,008.42 MWh to the grid for the period of January 1 to March 31, 2025. FCATC is expected to be issued by NGCP before end of April 2025.

Bugallon Solar Power Project

Construction of the solar farm and grid connection facilities continue to progress. As of March 31, 2025, the EPC contractor has substantially completed the civil works related to the substation, main control building, medium voltage power stations (MVPS), and materials recovery facility (MRF).

Limbauan Solar Power Project

Construction of the solar farm and grid connection facilities continue to progress. Notable accomplishments for Q1 2025 include the substantial completion of civil works for the property fencing and main control building, as well as the successful installation of the first array of solar panels.

Northern Luzon Offshore Wind Power Project

BuhaWind Energy Northern Luzon Corporation (BENLC) application for Environment Compliance Certificate (ECC) covering the the Pre-Development Stage is currently evaluated by the Department of Environment and Natural Resources (DENR) with target issuance before end of Q2 2025. In the meantime, BENLC progressed with preparatory activities for the wind measurement campaign (i.e. securing of wind measurement sites, permitting, and engagement of third-party service providers) and preparation of Facility Study.

Northern Mindoro Offshore Wind Power Project and East Panay Offshore Wind Power Project

Following the issuance of NGCP Offer of Service (OOS) to BuhaWind Energy Northern Mindoro Corporation (BENMC) last December 19, 2024, the SIS for the Northern Mindoro Offshore Wind Power Project is expected to be issued before the end of Q2 2025.

Plan of Operations for the next 12 months

Etame EPSC - Gabon, West Africa
Crude production from existing wells will continue, while two new wells are scheduled to commence production by Q4 2025.

SC 14C2 - West Linapacan, Northwest Palawan
Reservoir engineering study and finalize location and design of a new well.

SC 75 - Offshore Northwest Palawan
Exploration activities have been suspended due to the force majeure imposed by the DOE. Remaining project commitments would be implemented upon the lifting of force majeure by the agency.

Maibarara Geothermal Power Project
Power generation from both Maibarara-1 and Maibarara-2 will continue.

Nabas Wind Power Project
Nabas Wind Power Project (Phase 1) will continue operations while the initial three WTGs from Nabas Wind Power Project (Phase 2) will continue to supply power to the grid. The three remaining WTGs are scheduled to be energized by Q4 2025.

Tarlac Solar Power Project
TSPP-1 and TSPP-2 will continue to supply electricity to the grid.

Enrique T. Yuchengco Bldg. Rooftop Solar Power Project (ETY)
The ETY rooftop solar facility will continue to supply electricity to the ETY building.

Mapua Malayan Colleges of Mindanao Rooftop Solar Project (MMCM)
The MMCM rooftop solar facility, commissioned on July 8, 2024, will continue to supply electricity to Mapua Malayan Colleges of Mindanao.

Dagohoy Solar Power Project
DSPP to continue T&C activities. Upon receipt of NGCP FCATC by April 2025, DGEC to secure approved Certificate of Compliance (COC) from the Energy Regulatory Commission (ERC).

San Jose Solar Power Project
SJSPP to continue T&C activities. Upon receipt of NGCP FCATC, SJGEC to secure ERC COC.

Isuzu Autoparts Manufacturing Corporation (IAMC) Solar Rooftop Project
The EPC contractor will continue construction of the solar rooftop facilities.

Bugallon Solar Power Project
The EPC contractor will continue construction of the solar farm and grid connection facilities.

Limbauan Solar Power Project
The EPC contractors will continue construction of the solar farm and grid connection facilities.

San Vicente Wind Power Project
PGEC will continue to engage with third-party service providers with the aim of finalizing project costs.

Northern Luzon Offshore Wind Power Project
BENLC to proceed with pre-development activities, namely, 1) commencement of on-site wind measurement campaign by Q2 2025, 2) completion and securing NGCP approval of Facility Study by Q3 2025, 3) commencement of environmental/ social studies and 4) commencement of geophysical and geotechnical campaigns.

Northern Mindoro Offshore Wind Power Project and East Panay Offshore Wind Power Project

Pre-development activities for the NMOWPP and EPOWPP will continue, specifically preparatory activities for the 1) on-site wind measurement campaigns, 2) geophysical and geotechnical campaigns, 3) environmental permitting works.

For NMOWPP, the SIS is expected to be issued before end of Q2 2025.

PART II – Other Information

The Company has no other information that need to be disclosed other than disclosures made under SEC Form 17-C (if any).

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68 MARCH 31, 2025

Philippine Securities and Exchange Commission (SEC) issued the revised Securities Regulation Code Rule SRC Rule 68 which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by Revised SRC Rule 68 that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets

The Group is not required to disclose the financial assets in equity securities as the total financial assets at fair value through profit and loss securities amounting to ₱6.19 million do not constitute 5% or more of the total current assets of the Group as of December 31, 2023.

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

As of March 31, 2024, there are no amounts receivable from directors, officers, employees, related parties and principal stockholders that aggregates each to more than ₱100,000 or 1% of total assets which-ever is less.

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

The following is the schedule of receivables from related parties, which are eliminated in the consolidated financial statements as of March 31, 2025:

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts written off	Not Current	Balance at end of period
PetroGreen Energy Corporation	₱35,599,523	₱1,003,578	₱2,394,248	₱–	₱–	₱ 34,208,853
PetroWind Energy Inc.	1,659,094	1,151,020	1,406,418	–	–	1,403,696
Maibarara Geothermal, Inc.	293,884	661,516	-	–	–	955,400
PetroSolar Corporation	1,616,724	892,371	1,398,622	–	–	1,110,473
Dagohoy Green Energy Corporation	1,204,180	594,013	-	-	-	1,798,193
Rizal Green Energy Corporation	46,796	20,000	-	-	-	66,796
San Jose Green Energy Corporation	37,391	578,006	37,391	-	-	578,006
BKS Green Energy Corporation	22,460	520,000	-	-	-	542,460
Bugallon Green Energy Corporation	9,348	524,009	9,348	-	-	524,009
Ecosolar Energy Corporation	-	30,050	-	-	-	30,050
	₱40,489,400	₱5,974,563	₱5,246,027	₱–	₱–	₱41,217,936

Schedule D. Long-term Debt

Please refer to the Consolidated Audited Financial Statement, Note 20 for details of the loans.

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

The Group has no outstanding long-term indebtedness to related parties as of March 31, 2024.

Schedule F. Guarantees of Securities of Other Issuers

The Group does not have guarantees of securities of other issuers as of March 31, 2024.

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of Shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	700,000,000	568,711,842	–	173,865,595	6,064,534	388,781,713

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF MARCH 31, 2025, MARCH 31, 2024, and DECEMBER 31, 2024

Financial Soundness Indicators
Below are the financial ratios that are relevant to the Group for the period ended March 31, 2025, March 31, 2024, and December 31, 2024:

Financial ratios	**Formula**	**Unaudited 31-Mar-2025**	Unaudited 31-Mar-2024	Audited 31-Dec-2024
Current ratio	Total current assets / Total current liabilities	**1.56:1**	2.19:1	2.06:1
Solvency ratio	After tax net profit + depreciation / Long-term + short-term liabilities	**0.05:1**	0.05:1	0.15:1
Debt-to-Equity Ratio	Total liabilities / Total stockholder's equity	**0.71:1**	0.69:1	0.72:1
Asset-to-Equity Ratio	Total assets / Total stockholder's equity	**1.71:1**	1.69:1	1.72:1
Interest rate coverage ratios	Earnings before interest and taxes (EBIT) / Interest expense*	**3.15:1**	3.65:1	2.38:1
Return on revenue	Net income / Total revenue	**28.07%**	34.04%	25.57%
Earnings per share	Net income / Weighted average no. of shares	**₱0.2522**	₱0.3262	₱0.8296
Price Earnings Ratio	Closing price / Earnings per share	**₱14.23**	₱14.10	₱5.97
Long term debt-to-equity ratio	Long term debt / Equity	**0.53:1**	0.50:1	0.55:1
EBITDA to total interest paid	EBITDA** / Total interest paid	**3.28**	5.60	5.77

**Interest expense is capitalized as part of the construction-in-progress account under PPE.*
***Earnings before interest, taxes, depreciation and amortization (EBITDA)*

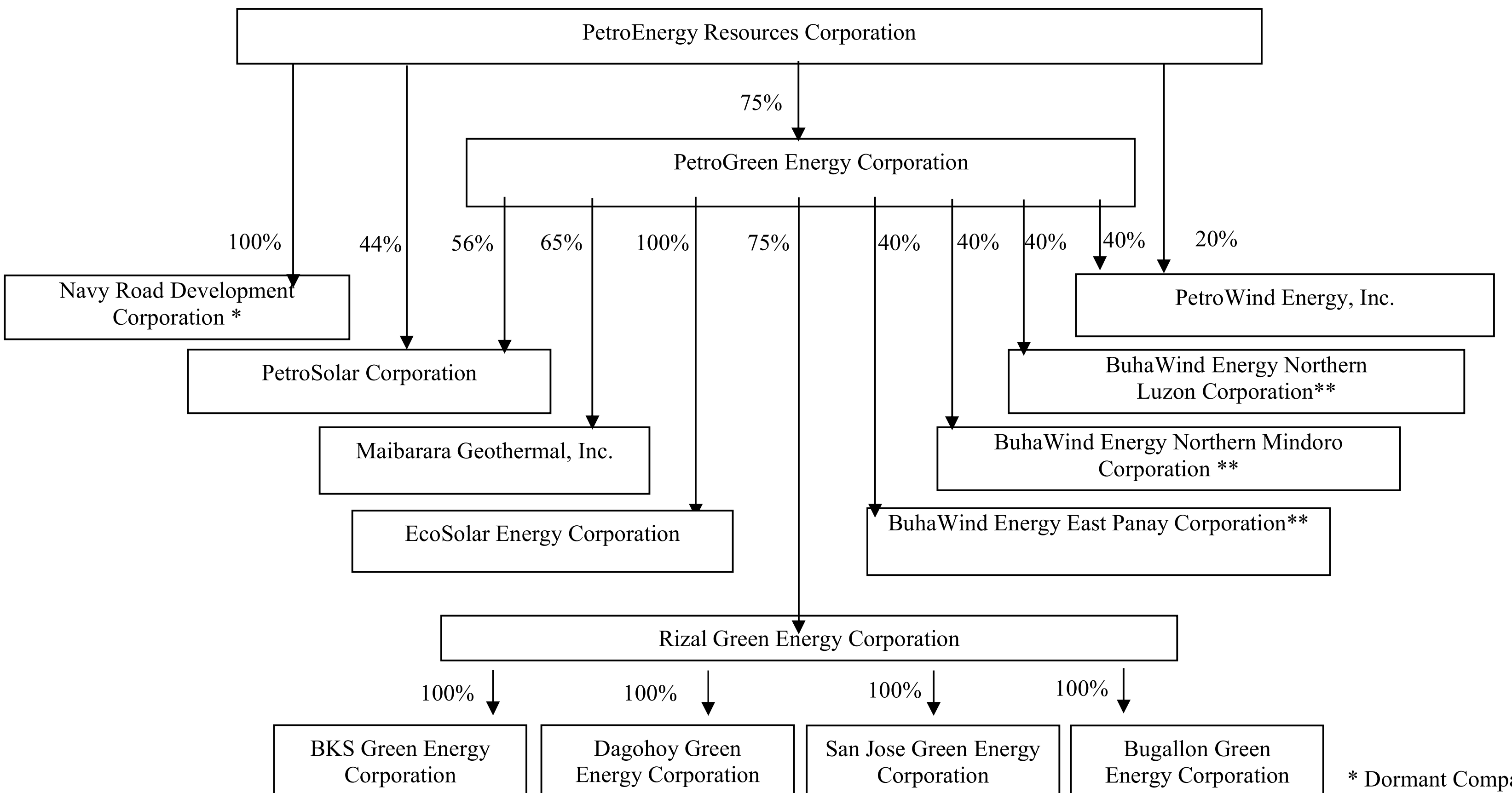
PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Group Structure

Below is a map showing the relationship between and among the Group and its subsidiaries as of March 31, 2025:

PETROENERGY RESOURCES CORPORATION
GROUP STRUCTURE



* Dormant Company

**Investment in joint venture.

PETROENERGY RESOURCES CORPORATION (PARENT COMPANY)

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
MARCH 31, 2025

Unappropriated Retained Earnings (Deficit), beginning of the reporting period (see Footnote 2)		₱229,962,501
Add: <u>Category A</u>: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings appropriation	–	
Effect of reinstatements or prior-period adjustments	–	
Others	–	–
Less: <u>Category B</u>: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	–	
Retained Earnings appropriated during the reporting period	–	
Effect of reinstatements or prior-period adjustments	–	
Others	–	–
Unappropriated Retained Earnings (Deficit), as adjusted		229,962,501
Add/Less: Net income (loss) for the current year		11,432,771
Less: <u>Category C.1</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate / joint venture, net of dividends declared	91,133,221	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	56,471	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	–	
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		91,189,692
Add: <u>Category C.2</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	1,001,092	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	–	
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 PFRS	–	
Subtotal		1,001,092

Forward

Add: Category C.3 Unrealized income recognized in the profit or loss in prior 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 (FVPTL)	–	
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 PFRS	–	
Subtotal		–
Adjusted Net Income / Loss		151,206,671
Add: Category D: Non actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Subtotal		–
Add/Less: Category E: Adjustments related to the relief granted by SEC and BSP (see Footnote 3)		
Amortization of the effect 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 theamount available for dividends distribution		
Net movement of the treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of the deferred tax asset not considered in reconciling items under previous categories	–	
Net movement of the deferred tax asset and deferred tax liabilities related to same transaction, e.g, set-up of right of use asset and lease liability, set-up of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	–	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Subtotal		–
Total Retained Earnings, end of the reporting period available for dividend		151,206,671

FOOTNOTES:

(1) The amount of retained earnings of the company should be based on its separate ("stand alone") audited financial statements.

(2) Unappropriated Retained Earnings, beginning of the reporting period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding period.

(3) Adjustments related to the relief provided by SEC and BSP pertain to accounting relief (e.g losses that are reported on a staggered basis) granted by regulators. However, these are actual losses sustained by the company and must be adjusted in the reconciliation to reflect the actual distributable amount.

(4) This Reconciliation of Retained Earnings Available for Dividend Declaration is pursuant to Sec.42 of the Revised Corporate Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT Act and its Implementing Rules and Regulations.

SIGNATURES

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

Registrant : **PETROENERGY RESOURCES CORPORATION**

Signature and Title : Milagros V. Reyes - President

Signature and Title : Maria Cecilia L. Diaz De Rivera – Chief Finance Officer

Date : May 14, 2025