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SEC Registration No: AS94008880

Company Name: PETROENERGY RESOURCES CORP.

Document Code: SEC_Form_17-Q

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REMINDER:

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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)

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SECURITIES AND EXCHANGE COMMISSION

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

**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. 30 June 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 Industry Classification Code:
of incorporation
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 = ₱10,069,645,371	
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 [/]

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PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Philippine Peso)

	Unaudited 30-Jun-25	Unaudited 30-Jun-24	Audited 31-Dec-24
ASSETS			
Current Assets			
Cash and cash equivalents (Note 6)	₱1,620,465,790	₱4,066,724,678	₱2,770,469,655
Short term investments (Note 6)	-	-	200,000,000
Restricted cash (Note 7)	244,239,664	290,257,801	217,290,257
Receivables (Note 8)	1,057,358,128	606,873,873	759,004,222
Financial assets at fair value through profit or loss (FVTPL) (Note 9)	5,590,666	6,149,130	6,144,437
Contract Assets - current portion (Note 10)	75,693,106	71,398,923	161,320,397
Crude oil inventory	-	28,406,157	49,440,029
Other current assets (Note 11)	391,980,916	320,479,455	434,581,875
Total Current Assets	3,395,328,270	5,390,290,017	4,598,250,872
Noncurrent Assets			
Property and equipment-net (Notes 5 and 12)	16,600,823,986	13,090,157,219	14,974,940,788
Deferred oil exploration costs (Note 13)	483,400,023	423,407,628	431,416,713
Contract assets - net of current portion (Note 10)	949,005,543	704,850,378	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)	244,171,909	311,103,792	302,353,808
Deferred tax assets-net	9,136,846	19,007,206	8,182,787
Intangible assets and goodwill (Note 16)	858,208,615	1,160,764,305	875,957,481
Investment properties - net (Note 17)	1,611,533	1,611,533	1,611,533
Other noncurrent assets (Note 18)	1,605,110,087	1,825,076,668	1,489,876,484
Total Noncurrent Assets	20,754,350,542	17,538,860,729	18,762,389,863
TOTAL ASSETS	24,149,678,812	22,929,150,746	23,360,640,735
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses (Note 19)	955,523,313	655,645,267	899,967,148
Loans payable - current (Note 20)	1,763,827,848	1,231,586,580	1,263,628,373
Lease liabilities - current (Note 15)	25,872,410	42,971,629	37,063,244
Income tax payable	15,060,614	14,346,373	32,721,792
Total Current Liabilities	2,760,284,185	1,944,549,849	2,233,380,557
Noncurrent Liabilities			
Loans payable - net of current portion (Note 20)	6,684,767,113	6,736,609,653	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)	167,893,088	176,644,104	162,534,249
Deferred tax liability - net	124,746,923	-	138,837,688
Other noncurrent liability	47,675,977	27,913,872	45,610,791
Total Noncurrent Liabilities	7,309,361,186	7,211,049,371	7,510,710,099
Total Liabilities	10,069,645,371	9,155,599,220	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	4,005,465,622	3,989,555,556	3,754,431,369
Equity reserve (Note 22)	1,495,340,578	1,585,120,578	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
	8,320,499,977	8,402,192,334	8,069,731,218
Noncontrolling interest	5,759,533,464	5,371,359,192	5,546,818,861
Total Equity	14,080,033,441	13,773,551,526	13,616,550,079
Total Liabilities and Equity	₱24,149,678,812	₱22,929,150,746	₱23,360,640,735

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Philippine Peso)

	Unaudited			
	30-June-2025		30-June-2024	
	For the 2nd Quarter	To date	For the 2nd Quarter	To date
REVENUES				
Electricity sales (Note 4)	₱708,518,980	₱1,593,826,909	₱624,270,748	₱1,410,123,660
Oil revenues (Note 4)	133,599,890	245,989,629	139,737,907	279,535,740
Other revenues	152,365,615	154,923,509	25,148,913	44,595,212
	994,484,485	1,994,740,047	789,157,568	1,734,254,612
COST OF SALES				
Cost of sales - Electricity (Notes 4 and 22)	373,562,934	750,249,186	294,474,208	602,820,006
Cost of sales - Oil Production (Note 4)	96,597,222	197,955,089	99,529,896	206,611,028
Change in crude oil inventory (Note 4)	37,455,181	49,440,029	(4,189,978)	(14,730,105)
Cost of sales - Others	112,899,880	115,247,851	24,790,311	43,982,932
	620,515,217	1,112,892,155	414,604,437	838,683,861
GROSS INCOME	373,969,268	881,847,892	374,553,131	895,570,751
GENERAL AND ADMINISTRATIVE EXPENSES	68,813,336	148,857,158	76,301,948	160,390,483
OTHER INCOME (CHARGES)				
Interest expense (Notes 15 and 20)	(154,062,636)	(301,152,610)	(129,926,239)	(263,044,507)
Interest income (Notes 4, 6, 7 and 8)	27,221,071	61,913,573	53,279,612	99,650,059
Net unrealized foreign exchange gain (loss)	(3,081,321)	(4,176,182)	5,018,607	6,041,555
Accretion expense (Note 21)	(3,263,668)	(6,524,825)	(3,184,312)	(6,383,353)
Net unrealized gain (loss) on fair value changes on financial assets at FVPL	(598,957)	(553,771)	(910,116)	(809,589)
Miscellaneous income (charges) (Note 4)	27,209,689	32,317,988	(1,892,283)	2,404,934
	(106,575,822)	(218,175,827)	(77,614,731)	(162,140,901)
INCOME BEFORE INCOME TAX	198,580,110	514,814,907	220,636,452	573,039,367
PROVISION FOR (BENEFIT FROM) INCOME TAX	15,633,534	51,066,051	15,376,505	46,054,024
NET INCOME	182,946,576	463,748,856	205,259,947	526,985,343
NET INCOME ATTRIBUTABLE TO:				
Equity Holders of the Parent Company	107,571,734	251,034,253	134,202,679	319,726,265
Noncontrolling interest - IS	75,374,842	212,714,603	71,057,268	207,259,078
NET INCOME	₱182,946,576	₱463,748,856	₱205,259,947	₱526,985,343
EARNINGS PER SHARE FOR NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY- BASIC AND DILUTED	0.1891	0.4414	0.2360	0.5622

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Philippine Peso)

	Unaudited			
	30-June-2025		30-June-2024	
	For the 2nd Quarter	To date	For the 2nd Quarter	To date
NET INCOME	P182,946,576	P463,748,856	P205,259,947	P526,985,343
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	P182,946,576	P463,748,856	P205,259,947	P526,887,565
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity Holders of the Parent Company	107,571,734	251,034,253	134,202,679	319,628,487
Noncontrolling interest - IS	75,374,842	212,714,603	71,057,268	207,259,078
TOTAL COMPREHENSIVE INCOME	P182,946,576	P463,748,856	P205,259,947	P526,887,565

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Philippine Peso)

		Unaudited 30-Jun-25	Unaudited 30-Jun-24	Audited 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		251,034,253	319,726,265	471,809,019
		4,005,465,622	3,989,555,556	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		(35,494)	97,778	(7,689,151)
		(20,196,795)	(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		-	250,170,024	170,170,003
Share issuance costs		(230,000)	-	(9,550,000)
PARENT'S OTHER EQUITY RESERVES		1,495,340,578	1,585,120,599	1,495,570,578
TOTAL EQUITY ATTRIBUTED TO EQUITY HOLDERS OF PARENT				
		8,320,499,977	8,402,192,355	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		212,714,603	207,259,078	409,603,702
Increase in non-controlling interests - stock issuances		-	577,500,000	604,394,800
Change in ownership without loss of control		-	(250,170,024)	(250,170,003)
Remeasurement loss on net accrued retirement liabilities		-	-	(2,330,634)
Cash dividends		-	-	(50,000,000)
		5,759,533,464	5,371,359,171	5,546,818,861
TOTAL EQUITY		₱14,080,033,441	₱13,773,551,526	₱13,616,550,079

PETROENERGY RESOURCES CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASHFLOWS
(Amounts in Philippine Peso)

	Unaudited 30-Jun-2025		Unaudited 30-Jun-2024		Audited
	For the 2nd Quarter	To date	For the 2nd Quarter	To date	31-Dec-24
CASH FLOWS FROM OPERATING ACTIVITIES					
Income before income tax	198,580,110	514,814,907	220,636,452	573,039,367	993,830,477
Adjustments for:					
Interest expense	154,062,636	301,152,610	129,926,239	263,044,507	555,725,055
Depletion, depreciation and amortization	210,273,554	450,297,512	195,344,402	392,584,539	831,328,554
Impairment loss (reversal)	-	-	-	-	52,442,592
Net unrealized foreign exchange loss (gain)	3,081,321	4,176,182	(5,018,607)	(6,041,555)	(3,798,131)
Provision for probable losses	-	-	-	-	4,648,449
Accretion expense	3,263,668	6,524,825	3,184,312	6,383,353	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	6,570,011	6,524,825	910,116	809,589	814,283
Interest income	(27,221,071)	(61,913,573)	(53,279,612)	(99,650,059)	(191,203,364)
Movement in accrued retirement liability	-	(35,494)	-	97,778	6,472,709
Operating income before working capital changes	556,736,807	1,221,541,795	491,703,302	1,130,267,519	2,261,678,920
Decrease (increase) in:					
Short-term investments	4,917,106	219,395,530	42,473,445	2,059,181,557	-
Receivables	(61,883,053)	(324,146,861)	68,962,414	(40,018,488)	(104,208,320)
Contract Assets	(155,039,680)	(188,209,983)	(19,779,374)	(39,541,903)	(99,781,268)
Other current assets	70,034,414	65,091,581	166,280,712	120,826,249	(161,653,795)
Increase in Accounts payable and accrued expenses	234,606,710	57,212,490	(54,488,768)	(174,787,117)	83,949,749
Cash generated from (used in) operations	649,372,304	1,050,884,552	695,151,731	3,055,927,817	1,979,985,286
Interest received	29,387,613	68,240,080	54,302,505	171,839,621	266,928,903
Income taxes paid, including movement in CWT	(77,444,986)	(69,681,288)	(45,421,172)	(46,694,833)	(82,703,088)
Net cash provided by (used in) operating activities	601,314,931	1,049,443,344	704,033,064	3,181,072,605	2,164,211,101
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for:					
Acquisitions of property, plant and equipment	(938,608,190)	(2,078,738,384)	(894,958,976)	(1,239,374,138)	(3,574,290,337)
Deferred oil exploration costs	(25,413,070)	(51,983,310)	(13,068,684)	(36,610,663)	(40,052,013)
Deferred development costs	267,951,011	175,809,896	(126,307,977)	(220,311,296)	(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	(121,277,497)	(212,484,143)	(208,919,401)	(383,517,765)	58,611,711
Net cash used in investing activities	(817,347,746)	(2,167,395,941)	(1,243,255,038)	(1,879,813,862)	(1,971,035,936)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from:					
Availments of loans	-	500,000,000	1,268,353,162	3,280,853,162	3,993,181,074
Issuance of stocks to NCI	(230,000)	(230,000)	577,500,000	577,500,000	604,394,800
Payments of:					
Loans	-	(129,634,254)	(1,066,067,494)	(3,197,054,140)	(3,717,068,818)
Interest	(185,923,415)	(380,153,402)	(111,181,901)	(224,359,121)	(492,370,770)
Dividends to Non-Controlling Interest	-	-	-	-	(72,500,000)
Lease liabilities	-	(911,070)	(10,946,935)	(11,858,005)	(38,419,188)
Equity issuance cost	-	-	-	-	(9,550,000)
Dividends by the Parent Company	-	-	-	-	(28,475,106)
Increase in other noncurrent liabilities	(2,839,122)	(9,809,320)	(3,432,018)	(2,689,720)	-
Net cash provided by financing activities	(188,992,537)	(20,738,046)	654,224,814	422,392,176	239,191,992
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(9,718,974)	(11,313,222)	7,129,028	8,769,392	3,798,131
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(414,744,326)	(1,150,003,865)	122,131,868	1,732,420,311	436,165,288
CASH AND CASH EQUIVALENTS, BEGINNING	2,043,336,693	2,770,469,655	3,944,592,810	2,334,304,367	2,334,304,367
CASH AND CASH EQUIVALENTS, END	1,628,592,367	1,620,465,790	4,066,724,678	4,066,724,678	2,770,469,655

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
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 is planning to hold the new projects of PGEC, such as utility-scale solar, aquavoltaics and Battery Energy Storage Systems (BESS), among others.

b. Nature of Operations

The Group's two (2) main energy businesses are: (1) upstream oil exploration and development, and (2) power generation from renewable energy (RE) resources (i.e. geothermal, solar and wind) and BESS.

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 energization by Q3 2025, along with the ~40MW_{DC} Limbauan Solar Power Project (LSPP) in Isabela, which is also set to be energized by Q3 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 testing and commissioning on April 4, 2024. The remaining three (3) turbines are scheduled to be energized by Q3 2025.

Battery Energy Storage System (BESS)

ESEC is currently exploring the potential development of battery energy storage system (BESS) project in Panitan, Capiz.

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, 14 and 27).

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, 14 and 16).

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-AF1 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. BKS GEC 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 June 30, 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 June 30, 2025, June 30, 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 June 30, 2025, June 30, 2024 and December 31, 2024:

	30-Jun-2025	30-Jun-2024	31-Dec-2024
<i>Direct interest:</i>			
PGEC	75%	75%	75%
PSC	44%	44%	44%
PWEI	20%	20%	20%
Navy Road Development Corporation (NRDC) - dormant company	100%	100%	100%
<i>Indirect interest:</i>			
Percentage share of PetroGreen in its subsidiaries:			
MGI	65%	65%	65%
PSC	56%	56%	56%
PWEI	40%	40%	40%
BKS	—	100%	—
RGEC	75%	75%	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:

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

- contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- 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 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.

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 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 a Joint Venture (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 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.

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
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 June 30, 2025 and December 31, 2024, the carrying value of deferred oil explorations costs amounted to ₱483.40 million and ₱431.42 million, respectively (see Note 13), and the Group's deferred development costs amounted to ₱504.01 million and ₱328.20 million as of June 30, 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 BEP is 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 June 30, 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).

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.

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 ($T \sim 300^{\circ}\text{C}$). 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 June 30, 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 methods use 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 impairment testing and the calculation of depletion expense using the unit of production method of the investments.

As of June 30, 2025 and December 31, 2024, the carrying value of "Wells, Platforms and other Facilities" under "Property, Plant and Equipment" amounted to ₱403.84 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 June 30, 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 of successful development or by sale.

The related balances of the Group's non-financial assets as of June 30, 2025 and December 31, 2024 follow:

	Unaudited 30-Jun-2025	Audited 31-Dec-2024
Property, plant and equipment (Note 12)	₱16,600,823,986	₱14,974,940,788
Intangible assets and goodwill (Note 16)	858,208,615	875,957,481
Deferred development costs (Note 18)	504,012,027	328,202,131
Deferred oil exploration costs (Note 13)	483,400,023	431,416,713
Right-of-use assets (Note 15)	244,171,909	302,353,808
Investment properties (Note 17)	1,611,533	1,611,533
	₱18,692,228,093	₱16,914,482,454

There are no indicators of impairment that would trigger impairment review on June 30, 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 June 30, 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 oil production, geothermal energy project, wind energy project and solar power project at the end of each respective service contracts. In determining the number 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 June 30, 2025 and December 31, 2024 follows (see Note 21):

	Unaudited 30-Jun-25	Audited 31-Dec-24
Solar power project	₱61,402,053	₱43,544,555
Wind power project	45,887,821	44,485,756
Oil production	45,225,624	59,580,781
Geothermal power project	15,377,590	14,923,157
	₱167,893,088	₱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 ₱686.01 million and ₱594.37 million as of June 30, 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 June 30, 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 30-Jun-25	Audited 31-Dec-24
Cash on hand and in banks	₱938,598,953	₱795,686,309
Cash equivalents	681,866,837	1,974,783,346
Cash and Cash Equivalents	1,620,465,790	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 June 30, 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 ₱9.96 million and ₱150.81 million as of June 30, 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 30-Jun-25	Audited 31-Dec-24
Trade receivables:		
Electricity sales	₱593,502,512	₱395,415,640
Oil revenues	109,335,097	66,079,326
Electricity sales – related party (Note 23)	104,506,319	103,154,602
Other trade receivables	777,011	1,053,324
Non-trade receivables:		
Receivables from related party	170,990,408	132,255,582
Receivable from contractors	19,195,658	19,195,658
Interest receivable	4,757,813	11,084,320
Consortium operator	2,682,452	2,682,452
Others	54,293,310	30,765,770
	1,060,040,580	761,686,674
Less allowance for impairment losses	2,682,452	2,682,452
	₱ 1,057,358,128	₱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 ₱42.45 million and ₱9.62 million on June 30, 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 30-Jun-25	Audited 31-Dec-24
Marketable equity securities	₱4,820,666	₱5,374,437
Investment in golf club shares	770,000	770,000
	₱5,590,666	₱6,144,437

Net gain (loss) on fair value changes on financial assets at FVTPL included in profit or loss amounted to ₱0.55 million and ₱0.81 million as of June 30, 2025 and December 31, 2024, respectively. Dividend income received from equity securities amounted to ₱0.01 and ₱0.02 million as of June 30, 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 FIT arrears and contract assets.

As of June 30, 2025 and December 31, 2024, current portion of the contract asset amounted to ₱75.69 million and ₱161.32 million, respectively, while noncurrent portion amounted to ₱949.01 million and ₱675.17 million, respectively.

11. Other Current Assets

	Unaudited 30-Jun-25	Audited 31-Dec-24
Supplies inventory	₱ 228,855,903	₱ 218,028,949
Prepaid expenses	133,381,142	141,502,783
Prepaid income taxes	14,941,519	8,111,388
Advances to suppliers	8,839,065	64,935,026
Others	5,963,287	2,003,729
	₱ 391,980,916	₱ 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 30-Jun-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	₱22,651,851,054
Additions	67,949,178	78,010,935	898,773	485,377,058	—	7,735,676	10,871,072	10,414,546	1,417,481,146	2,078,738,384
Balances at end of year	14,197,362,136	2,502,050,472	2,523,326,719	1,194,148,952	283,630,557	97,844,616	139,621,652	1,435,923,459	2,356,680,875	24,730,589,438
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	333,616,230	60,418,499	43,825,000	—	1,036,751	2,602,352	4,148,374	7,156,022	—	452,803,228
Balances at end of year	4,928,390,632	731,702,291	1,703,475,233	—	25,565,284	48,749,597	76,643,394	199,222,790	—	7,713,749,221
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	₱9,268,971,504	₱1,770,348,181	₱403,835,255	₱1,194,148,952	₱258,065,273	₱49,095,019	₱62,978,258	₱1,236,700,669	₱2,356,680,875	₱16,600,823,986

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.

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 up until Q2 2025, the consortium carried out preparatory activities (i.e. permitting, reservoir modelling and oil platform upgrades) for the Phase 3 Drilling Campaign. The original plan included drilling of four (4) new production wells, one (1) new gas well, and two (2) workovers of existing wells. After further assessment, the number of new production wells increased to five (5). Following discussion with the drilling rig service provider, the target commencement of the drilling campaign was moved to Q4 2025 with expected completion by Q3 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 2nd Quarter of 2025, total crude production reached ~1.40 MMBO. The Consortium managed three liftings, resulting in net crude export of ~1.76 MMBO. Since the Gabon oilfield has been put on-line in 2002, a total of 145.13 MMBO has been extracted to date.

As of June 30, 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 ₱403.84 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 June 30, 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.

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 June 30, 2025 and December 31, 2024, respectively.

As of June 30, 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 (SJPPC) 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 June 30, 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

(a) Geothermal Energy

Maibarara Geothermal Power Project– Sto. Tomas, Batangas

Geothermal Renewable Energy Service Contract (GRESK) 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 (P) 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.

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.

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 off-taker, ACEN, following the aforementioned acquisition of PHINMA by ACEN.

In June 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 40.78 GWh and 40.41 GWh of electricity in Q2 2025 and Q1 2025, 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 exported 24.38 GWh and 24.02 GWh of electricity in Q2 2025 and Q1 2025, respectively.

(b) Ground-mounted Solar

Tarlac Solar Power Project (TSPP) - Tarlac City, Tarlac
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), wherein PERC agreed to purchase all of EEIPC's equity interests in PetroSolar (44%). The full payment for the EEIPC shares in PSC were made on August 1, 2023.

The total energy exported to the grid was 17.91 GWh and 17.43 GWh in Q2 2025 and Q1 2025, 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 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 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 7.51 GWh and 7.36 GWh in Q2 2025 and Q1 2025, respectively.

Dagohoy Solar Power Project (DSPP)- Dagohoy, Bohol
Solar Energy Operating Contract (SEOC) No. 2022-06-629-AF1

On June 28, 2022, PGEC was awarded a Solar Energy Operating Contract (SEOC) by the DOE covering the Dagohoy Solar Power Project (DSPP) in Brgy. San Vicente, Dagohoy, Bohol.

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

On August 17, 2023, the Global Environment Center Foundation (GEC) issued an 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.

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.

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.

On July 4, 2025, the Energy Regulatory Commission (ERC) issued a provisional approval to operate (PAO) for the facility. After subsequent submission to the Independent Market Operator of the Philippines (IEMOP) the agency confirmed on July 8, 2025, the plant's full WESM participation and set July 16, 2025 as the project's start of commercial operations.

For the operations and maintenance of the DSPP, DGEC entered into an Agreement with Global Electric for an initial one-year term, subject to extension.

For Q2 2025 and Q1 2025, the DSPP exported 10.36 GWh and 8.93 GWh of electricity to the grid, respectively.

San Jose Solar Power Project (SJSP) – San Jose City, Nueva Ecija
Solar Energy Service Contract (SESC) No. 2015-09-251-AF2

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 an offtake agreement with SNAP-MI.

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.

On June 17, 2025, SJGEC executed an Omnibus Loan and Security Agreement with Rizal Commercial Banking Corporation (RCBC) for a facility of up to ₱498 million.

For Q2 2025 and Q1 2025, the SJSP exported 8.05 GWh and 8.01 GWh of electricity to the grid, respectively.

Bugallon Solar Power Project (BSPP) – Bugallon, Pangasinan
Solar Energy Operating Contract (SEOC) No. 2022-04-622AF1

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 securing Certificate of Compliance (COC) from the Energy Regulatory Commission (ERC), the project will be entitled to a Green Energy Tariff of ₱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-AF2

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 securing COC from ERC, the project will be entitled to a Green Energy Tariff of ₱4.4043/kWh for a term of twenty years.

(c) Roof-mounted Solar

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.

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.

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

On July 23, 2024, PGEC entered into a Solar Rooftop System Installation and Maintenance Agreement for the installation of a 3.002 MWp rooftop solar rooftop facility at IAMC's manufacturing facility in Biñan City, Laguna.

Following completion of all necessary construction activities, the project was energized in May 24, 2025.

(d) Onshore Wind

Nabas Wind Power Project (NWPP) – Nabas/Malay, Aklan
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.

It was decided that the NWPP will be constructed in two phases: Phase 1 for the existing 36 MW NWPP-1, consisting of 18 Wind Turbine Generators (WTG); while Phase 2 will be a 14 MW development that will have seven (7) WTGs (NWPP-2). Later on, Phase 2 development was finalized to have a capacity of 13.2 MW with six (6) WTGs.

Nabas Wind Power Project-1 (NWPP-1)

On May 31, 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 15.57 GWh and 35.38 GWh electricity to the grid in Q2 2025 and Q1 2025, 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.

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, the DENR signed the 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.

On April 24, 2023, PERC and EEIPC entered a SPA, wherein PERC agreed to purchase all of EEIPC's equity interests in PWEI (20%). The full payment for the EEIPC's shares in PWEI were made on May 10, 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. Construction of the remaining three (3) turbines commenced in Q1 2025 and expected to be energized by Q3 2025.

In response to PetroWind's request, the DOE Green Energy Auction Committee (GEAC) granted an extension of the Delivery Commencement Date until February 25, 2026. Upon securing COC from ERC, the project will be entitled to a Green Energy Tariff of ₱5.755/kWh for a term of twenty years.

NWPP-2 exported 6.15 GWh and 10.34 GWh electricity to the grid in Q2 2025 and Q1 2025, respectively.

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 related to NWPP-1 and NWPP-2 as collateral to secure its borrowings with DBP.

DGEC mortgaged all its property and equipment related to DSPP as collateral in connection with its loan in favor of RCBC.

SJGEC mortgaged all its property and equipment related to SJSP as collateral in connection with its loan in favor of RCBC.

13. Deferred Oil Exploration Costs

The movements in deferred oil exploration costs are as follows:

	Unaudited 30-Jun-25	Audited 31-Dec-24
Cost		
Balances at the beginning of year	₱617,837,215	₱690,673,984
Additions	51,983,309	40,052,013
Transfer to property plant and equipment (Note 12)	–	(112,888,783)
Balances at end of year	669,820,524	617,837,214
Accumulated impairment losses		
Balances at the 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
	₱ 483,400,023	₱431,416,713

Details of deferred oil exploration costs as of June 30, 2025 and December 31, 2024 are as follows:

	Unaudited 30-Jun-25	Audited 31-Dec-24
Cost		

Gabonese Oil Concessions (Note 12)	₱599,990,158	₱ 548,566,651
SC. No. 75 – Offshore Northwest Palawan	65,819,126	65,550,217
SC. No. 14 - C2 (West Linapacan)	4,011,240	3,720,346
	669,820,524	617,837,214
Accumulated impairment losses		
Gabonese Oil Concessions (Note 12)	182,700,154	182,700,155
SC. No. 14 – C2 (West Linapacan)	3,720,347	3,720,346
	186,420,501	186,420,501
	₱483,400,023	₱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 June 30, 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 (SJGCC) 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:

Joint ventures	Unaudited 30-Jun-25		Audited 31-Dec-2024	
	Percentages	Carrying	Percentages	Carrying

	of ownership	values	of ownership	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 investment of ₱1.70 million in BEP. 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 June 30, 2025 and December 31, 2024, these entities are 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 Note 1, 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 fair value on the acquisition date 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 the 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 June 30, 2025 and December 31, 2024 amounted ₱650.04 million and ₱663.30 million, respectively, net of amortization during the period amounting to ₱13.27 million and ₱26.53 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. MGI's lease of PSALM lots was pre-terminated upon MGI's acquisition of the subject lots in February 2025.

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 roll forward analyses of right-of-use assets follow:

	Unaudited 30-Jun-2025		
	Land	Office Spaces	Total
Cost			
Beginning balance	₱420,099,971	₱19,740,687	₱439,840,658
Additions	—	3,861,156	3,861,156
Refund	—	—	—
Derecognition	(77,853,855)	—	(77,853,855)
Ending balance	342,246,116	23,601,843	365,847,959
Accumulated depreciation			
Beginning balance	120,776,976	16,709,874	137,486,850
Depreciation (Notes 4, 5 and 12)	9,555,694	1,747,999	11,303,693
Derecognition	(27,114,493)	—	(27,114,493)
Ending balance	103,218,177	18,457,873	121,676,050
Net Book Value	₱239,027,939	₱5,143,970	₱244,171,909

	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 and 16)	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 roll forward analyses of lease liabilities are as follows:

	Unaudited 30-Jun-25	Audited 31-Dec-24
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Beginning balance	₱319,125,070	₱324,638,301
Payments	(27,485,550)	(38,419,188)
Interest expense	14,649,818	29,775,114
Additions	3,861,157	3,130,843
Ending balance	310,150,495	319,125,070
Less current portion	25,872,410	37,063,244
Noncurrent portion	₱284,278,085	₱282,061,826

16. Intangible Assets and Goodwill

Unaudited 30-Jun-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	–	–	–	–	1,898,901	1,898,901
Balances at end of year	95,802,529	707,523,801	153,277,610	45,074,178	50,893,191	1,052,571,309
Accumulated amortization:						
Balances at beginning of year	–	44,220,238	54,686,146	27,737,958	48,070,585	174,714,927
Amortization	–	13,266,071	3,065,552	2,311,496	1,004,648	19,647,767
Balances at end of year	–	57,486,309	57,751,698	30,049,454	49,075,233	194,362,694
Net book values	₱95,802,529	₱650,037,492	₱95,525,912	₱15,024,724	₱1,817,958	₱858,208,615

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 from 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 June 30, 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 June 30, 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 June 30, 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 30-Jun-2025	Audited 31-Dec-2024
Input VAT	₱686,014,079	₱594,365,675
Deferred development costs	504,012,027	328,202,131
Advances to contractors	352,654,116	507,039,790
Restricted cash	17,578,841	18,051,626
Others	54,396,131	49,312,712
	1,614,655,194	1,496,971,934
Less allowance for probable losses	(9,545,107)	(7,095,450)
	₱1,605,110,087	₱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 VAT claims that were applied or in the process of application by MGI for refund with the BIR. As of June 30, 2025, the outstanding input VAT claims which are still pending with the CTA and SC amounted to ₱94.47 million. Similarly, VAT claims submitted or in process for refund by PWEI with the BIR as of the same date totaling ₱173.86 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 30-Jun-2025	Audited 31-Dec-2024
Accounts payable	₱521,864,700	₱422,526,518
Accrued expenses		
Utilities	186,873,427	181,608,624
Interest (Note 20)	148,433,900	160,369,989
Deferred development cost	-	11,778,871
Sick/vacation leaves	32,094,099	28,172,804
Operations and maintenance	4,074,471	6,020,741
Profit share	657,522	14,570,970
Professional fees	8,957,831	22,182,580
Due to related party (Note 23)	72,800	539,417
Others	7,197,671	5,131,433
Withholding taxes and other tax payables	25,749,450	28,191,112
Due to NRDC	2,269,737	2,269,737
Others	17,277,705	16,604,352
	₱955,523,313	₱899,967,148

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 ₱11.38 million and ₱11.39 million as of June 30, 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 June 30, 2025 and December 31, 2024 is as follows:

	Unaudited 30-Jun-2025	Audited 31-Dec-2024
Principal, balance at beginning of year	₱8,212,548,049	₱7,936,435,793
Add availments during the year	761,840,000	4,271,681,074
Less principal payments during the year	(456,587,501)	(3,995,568,818)
Principal, balance at end of year	8,517,800,548	8,212,548,049
Less unamortized deferred financing cost	(69,205,587)	(67,254,131)
	8,448,594,961	8,145,293,918
Less current portion – net of unamortized deferred financing cost	(1,763,827,848)	(1,263,628,373)
Noncurrent portion	₱ 6,684,767,113	₱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

amount principal amount not exceeding ₱420 million. Effective January 19, 2021, the credit facility was reduced to ₱300 million. 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 from BPI amounting to ₱2.55 billion with the following drawdowns, 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 above period of short-term loans due from 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 with 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 at least 1:1X. As of June 30, 2025 and December 31, 2024, the Parent Company is in compliance with the required ratios.

Interest expense related to these loans amounted to ₱103.82 million and ₱208.81 million on June 30, 2025 and December 31, 2024, respectively. Accrued interest payable amounted to ₱71.31 million and ₱72.95 million as of June 30, 2025 and December 31, 2024, respectively (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 June 30, 2025 and December 31, 2024, the outstanding balance of these loans, net of unamortized deferred financing costs, amounted to ₱79.94 million and ₱79.87 million, respectively.

Interest expense of PetroGreen related to these loans amounted to ₱2.08 million and ₱7.89 million YTD June 30, 2025 and December 31, 2024, respectively. Accrued interest payable amounted to ₱0.42 million and ₱0.43 million as of June 30, 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 June 30, 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, friction 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 the loan amounted to ₱19.43 million, ₱41.51 million YTD June 30, 2025 and December 31, 2024, respectively at interest rate of 5.5196%.

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.

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 ₱13.71 million and ₱15.57 million as of June 30, 2025 and December 31, 2024, respectively (see Note 19).

As of June 30, 2025 and December 31, 2024 the total outstanding balance of these loans amounted to ₱965.96 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 June 30, 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 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 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 June 30, 2025 and December 31, 2024, PetroSolar is in compliance with the said loan covenants.

As of June 30, 2025 and December 31, 2024, the outstanding balance of this loan amounted to ₱449.69 million and ₱561.37 million, respectively. Interest expense on the loan amounted to ₱26.28 million and ₱68.94 million YTD June 30, 2025 and December 31, 2024, respectively.

Accrued interest payable amounted to ₱3.12 million and ₱3.90 million as of June 30, 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

NWPP-1

On November 4, 2013, PetroWind entered into a ₱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 increased 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 May 19, 2025, PWEI obtained a long-term loan from DBP amounting to ₱111.84 million to cover the restoration expenses of WTG-14.

The total interest expense on the loan amounted to ₱39.44 million and ₱132.77 million YTD June 30, 2025 and December 31, 2024, respectively. Interest payable amounted to ₱61.94 million and ₱65.41 million as of June 30, 2025 and December 31, 2024, respectively (see Note 19).

NWPP-2

On February 22, 2023, PetroWind entered into a ₱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 June 30, 2025 and December 31, 2024. The balance is expected to 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 ₱28.08 million and ₱77.77 million YTD June 30, 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 June 30, 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 an 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 June 30, 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 June 30, 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 ₱30.36 million YTD June 30, 2025 and ₱21.45 million YTD 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.

San Jose Green Energy Corporation

On June 10, 2025, 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 ₱498 million with RCBC specifically to partially finance the design, development, procurement, construction, operation and maintenance of its San Jose 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.

On June 30, 2025, SJGEC made an initial loan drawdown of ₱150 million.

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 30-Jun-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	6,524,825	11,980,721
Foreign exchange adjustment	(1,165,986)	2,057,890
Balance at end of year	₱167,893,088	₱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 June 30, 2025, the total issued and subscribed capital stock of the Parent Company consists of 99.66% Filipino and 0.34% non-Filipino as compared to 99.79% Filipino and 0.21% non-Filipino as of December 31, 2024.

As of June 30, 2025 and December 31, 2024, the 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
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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	—			6
June 30, 2025	568,711,842			1,983

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 as scheduled.

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 as scheduled.

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 in the decreased 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 upon 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 RGEN was accounted as an equity transaction in the consolidated financial statements.

As of June 30, 2025 and December 31, 2024, the balance of equity reserve account amounts to ₱1,495.34 million and ₱1,495.57 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 the necessary adjustments, 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 June 30, 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 June 30, 2025 and December 31, 2024 are as follows:

	Unaudited 30-Jun-2025	Audited 31-Dec-2024
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Loans payable	₱ 8,448,594,961	₱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	4,005,465,622	3,754,431,369
Equity reserve	1,495,570,578	1,495,570,578
	₱ 16,674,792,052	₱16,120,686,756

The table below demonstrates the debt-to-equity ratio of the Group as of June 30, 2025 and December 31, 2024:

	Unaudited 30-Jun-2025	Audited 31-Dec-2024
Total liabilities	₱ 10,069,645,371	₱ 9,744,090,656
Total equity	14,080,033,441	13,616,550,079
Debt-to-equity ratio	0.72:1	0.72:1

Based on the Group's assessment, the capital management objectives were met as of June 30, 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 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		Terms and Conditions
Related Party/Nature	30-Jun-25	31-Dec-24	30-Jun-25	31-Dec-24	
Investor					
House of Investments, Inc					
Internal audit services	₱436,800	₱905,760	₱(145,600)	₱(539,417)	Note a
			—	—	
Buhawind Energy Northern Luzon Corporation					
Time-writing Income	23,544,024	23,544,024	23,544,024	23,544,024	Note c
Rental Income	493,114	188,571	493,114	403,543	Note b
Reimbursement - receivables	98,030,417	27,079,351	98,030,417	62,899,252	Note d
Advances - receivables	21,349	9,348	21,349	9,348	
	122,088,904	50,821,294	122,088,904	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	493,114	188,571	493,114	403,542	Note b
Reimbursement - receivables	24,012,590	19,624,812	24,012,590	23,749,200	Note d
	27,448,707	22,756,386	27,448,707	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	493,114	188,571	493,114	403,543	Note b
Reimbursement - receivables	17,332,438	10,562,807	17,332,438	14,687,195	Note d

Related Party/Nature	Transactions for the Period		Outstanding Balance Receivables (Payables)		Terms and Conditions
	30-Jun-25	31-Dec-24	30-Jun-25	31-Dec-24	
	20,768,555	13,694,381	20,768,555	18,033,741	
Affiliate					
AC Energy Corporation (ACEN)					
Electricity sales	522,024,415	1,032,907,225	104,506,319	103,154,602	Note e
Pass-on Wheeling, Ancillary & Transmission Charges	3,866,535	74,003,036	777,011	1,053,324	Note e
	525,890,950	1,106,910,261	105,283,330	104,207,926	
Affiliate					
LIPCO					
Land lease	-	₱32,270,323	-	-	Note f
Affiliate					
Enrique T. Yuchengco, Inc.					
Rental income	1,418,433	947,518	(413,048)	269,929	Note g

- PetroEnergy has an Internal Audit Engagement arrangement with House of Investments, Inc. (HI). These are non-interest bearing and are due and demandable.
- PetroGreen charges rental fees to each BEP amounting to ₱15,714 every month. These are non-interest bearing and payable when due and demandable.
- 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.
- Advances represent reimbursements of costs and expenses.
- 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.
- The Group leased 77 hectares of land area from LIPCO (Note 15). These are non-interest bearing and payable when due and demandable.
- 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 the 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 June 30, 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
<i>Cash and cash equivalents, Short-term investments, Restricted cash, Receivables, Contract assets, Accounts payable and Accrued expenses, and Short-term loans payable</i>	Due to the short-term nature of the instruments, carrying amounts approximate fair values as at the reporting date.
<i>Equity securities</i>	Fair values are based on published quoted prices (Level 1).
<i>Golf club shares</i>	Fair values are based on quoted market prices at reporting date (Level 1).
<i>Long-term loans payable</i>	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).
<i>Lease liabilities</i>	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 June 30, 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 June 30, 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 June 30, 2025 and December 31, 2024 based on contractual payments:

30-Jun-2025 (Unaudited)				
	On demand	1 year or less	More than 1 year	Total
Financial Assets				
Financial assets at FVTPL	₱5,590,666	₱–	₱–	₱5,590,666
Financial assets at amortized cost:				
Cash and cash equivalents	1,620,465,790	–	–	1,620,465,790
Short-term investments	–	–	–	–
Accounts receivable	281,102,516	698,008,831	–	979,111,347
Other receivables	19,195,658	–	54,293,311	73,488,969
Interest receivable	4,757,813	–	–	4,757,813
Refundable deposits	–	458,721	17,218,139	17,676,860
Restricted cash	–	244,239,664	17,578,841	261,818,505
Contract assets	–	75,693,106	949,005,543	1,024,698,649
	1,931,112,443	1,018,400,322	1,038,095,834	3,987,608,599
Financial Liabilities				
Financial liabilities at amortized cost:				
Loans payable**	–	1,763,827,848	6,684,767,113	8,448,594,961
Lease liabilities	–	25,872,410	284,278,085	310,150,495
Accounts payable and accrued expenses*	931,936,582	–	–	931,936,582
	931,936,582	1,789,700,258	6,969,045,198	9,690,682,038
Net financial assets (liabilities)	₱999,175,861	(₱771,299,936)	(₱5,930,949,364)	(₱5,703,073,439)

*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.

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 June 30, 2025 and December 31, 2024

are as follows:

	30-Jun-25 (Unaudited)		31-Dec-24 (Audited)	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
<i>Financial assets</i>				
Cash and cash equivalents	\$2,080,624	₱117,201,548	\$1,846,319	₱97,454,974
Receivables	-	-	1,376,900	80,700,096
Restricted Cash	312,069	17,578,841	312,069	18,290,358
	2,392,693	134,780,389	3,535,288	196,445,428
<i>Financial liabilities</i>				
Accounts payable and accrued expenses	342,790	19,309,351	43,407	2,544,060
Net exposure	\$2,049,903	₱115,471,038	\$3,491,881	₱193,901,368

As of June 30, 2025 and December 31, 2024, the exchange rates used for conversion are ₱56.330 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:

	30-Jun-25	31-Dec-24
Financial assets:		
Cash in banks and cash equivalents	₱1,611,881,255	₱2,768,538,452
Short-term investments	-	200,000,000
Receivables	1,057,358,128	759,006,043
Restricted cash	261,818,505	235,341,883
Refundable deposits	17,676,860	6,773,881
Financial assets at FVTPL	5,590,666	6,144,437
Contract asset	1,024,698,649	836,488,666
	₱3,979,024,063	₱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:

- Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
- 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.
- 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 June 30, 2025 and December 31, 2024:

30-Jun-2025 (Unaudited)				
	Current (High grade)	More than 90 days (Standard grade)	Credit impaired	Total
Financial assets:				
Cash and cash equivalents*	₱1,611,881,255	₱—	₱—	₱1,611,881,255
Short-term investments	—	—	—	—
Accounts receivable	995,624,552	—	2,682,452	998,307,004
Other receivables	—	54,293,311	—	54,293,311
Interest receivable	4,757,813	—	—	4,757,813
Financial assets at FVTPL	5,590,666	—	—	5,590,666
Refundable deposits	17,676,860	—	—	17,676,860
Restricted cash	261,818,505	—	—	261,818,505
Contract assets	—	75,693,106	949,005,543	1,024,698,649
	₱2,897,349,651	₱129,986,417	₱951,687,995	₱3,979,024,063

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.

30-Jun-2025 (Unaudited)							
	Oil Production	Geothermal Energy	Solar Energy	Wind Energy	Other Activities	Elimination	Consolidated
Segment revenue	P245,989,629	P529,018,331	P559,185,855	P512,616,639	P147,929,593	P-	P1,994,740,048
Net income	(11,871,804)	138,887,209	243,366,735	191,969,857	163,082,010	(261,685,152)	463,748,856
Other comprehensive income (loss)	-	-	-	-	-	-	-
Other information:							
Segment assets except deferred tax asset	P6,445,698,454	P5,898,574,061	P8,270,606,313	P7,086,282,331	P7,855,792,360	(P11,416,411,551)	P24,140,541,968
Deferred tax assets - net	(3,225,990)	3,750,804	4,910,244	10,157,130	-	(6,455,342)	9,136,846
Segment liabilities except deferred tax liabilities	P2,927,832,748	P1,816,176,367	P4,159,304,211	P3,075,067,681	P183,485,491	(P2,216,968,048)	P9,944,898,451
Deferred tax liabilities - net	-	-	-	-	280,812	124,466,111	124,746,923
Provision for income tax	P96,204	P12,676,447	P12,660,020	P23,400,418	P2,232,962	P-	P51,066,051

31-Dec-2024 (Audited)							
	Oil Production	Geothermal Energy	Solar Energy	Wind Energy	Other Activities	Elimination	Consolidated
Segment revenue	P520,426,862	P1,125,344,293	P847,728,656	P930,030,672	24,106,126	P-	P3,447,636,609
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	P6,485,362,987	P5,455,416,838	P7,061,065,330	P6,929,267,771	P7,842,842,525	(P10,421,497,503)	P23,352,457,948
Deferred tax assets - net	(P3,225,990)	P3,750,804	P4,236,996	P10,157,130	(P280,812)	(P6,455,341)	P8,182,787
Segment liabilities except deferred tax liabilities	P2,955,625,477	P1,511,906,354	P3,057,555,803	P3,110,022,977	P341,288,579	(P1,371,146,222)	P9,605,252,968
Deferred tax liabilities - net	P-	P-	P-	P-	-	P138,837,688	P138,837,688
Provision for income tax	P15,436,222	P22,016,377	P20,206,143	P51,666,271	P3,092,743	P-	P112,417,756

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 30-Jun-2025	Unaudited 30-Jun-2024	Audited 31-Dec-2024
Net income attributable to equity holders of the Parent Company	₱251,034,253	₱ 319,726,265	₱ 471,809,019
Weighted average number of shares	568,711,842	568,711,842	568,711,842
Basic/diluted earnings per share	₱0.4414	₱0.5622	₱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 June 30, 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 June 30, 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 in 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 June 30, 2025 and December 31, 2024, the accumulated balances of and net income attributable to non-controlling interests are as follows:

	Unaudited 30-Jun-2025	Audited 31-Dec-2024
Accumulated balances of non-controlling interests:		
PetroGreen	₱2,188,731,943	₱2,220,570,583
PetroWind	1,783,623,683	1,587,245,283
MGI	1,430,151,974	1,381,541,451
RGEC	357,025,864	357,461,544
	₱5,759,533,464	₱5,546,818,861
	Unaudited 30-Jun-2025	Audited 31-Dec-2024
Net income attributable to non-controlling interests:		
PetroGreen	₱87,751,818	₱155,655,257
PetroWind	76,787,943	143,649,947
MGI	48,610,523	107,061,751
RGEC	(435,681)	3,236,747
	₱ 212,714,603	₱409,603,702

Dividends paid to non-controlling interests amounted to nil and ₱50.00 million as of June 30, 2025 and December 31, 2024, respectively.

Increase in non-controlling interests from stock issuances PetroGreen

In September 2022, PetroGreen, PetroEnergy and Kyuden International 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 was initially maintained in an escrow fund with a bank but the fund was eventually released in accordance with 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, the SEC approved PetroGreens’ 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 was 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 had 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 were 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 PWEL 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 in 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 (June 30, 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 June 30, 2025 Financial Statements.
- d. Earnings per share is presented in the face of the unaudited statements of income for the period ended June 30, 2025 and December 31, 2024.
- e. No significant events happened during the quarter that will affect the June 30, 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 (June 30, 2025 and December 31, 2024)

	Unaudited 30-Jun-25	Audited 31-Dec-24	% Change	% of Total
ASSETS				
Cash and cash equivalents	₱1,620,465,790	₱2,770,469,655	-41.51%	6.71%
Short term investments	-	200,000,000	-100.00%	0.00%
Restricted cash	244,239,664	217,290,257	12.40%	1.01%
Receivables	1,057,358,128	759,004,222	39.31%	4.38%
Financial assets at fair value through profit or loss (FVTPL)	5,590,666	6,144,437	-9.01%	0.02%
Crude oil inventory	-	49,440,029	-100.00%	0.00%
Contract Assets - current portion	75,693,106	161,320,397	-53.08%	0.31%
Other current assets	391,980,916	434,581,875	-9.80%	1.62%
Property and equipment-net	16,600,823,986	14,974,940,788	10.86%	68.74%
Deferred oil exploration cost	483,400,023	431,416,713	12.05%	2.00%
Contract assets - net of current portion	949,005,543	675,168,269	40.56%	3.93%
Investment in joint venture and business combination	2,882,000	2,882,000	0.00%	0.01%
Right of use of assets	244,171,909	302,353,808	-19.24%	1.01%
Deferred tax assets-net	9,136,846	8,182,787	11.66%	0.04%
Intangible assets and goodwill	858,208,615	875,957,481	-2.03%	3.55%
Investment properties-net	1,611,533	1,611,533	0.00%	0.01%
Other noncurrent assets	1,605,110,087	1,489,876,484	7.73%	6.65%
TOTAL ASSETS	₱24,149,678,812	₱23,360,640,735	3.38%	100.00%
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	955,523,313	899,967,148	6.17%	3.96%
Loans payable - current	1,763,827,848	1,263,628,373	39.58%	7.30%
Lease liabilities - current	25,872,410	37,063,244	-30.19%	0.11%
Income tax payable	15,060,614	32,721,792	-53.97%	0.06%
Loans payable - net of current portion	6,684,767,113	6,881,665,545	-2.86%	27.68%
Lease liabilities - net of current portion	284,278,085	282,061,826	0.79%	1.18%
Asset retirement obligation	167,893,088	162,534,249	3.30%	0.70%
Deferred tax liabilities	124,746,923	138,837,688	-10.15%	0.52%
	47,675,977	45,610,791	4.53%	0.20%
TOTAL LIABILITIES	₱10,069,645,371	₱9,744,090,656	3.34%	41.70%
EQUITY				
Attributable to equity holders of the Parent Company	8,320,499,977	8,069,731,218	3.11%	34.45%
Non-controlling interest	5,759,533,464	5,546,818,861	3.83%	23.85%
TOTAL EQUITY	₱14,080,033,441	₱13,616,550,079	3.40%	58.30%
TOTAL LIABILITIES AND EQUITY	₱24,149,678,812	₱23,360,640,735	3.38%	100.00%

Total assets amounted to ₱24.150 billion and ₱23.361 billion as of June 30, 2025 and December 31, 2024, respectively. Book value is at ₱14.63/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 41.51% net decrease from ₱2.770 billion as of December 31, 2024 to ₱1.620 billion as of June 30, 2025 is mainly due to the following:

- Bugallon Green Energy Corporation's (BGEC), BKS Green Energy Corp.'s (BKSGEC) and San Jose Green Energy Corporation's (SJGEC) partial payments for EPC contracts and various suppliers;
- PGEC's payments to construct the solar rooftop facility; 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 fund 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 39.31% increase is mainly attributable to PGEC's recognition of receivables from sale of solar rooftop facility relating to the 3.002 MWp solar rooftop facility at Isuzu Autoparts Manufacturing Corporation (Isuzu) in Laguna. The increase is also due to electricity sales from MGI, Nabas-1, and PSC, as well as from the testing and commissioning stages of DGEC, SJGEC, and Nabas – 2's first three (3) WTG.

Financial assets at fair value through profit or loss (FVPL) amounted to ₱5.591 million and ₱6.144 million as of June 30, 2025 and December 31, 2024, respectively. The decrease is primarily due to the decline in market prices of investment in stocks..

Crude oil inventory nil balance arises from the adjustment of the Gabon Consortium Partners' crude oil entitlement from 1.9950% to 2.2534% for the period from January to June 2025.

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 December 26, 2019 to June 25, 2020. The increase in noncurrent portion is due to recording of additional FIT arrears for the period January 1, 2025 to June 30, 2025 and amortization of interest income using the adjusted FIT rates applied by TransCo.

Other current assets consist of supplies inventory, prepaid expenses, and other current assets. The bulk of the net decrease of 9.80% is due to the continuous amortization of prepaid expenses.

Property and equipment-net amounted to ₱16.601 billion and ₱14.975 billion as of June 30, 2025 and December 31, 2024, respectively. The 10.86% net increase is mainly due to the following:

- PWEI's construction of the remaining 3 WTGs for Nabas-2 project in proportion to payment for the main Balance of Plant progress billing; 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 12.05% 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 19.24% 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 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 costs remains the same as of June 30, 2025.

Other noncurrent assets amounted to ₱1.605 billion and ₱1.490 billion as of June 30, 2025 and December 31, 2024, respectively. The 7.73% net increase is mainly due to the additions to Deferred Development Cost related to the, development and expansion of various renewable energy projects.

Accounts payable and accrued expenses increased by 6.17% mainly due to recognition of payables to contractors and suppliers related to the development of various renewable energy projects.

Current portion of loans payable increased by 39.58% 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 2.86% 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 decrease in **Income tax payable** account pertains to lower taxable income during the period.

Asset retirement obligation amounted to ₱167.893 million and ₱162.534 million as of June 30, 2025 and December 31, 2024, respectively. The 3.30% increase mainly pertains to accretion made during the period.

Other non-current liabilities includes the Group's accrued retirement liability account. The net increase of 4.53% is mainly due to accrual of employees' retirement-related obligation.

Equity attributable to equity holders of the Parent Company amounted to ₱8.320 billion or ₱14.63 book value per share and ₱8.070 billion or ₱14.19 book value per share, as of June 30, 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 June 30, 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 June 30, 2025 and December 31, 2024;
- 14% (25% of 56% share of PGEC) total indirect share of Kyuden in PSC as of June 30, 2025 and December 31, 2024;
- 40% direct share of BCPG in PWEI as June 30, 2025 and December 31, 2024; and
- 25% direct share of Taisei in RGEC as of June 30, 2025 and December 31, 2024

Non-controlling interest increased by 3.83% from ₱5.547 billion to ₱5.760 billion due to the share in net income for the period.

2. Consolidated Financial Performance (for the quarters ended June 30, 2025 and June 30, 2024)

	Unaudited		% Change	% to Total Revenues
	30-Jun-25	30-Jun-24		
REVENUES				
Electricity sales	₱708,518,980	₱624,270,748	13.50%	71.24%
Oil revenues	133,599,890	139,737,907	-4.39%	13.43%
Other revenues	152,365,615	25,148,913	505.85%	15.32%
	994,484,485	789,157,568	26.02%	100.00%
COST OF SALES				
Cost of sales - Electricity	373,562,934	294,474,208	26.86%	37.56%
Oil production operating expenses	96,597,222	99,529,896	-2.95%	9.71%
Change in crude oil inventory	37,455,181	(4,189,978)	-993.92%	3.77%
Cost of sales - Others	112,899,880	24,790,311	355.42%	11.35%
	620,515,217	414,604,437	49.66%	62.40%
GROSS INCOME	373,969,268	374,553,131	-0.16%	37.60%
GENERAL AND ADMINISTRATIVE EXPENSES	68,813,336	76,301,948	-9.81%	6.92%
OTHER INCOME (CHARGES)				
Interest income	27,221,071	53,279,612	-48.91%	2.74%
Net unrealized foreign exchange gain (loss)	(3,081,321)	5,018,607	-161.40%	-0.31%
Net unrealized gain (loss) on fair value changes on financial assets at FVPL	(598,957)	(910,116)	-34.19%	-0.06%
Interest expense	(154,062,636)	(129,926,239)	18.58%	-15.49%
Accretion expense	(3,263,668)	(3,184,312)	2.49%	-0.33%
Miscellaneous income (charges)	27,209,689	(1,892,283)	-1537.93%	2.74%
	(106,575,822)	(77,614,731)	37.31%	-10.72%
INCOME BEFORE INCOME TAX	198,580,110	220,636,452	-10.00%	19.97%
PROVISION FOR INCOME TAX	15,633,534	15,376,505	1.67%	1.57%
NET INCOME	₱182,946,576	₱205,259,947	-10.87%	18.40%
NET INCOME ATTRIBUTABLE TO:				
Equity Holders of the Parent Company	107,571,734	134,202,679	-19.84%	10.82%
Noncontrolling interest	75,374,842	71,057,268	6.08%	7.58%
NET INCOME	₱182,946,576	₱205,259,947	-10.87%	18.40%

The Group's **consolidated net income** amounted to ₱182.947 million and ₱205.260 million for the 2nd quarter ending June 30, 2025 and for the same period in 2024, respectively. For the second quarter of 2025, the **consolidated net income attributable to equity holders of the Parent Company** amounted to ₱107.572 million or ₱0.189 earnings per share as compared with ₱134.203 million or ₱0.236 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.

Additionally, the outright recognition of 3.002 MWp solar rooftop facility at Isuzu Autoparts Manufacturing Corporation in Laguna contributed to the increase in revenues.

The increase in cost of sales for the quarter ended June 30, 2025 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 and cost to construct the solar rooftop facility added to the increased cost of sales.

Despite the increase in revenues for the quarter ended June 30, 2025, the consolidated net income attributable to equity holders of the Parent Company decreased by 19.84% mainly due to the decline in crude oil revenues.

The consolidated net income declined by 10.87% for the quarter ended June 30, 2025 is attributable to financing charges relating to the new RE projects.

Revenues:

Electricity sales refer to the electricity power generation from MGPP, TSPP, NWPP, DSPP and SJSP. The 13.50% net increase for the quarter ended June 30, 2025 versus same period last year is due to testing and commissioning revenues of Nabas-2's first three (3) WTGs, DGEC, SJGEC and the above-mentioned outright revenue recognition of solar rooftop facility in Laguna.

Oil revenues decreased by 4.39% from ₱139.738 million for the quarter ended June 30, 2024 to ₱133.600 million for the quarter ended June 30, 2025 mainly due to the decline in crude oil price from average US\$84.81/bbl for the quarter ended June 30, 2024 to US\$66.63/bbl versus the same period in 2025.

Other revenues pertain to passed on Meralco wheeling, ancillary and transmission charges and Wholesale Electricity Spot Market (WESM) transactions and revenue from solar rooftop facility. The increase for the quarter ended June 30, 2025 is mainly due to MGI's IEMOP related purchase transactions for the period and PGEC's outright recognition of sale of solar rooftop facility relating to the Solar Rooftop System Installation and Maintenance Agreement with Isuzu dated July 23, 2024.

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 for the quarter ended June 30, 2025 is mainly due to the testing and commissioning activities of Nabas-2, DGEC, SJGEC and MGI's increased non-cash expenses relating to the depreciation of additional capital assets.

Oil production operating expenses decreased by 2.95% for the quarter ended June 30, 2025 is 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**.

Aside from pass-on charges as mentioned above, **cost of sales others** increased by 355.42% for the quarter ended June 30, 2025 is due to the construction costs related to the solar rooftop facility in Laguna.

General and Administrative Expenses, Other Income (Charges) and Provision for Income Tax:

General and administrative expenses (G&A) decreased by 9.81% for the quarter ended June 30, 2025 mainly due to lower expenses since YTD June 2024 includes non-recurring documentary stamp taxes relating to the conversion of PERC's short-term loan to long term.

Other income (charges) amounted to (₱106.576) million and (₱77.614) million as of June 30, 2025 and June 30, 2024, respectively. Below presents the itemized discussion of the changes in other income (charges) account.

- 48.91% decrease in **interest income** for the quarter ended June 30, 2025 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 ₱5.019 million to forex loss of ₱3.081 million for the quarter ended June 30, 2025 due to restatement of USD accounts to Peso;
- increase for the quarter ended June 30, 2025 in the market prices of the investments in FVPL, from unrealized loss of ₱0.910 million to ₱0.599 million;
- increase in **accretion expense** for the quarter ended June 30, 2025 is mainly due to change in asset retirement obligation estimates as a result of year-end audit.
- bulk of the **interest expense** for the quarter ended June 30, 2025 pertains to interest due on loans. The increase in interest expense of 18.58% from ₱129.926 million for the quarter ended June 30, 2024 to ₱154.063 million for the quarter ended June 30, 2025 is mainly due to the new loan availment for Nabas-2, MGI and DSPP projects. These are partially offset by reduction in other RE subsidiaries' interest expense due to continuous loan principal repayments.
- increase in **miscellaneous income** for the quarter ended June 30, 2025 is mainly due to the management fees billed to renewable energy subsidiaries and PWEI's claim of the Availability Warranty Penalty from Siemens Gamesa Renewable Energy as compensation for lost revenue due to downtime, covering the period from December 12, 2023 to December 11, 2024.

Provision for income tax:

Provision for income tax current for the quarter ended June 30, 2025 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;
- NWPP-1'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;
- PERC's and PGEC's 2% minimum corporate income tax; and
- SJGEC's 25% regular income tax

Net Income Attributable to Noncontrolling interest (NCI) is computed using the following equity holdings for the quarters ended June 30, 2025 and June 30, 2024:

- 25% share of Kyuden in PetroGreen as of June 30, 2025 and June 30, 2024;
- 25% direct share of AC Energy, 10% direct share of PNOC-RC as of June 30, 2025 and nil as of June 30, 2024;
- 14% (25% of 56% share of PGEC) total indirect share of Kyuden in PSC as of June 30, 2025, nil as of June 2024;
- 40% share of BCPG in PWEI as of June 30, 2025 and June 30, 2024; and
- 25% direct share of Taisei in RGEC as June 30, 2025 and June 30, 2024.

3. Consolidated Financial Position (June 30, 2025 and June 30, 2024)

	30-Jun-25	30-Jun-24	% Change	% in Total Assets
ASSETS				
Cash and cash equivalents	₱1,620,465,790	₱4,066,724,678	-60.15%	6.71%
Restricted cash	244,239,664	290,257,801	-15.85%	1.01%
Receivables	1,057,358,128	606,873,873	74.23%	4.38%
Financial assets at fair value through profit or loss (FVTPL)	5,590,666	6,149,130	-9.08%	0.02%
Contract Assets - current portion	75,693,106	71,398,923	6.01%	0.31%
Crude oil inventory	-	28,406,157	-100.00%	0.00%
Other current assets	391,980,916	320,479,455	22.31%	1.62%
Property and equipment-net	16,600,823,986	13,090,157,219	26.82%	68.74%
Deferred oil exploration cost	483,400,023	423,407,628	14.17%	2.00%
Contract assets - net of current portion	949,005,543	704,850,378	34.64%	3.93%
Investment in joint venture and business combination	2,882,000	2,882,000	0.00%	0.01%
Right of use of assets	244,171,909	311,103,792	-21.51%	1.01%
Deferred tax assets-net	9,136,846	19,007,206	-51.93%	0.04%
Intangible assets and goodwill	858,208,615	1,160,764,305	-26.07%	3.55%
Investment properties-net	1,611,533	1,611,533	0.00%	0.01%
Other noncurrent assets	1,605,110,087	1,825,076,668	-12.05%	6.65%
TOTAL ASSETS	₱24,149,678,812	₱22,929,150,746	5.32%	100.00%
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	955,523,313	655,645,267	45.74%	3.96%
Loans payable - current	1,763,827,848	1,231,586,580	43.22%	7.30%
Lease liabilities - current	25,872,410	42,971,629	-39.79%	0.11%
Income tax payable	15,060,614	14,346,373	4.98%	0.06%
Loans payable - net of current portion	6,684,767,113	6,736,609,653	-0.77%	27.68%
Lease liabilities - net of current portion	284,278,085	269,881,742	5.33%	1.18%
Asset retirement obligation	167,893,088	176,644,104	-4.95%	0.70%
Deferred tax liabilities-net	124,746,923	-	0.00%	0.52%
Other noncurrent liability	47,675,977	27,913,872	70.80%	0.20%
TOTAL LIABILITIES	10,069,645,371	9,155,599,220	9.98%	41.70%
EQUITY				
Attributable to equity holders of the Parent Company	8,320,499,977	8,402,192,334	-0.97%	34.45%
Non-controlling interest	5,759,533,464	5,371,359,192	7.23%	23.85%
TOTAL EQUITY	14,080,033,441	13,773,551,526	2.23%	58.30%
TOTAL LIABILITIES AND EQUITY	₱24,149,678,812	₱22,929,150,746	5.32%	100.00%

Total assets amounted to ₱24.150 billion and ₱22.929 billion as of June 30, 2025 and June 30, 2024, respectively. Book value decreased to ₱14.63/share from ₱14.77/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 60.15% net decrease from ₱4.067 billion as of June 30, 2024 to ₱1.620 billion as of June 30, 2025 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 BENLC 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 decreased as a result of loan and interest payments, net of funding for the next loan repayments of RE subsidiaries.

The **Receivables** account mainly consists of receivables from electricity sales and lifting/sale of crude oil revenue. The 74.23% increase is mainly due to electricity sales from the testing and commissioning delete of DGEC, SJGEC, and Nabas – 2's first three (3) WTGs.

Financial assets at fair value through profit or loss (FVTPL) decreased by 9.08% from ₱ to ₱6.149 million to ₱5.591 million mainly due to decline in the market prices of the investment portfolio.

Crude oil inventory nil balance arises from the adjustment of the Gabon Consortium Partners' crude oil entitlement from 1.9950% to 2.2534% for the period from January to June 2025.

Other current assets consist of supplies inventory, prepaid expenses, and other current assets. The bulk of the 22.31% net increase is mainly due to advance payment for EcoSolar Energy Corporation's (ESEC) rent and lease option fees for the land located at the project site in Panitan Capiz.

Property and equipment- net amounted to ₱16.601 billion and ₱13.090 billion as of June 30, 2025 and June 30, 2024, respectively. The 26.82% net increase is mainly due to the following:

- 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 ₱483.400 million and ₱423.408 million as of June 30, 2025 and June 30, 2024, respectively. The account increased by 14.17 % 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 in current portion is due to higher incremental revenue used for the period June 26, 2019 to June 25, 2020. For noncurrent portion, the increase is due to recording of additional FIT arrears for the period July 01, 2024 to June 30, 2025 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 21.51% 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/ 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.

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 costs remaining the same as of June 30, 2025.

Other noncurrent assets amounted to ₱1.605 billion and ₱1.825 billion as of June 30, 2025 and June 30, 2024, respectively. The 12.05% net decrease is mainly due to recoupment of advances for the progress billings relating to remaining 3 WTGs for Nabas-2 project and BGEC's EPC contract.

Accounts payable and accrued expenses increased by 45.74% mainly due to payables to contractors and suppliers.

Current portion of loans payable increased by 43.22% 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-1 Wind Turbine Generator (WTG) -14 restoration and Nabas-2 project.

Loans payable – net of current portion decreased by 0.77% due to partial settlement of loans during the period.

Lease liabilities – current the decrease of 39.79% 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 ₱167.893 million and ₱176.644 million as of June 30, 2025 and June 30, 2024, respectively. The 4.95% decrease resulted from changes in estimates made based on 2024 audited financial statement.

Other noncurrent liability pertains to the Group's accrued retirement liability account.

Equity attributable to equity holders of the Parent Company amounted to ₱8.320 billion or ₱14.63 book value per share and ₱8.402 billion or ₱14.77 book value per share, as of June 30, 2025 and June 30, 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 June 30, 2025 and June 30, 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 June 30, 2025 and June 30, 2024;
- 14% (25% of 56% share of PGEC) total indirect share of Kyuden in PSC as of June 30, 2025 and June 30, 2024;
- 40% direct share of BCPG in PWEI as June 30, 2025 and June 30, 2024; and
- 25% direct share of Taisei in RGEC as of June 30, 2025 and June 30, 2024

Non-controlling interest increased by 7.23% from ₱5.371 billion to ₱5.760 billion due to the share in net income for the period.

4. Consolidated Financial Performance (for the six months ended June 30, 2025 and June 30, 2024)

	Unaudited (Six months ended)		% Change	% to Total Revenues
	30-Jun-25	30-Jun-24		
REVENUES				
Electricity sales	₱1,593,826,909	₱1,410,123,660	13.03%	79.90%
Oil revenues	245,989,629	279,535,740	-12.00%	12.33%
Other revenues	154,923,509	44,595,212	247.40%	7.77%
	1,994,740,047	1,734,254,612	15.02%	100.00%
COST OF SALES				
Cost of sales - Electricity	750,249,186	602,820,006	24.46%	37.61%
Cost of sales - Oil Production	197,955,089	206,611,028	-4.19%	9.92%
Change in crude oil inventory	49,440,029	(14,730,105)	-435.64%	2.48%
Cost of sales - Others	115,247,851	43,982,932	162.03%	5.78%
	1,112,892,155	838,683,861	32.70%	55.79%
GROSS INCOME				
	881,847,892	895,570,751	-1.53%	44.21%
GENERAL AND ADMINISTRATIVE EXPENSES				
	148,857,158	160,390,483	-7.19%	7.46%
OTHER INCOME (CHARGES)				
Interest income	61,913,573	99,650,059	-37.87%	3.10%
Net unrealized foreign exchange gain (loss)	(4,176,182)	6,041,555	-169.12%	-0.21%
Net unrealized gain (loss) on fair value changes on financial assets at FVPL	(553,771)	(809,589)	-31.60%	-0.03%
Interest expense	(301,152,610)	(263,044,507)	14.49%	-15.10%
Accretion expense	(6,524,825)	(6,383,353)	2.22%	-0.33%
Miscellaneous income (charges)	32,317,988	2,404,934	1243.82%	1.62%
	(218,175,827)	(162,140,901)	34.56%	-10.94%
INCOME BEFORE INCOME TAX				
	514,814,907	573,039,367	-10.16%	25.81%
PROVISION FOR (BENEFIT FROM) INCOME TAX				
	51,066,051	46,054,024	10.88%	2.56%
NET INCOME				
	₱463,748,856	₱526,985,343	-12.00%	23.25%
NET INCOME ATTRIBUTATBLE TO:				
Equity Holders of the Parent Company	251,034,253	319,726,265	-21.48%	12.58%
Noncontrolling interest	212,714,603	207,259,078	2.63%	10.66%
NET INCOME				
	₱463,748,856	₱526,985,343	-12.00%	23.25%

Electricity sales refer to the electricity power generation from MGPP, TSPP, NWPP, DSPP and SJSP. The 13.03% net increase for the six months ended June 30, 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 12.00% from ₱279.54 million for the six months ended June 30, 2024 to ₱245.99 million for the six months ended June 30, 2025 is mainly due to lower average crude oil price from US\$83.81/bbl to US\$71.19/bbl.

Other revenues pertain to passed on Meralco wheeling, ancillary and transmission charges and Wholesale Electricity Spot Market (WESM) transactions and revenue from solar rooftop facility. The increase is mainly due to MGI's

IEMOP related purchase transactions for the period and PGEC's outright recognition of sale of solar rooftop facility relating to the Solar Rooftop System Installation and Maintenance Agreement with Isuzu dated July 23, 2024.

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

Cost 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 attributable to producing electricity. The 24.46% net increase on June 30, 2025 versus same period last year is due to the above-mentioned testing and commissioning and outright cost of Nabas-2's first three (3) WTGs, DGEC and SJGEC.

Decrease in **oil production operating expenses** by 4.19% is mainly due to adjustments upon finalization of the previous months' initial estimates.

The **change in crude oil inventory** resulted from the difference in the movements of the beginning and ending crude oil inventory.

The 7.19 % decrease in **general and administrative expenses (G&A)** is mainly due to lower G&A expenses because YTD June 2024 includes non-recurring documentary stamp taxes relating to the conversion of PERC's short-term loan to long-term.

Below presents the itemized discussion of the changes in other income (charges):

- decrease in **interest income** of 37.87% is due to lower cash balance used to fund new RE projects;
- the **unrealized forex loss** from previous year's unrealized gain resulted from the fluctuations between the USD and PHP;
- **unrealized loss on fair value changes on FVPTL** is due to market changes in prices of stock investments;
- increase in **interest expense** of 14.49% is due to new loan availments for Nabas-2, MGI and DSPP projects;
- increased in **miscellaneous income** is due to receipt of PWEI's insurance proceeds from Business Interruption claim on WTG-06 generator and Availability Warranty Penalty from Siemens Gamesa Renewable Energy (SGRE) as compensation for lost revenue due to downtime for the period December 12, 2023 to December 11, 2024.

Net income attributable to the parent company for the six months ended June 30, 2025 amounted to ₱251.034 million as compared with ₱319.726 million for the same period in 2024. The decrease of 21.48% is mainly due to net loss of PERC Parent during the period.

Key performance indicators

– 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 five-well drilling program in Gabon Etame, aimed to sustain field production beyond 2028.

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-two (22) 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 ninety (190) 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 7.46% 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 assesses the financial risks exposures of the Company and its subsidiaries particularly on currency, interest credit, and market and liquidity risks. Based on current assessments, there were no significant changes in these risks during the period that would materially affect the Company's financial condition or results of operations. The Company continues to implement risk management policies designed to address potential exposures and to preserve the value of its financial assets.

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 2nd quarter ranged from 10,742 to 16,435 barrels of oil per day (BOPD), averaging at 14,566 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). On June 30, 2025, production was reduced to 10,742 barrels in preparation for the upcoming three-week Etame Field Maintenance Shutdown.

The total cargo lifted by the Consortium for the 2nd Quarter of 2025 amounted to 1.76 million barrels of oil (MMBO). To date, the Etame Marin Field has already produced ~145.13 MMBO since production started in 2002.

Philippine Operations

Service Contract 14C2 – West Linapacan, Northwest Palawan

Pursuant to its approved 2025 Work Program, the SC 14C2 Consortium engaged the services of an third-party consultancy firm to prepare a reservoir engineering study which was completed in June 2025. Subsequently, a separate firm was contracted to prepare the Plan of Development (POD), which is targeted for completion within the Q3 2025.

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 2nd Quarter, the 20-MW Maibarara-1 (MGPP-1) and 12-MW Maibarara-2 (MGPP-2) Geothermal Power Plants were in continuous operation. From April 1 to June 30, 2025, the combined net exported output was 65,162.81 MWh (40,780.87 MWh from MGPP-1 and 24,381.94 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 April 1-June 30, 2025. The total net energy exported to the grid was 15,569.04 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's (NWPP-2) first three (3) wind turbines. From April 1 to June 30, 2025, the first three (3) turbines of NWPP-2 exported a total of 6,152.23 MWh to the grid.

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

For the period of April 1, 2025 to June 30, 2025, the DSPP continued to supply power to the grid with total output of 10,365.46 MWh

On April 7, 2025, the NGCP issued Final Certificate of Authority to Connect (FCATC), marking the completion of the T&C phase.

On July 4, 2025, the Energy Regulatory Commission (ERC) issued a Provisional Approval to Operate (PAO) for the facility. After subsequent submission to the Independent Market Operator of the Philippines (IEMOP) the agency confirmed on July 8, 2025 the plant's full WESM participation and set July 16, 2025 as the project's start of commercial operations.

San Jose Solar Power Project

On April 14, 2025, the NGCP issued FCATC, marking the completion of the T&C phase. While awaiting issuance of COC from the ERC, the SJSP continued to supply power to the grid, generating a total of 8,054.10 MWh for the 2nd Quarter of 2025.

Bugallon Solar Power Project

For the 2nd Quarter of 2025, the EPC contractor progressed with the required electrical and mechanical works for the substation, main control building, medium voltage power stations (MVPS), and the materials recovery facility (MRF). The completion of the solar and grid connection physical facilities is expected within Q3 2025.

Limbauan Solar Power Project

Construction of the solar farm and grid connection facilities continue to progress with target completion of physical facilities by Q3 2025. Notable accomplishments for Q2 2025 include the erection of all transmission line poles and installation of most of the solar panels, civil works for the Main Control Building, Substation, and Switching Station.

Panitan Solar Power Project

On May 7, 2025, EcoSolar Energy Corporation's (ESEC) secured a DOE Certificate of Authority (COA) for its Panitan Solar Power Project (PSPP) located in Panitan, Capiz. For the 2nd Quarter of 2025, ESEC completed conduct of pre-engineering surveys (e.g. geotechnical, geophysical, hydrological and topographic surveys) and progressed with the evaluation of candidate solar and grid farm contractors, preparation pre-requisite documents of local and

national permits, and consultation with local stakeholders.

Northern Luzon Offshore Wind Power Project

On May 29, 2025, the Department of Environment and Natural Resources (DENR) issued Environmental Compliance Certificate (ECC) to Buhawind Energy Northern Luzon Corporation (BENLC). The ECC allows BENLC to undertake pre-development activities (e.g. marine geotechnical and geophysical surveys, wind measurement campaign, and environmental studies, etc.).

For the 2nd Quarter of 2025, BENLC progressed with the installation of one onshore 120-meter high meteorological tower and two platforms for the scanning Light Detection and Ranging (LiDAR) equipment.

Northern Mindoro Offshore Wind Power Project and East Panay Offshore Wind Power Project

On March 26, 2025, the NGCP issued System Impact Study covering the Northern Mindoro Offshore Wind Power Project to Buhawind Energy Northern Mindoro Corporation (BENMC).

C. BATTERY ENERGY STORAGE SYSTEM (BESS) PROJECTS

Panitan Energy Storage Project

For the 2nd Quarter of 2025, ESEC progressed with evaluation of candidate suppliers and EPC contractors and preparation of pre-requisite documents for processing of local and national permits, and consultation with local stakeholders.

Plan of Operations for the next 12 months

Etame EPSC - Gabon, West Africa

Crude production from existing wells will continue with one new production well scheduled to commence production in Q4 2025.

SC 14C2 - West Linapacan, Northwest Palawan

Preparation of Plan of Development (POD) to be undertaken by third-party consultancy.

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 to supply power to the grid.

San Jose Solar Power Project

SJSPP to continue to supply power to the grid.

Isuzu Autoparts Manufacturing Corporation (IAMC) Solar Rooftop Project

The EPC contractor will continue to supply power to the IAMC facility.

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 discussion with third-party service providers with the aim of finalizing project costs.

Panitan Energy Storage Project

ESEC to continue evaluation of candidate suppliers/ EPC contractors and preparation of pre-requisite documents for local and national permits.

Panitan Solar Power Project

ESEC to continue evaluation of candidate EPC contractors and preparation of pre-requisite documents for local and national permits.

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) coordination with NGCP regarding approval of Facility Study, 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.

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
JUNE 30, 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 ₱5.59 million do not constitute 5% or more of the total current assets of the Group as of June 30, 2025.

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

As of June 30, 2025, there are no amounts receivable from directors, officers, employees, related parties and principal stockholders that aggregate 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 June 30, 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	₱2,596,144	₱4,809,877	₱—	—	₱33,385,790
PetroWind Energy Inc.	1,659,094	2,548,979	2,214,750	—	—	1,993,323
Maibarara Geothermal, Inc.	293,884	2,253,979	1,069,281	—	—	1,478,582
PetroSolar Corporation	1,616,724	1,828,824	2,726,317	—	—	719,231
Rizal Green Energy Corporation	46,796	67,200	46,796	-	-	67,200
Dagohoy Green Energy Corporation	1,204,180	1,323,364	1,367,111	-	-	1,160,433
San Jose Green Energy Corporation	37,391	1,351,155	45,231	-	-	1,343,315
BKS Green Energy Corp.	22,460	1,135,259	22,460	-	-	1,135,259
Bugallon Green Energy Corporation	9,348	1,085,622	9,348	-	-	1,085,622
EcoSolar Energy Corporation	-	38,450	38,450	-	-	-
	₱40,489,400	₱14,228,976	₱12,349,621	₱—	—	₱42,368,755

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 June 30, 2025.

Schedule F. Guarantees of Securities of Other Issuers

The Group does not have guarantees of securities from other issuers as of June 30, 2025.

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 JUNE 30, 2025, JUNE 30, 2024, and DECEMBER 31, 2024***Financial Soundness Indicators*

Below are the financial ratios that are relevant to the Group for the period ended June 30, 2025, June 30, 2024, and December 31, 2024:

Financial ratios	Formula	Unaudited 30-Jun-2025	Unaudited 30-Jun-2024	Audited 31-Dec-2024
Current ratio	$\frac{\text{Total current assets}}{\text{Total current liabilities}}$	1.23:1	2.77:1	2.06:1
Solvency ratio	$\frac{\text{After tax net profit + depreciation}}{\text{Long-term + short-term liabilities}}$	0.05:1	0.05:1	0.15:1
Debt-to-Equity Ratio	$\frac{\text{Total liabilities}}{\text{Total stockholder's equity}}$	0.72:1	0.66:1	0.72:1
Asset-to-Equity Ratio	$\frac{\text{Total assets}}{\text{Total stockholder's equity}}$	1.72:1	1.66:1	1.72:1
Interest rate coverage ratios	$\frac{\text{Earnings before interest and taxes (EBIT)}}{\text{Interest expense*}}$	2.29:1	2.70:1	2.38:1
Return on revenue	$\frac{\text{Net income}}{\text{Total revenue}}$	18.40%	26.01%	25.57%
Earnings per share	$\frac{\text{Net income}}{\text{Weighted average no. of shares}}$	₱0.1892	₱0.2360	₱0.8296
Price Earnings Ratio	$\frac{\text{Closing price}}{\text{Earnings per share}}$	₱19.56	₱17.12	₱5.97
Long term debt-to-equity ratio	$\frac{\text{Long term debt}}{\text{Equity}}$	0.52:1	0.52:1	0.55:1
EBITDA to total interest paid	$\frac{\text{EBITDA**}}{\text{Total interest paid}}$	3.33	5.72	5.77

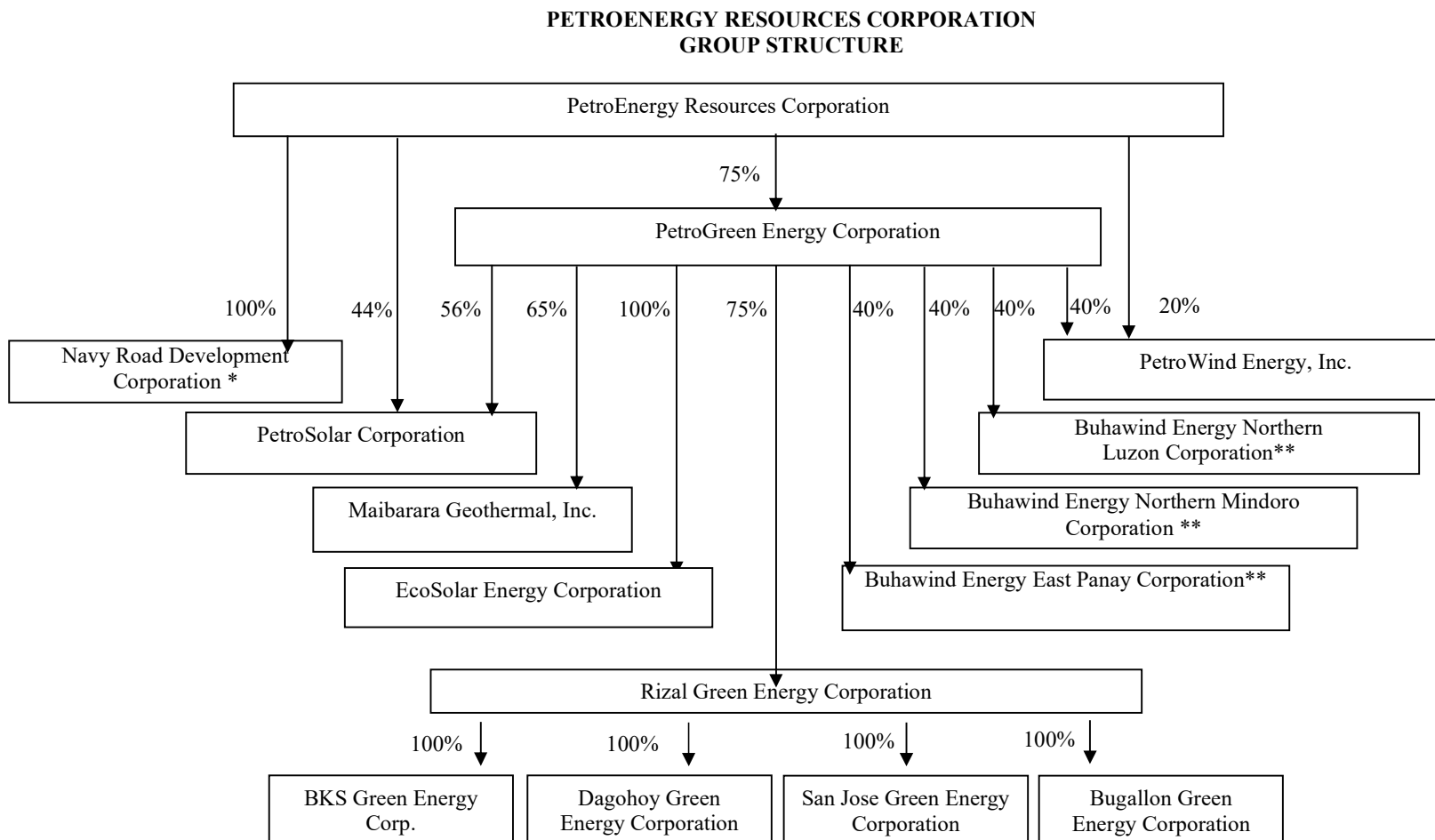
*Interest expense is capitalized as part of the construction-in-progress account under PPE.

**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 June 30, 2025:



* Dormant Company

**Investment in joint venture.

PETROENERGY RESOURCES CORPORATION (PARENT COMPANY)**SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR****DIVIDEND DECLARATION****JUNE 30, 2025**

Unappropriated Retained Earnings (Deficit), beginning of the reporting period (see Footnote 2) P229,962,501

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	—
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 (11,871,804)

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	153,571,840
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	1,225,246
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	154,797,086

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	2,807,565
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	2,807,565

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	66,101,176

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	—
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	66,101,176
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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 : August 14, 2025