

# COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

**Ian Jason R. Aguirre**

(Contact Person)

**(+632) 8662 8888**

(Company Telephone Number)

|   |   |
|---|---|
| 1 | 2 |
|---|---|

*Month*

|   |   |
|---|---|
| 3 | 1 |
|---|---|

*Day*

(Calendar Year)

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| 1 | 7 | - | C |  |
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(Form Type)

Month Day  
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

|          |         |
|----------|---------|
|          |         |
| Domestic | Foreign |

To be accomplished by SEC Personnel concerned

[illegible]

LCU

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **February 27, 2026**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **AS093-8127**
3. BIR Tax Identification No. **002-834-075**
4. **APC Group, Inc. and Subsidiaries**  
Exact name of issuer as specified in its charter
5. **Metro Manila, Philippines**  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. **G/F MyTown New York Building, General E. Jacinto corner  
Capas Streets, Barangay Guadalupe Nuevo, Makati City**  
Address of principal office
8. **(+632) 8662-8888**  
Issuer's telephone number, including area code
9. **Not applicable**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

**1212**  
Postal Code

Title of Each Class

Number of Shares of Common Stock  
Outstanding and Amount of Debt Outstanding

**Common Stock**

**7,504,203,997**

11. Indicate the item numbers reported herein:  
**Item No. 11 (Please refer to the attached)**

## **SIGNATURES**

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

**APC Group, Inc. and Subsidiaries**

Issuer



**Ian Jason R. Aguirre**  
President and  
Chief Executive Officer

**February 27, 2026**

Date



## APC GROUP INC.

February 27, 2026

**Securities and Exchange Commission**

17F SEC Headquarters,  
7907 Makati Avenue, Bel-Air  
Makati City 1209

Attention : **Atty. Oliver O. Leonardo**  
Director, Markets and Securities Regulation Department

**Philippine Stock Exchange, Inc.**

6/F PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street,  
Bonifacio Global City, Taguig City

Attention : **Atty. Johanne Daniel M. Negre**  
Head, Disclosure Department

Subject : **Audited Financial Statement for the period ended December 31, 2025**

Gentlemen :

In observance of good corporate governance standards and practices, we hereby submit our Audited Financial Statement for the period ended December 31, 2025.

We trust you find everything in order.

Thank you.

**Ian Jason R. Aguirre**  
President and  
Chief Executive Officer

G/F MyTown New York Building  
General E. Jacinto St. corner Capas St.,  
Baranagay Guadalupe Nuevo, Makati City 1212  
Tel.: (632) 662-8888 local 2101  
Fax No.: (632) 662-8898



APC GROUP INC.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR CONSOLIDATED FINANCIAL STATEMENTS**

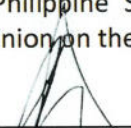
The management of **APC Group, Inc. and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2025, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2025, 2024, and 2023, have audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

  
\_\_\_\_\_  
**Willy N. Ocier**  
Chairman of the Board

  
\_\_\_\_\_  
**Marie Joy C. Reyes**  
Treasurer and Financial Controller

  
\_\_\_\_\_  
**Ian Jason R. Aguirre**  
President and Chief Executive Officer

February 27, 2026

SUBSCRIBED AND SWORN to before me this **FEB 27 2026** at **CITY OF MAKATI** City, affiants who are personally known to me or identified through competent evidence of identity, to wit:

| Name                 | Passport ID | Date of Expiry | Place of Issue |
|----------------------|-------------|----------------|----------------|
| Willy N. Ocier       | [REDACTED]  | [REDACTED]     | DFA MANILA     |
| Ian Jason R. Aguirre |             |                | DFA MANILA     |
| Marie Joy C. Reyes   |             |                | DFA MANILA     |

DOC NO. **307**  
PAGE NO. **63**  
BOOK NO. **8**  
SERIES OF **2026**

**ANTY ADONIA JAN R. ASLARONA**  
Notary Public  
Until December 31, 2026  
IBP O.R. No. 591537/01-07-2026/Pampanga  
Appointment No. M-030 (2025-2026)  
Roll of Attorney No. 84603  
MCLE Compliance No. VII-0033436  
PTR No. 10769145/1-08-2026/Makati City  
Unit 1009 Philippine AKA Life Centre, Sen. Gil Puyat  
Avenue Corner, Tindalo Street, Makati City 1256





## INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors  
APC Group, Inc. and Subsidiaries  
G/F MyTown New York Bldg.  
General E. Jacinto St., cor. Capas St.  
Brgy. Guadalupe Nuevo, Makati City

### *Opinion*

We have audited the consolidated financial statements of APC Group, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2025, 2024 and 2023, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2025, 2024 and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

### *Basis for Opinion*

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

### *Key Audit Matter*

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### Assessing Recoverability of Deferred Exploration Costs

As at December 31, 2025, the Group has deferred exploration costs amounting to ₱218.1 million, which represent 85.70% of the total consolidated assets. These deferred exploration costs pertain to a subsidiary, Aragorn Power and Energy Corporation (APEC)'s participating interest in Geothermal Service Contracts and the expenditures incurred by APEC for the Geothermal Projects in Kalinga (the Project).



Under PFRS Accounting Standards 6, *Exploration for and Evaluation of Mineral Resources*, the Group is required to assess whether facts and circumstances suggest that the deferred exploration costs may be impaired. The determination whether impairment indicators are present is significant to our audit because of the significant amount of the deferred exploration costs and the significant judgment and assumptions involved in the assessment.

Our audit procedures included, among others, reviewing the management's assessment on whether there is any indication that the deferred exploration costs may be impaired. We obtained evidence that the Group hold valid rights over the Project area. We examined the Group's progress reports submitted to the Department of Energy, the related agreements, exploration budgets and plans to evaluate management's intention to perform further exploration and evaluation of mineral resources. We also reviewed the related disclosures in Notes 1, 3 and 7 to the consolidated financial statements.

#### *Other Information*

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

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

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

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

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

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

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



*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.



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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Belinda B. Fernando.

**REYES TACANDONG & Co.**

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782/P-005; Valid until June 6, 2026

SEC Accreditation No. 81207-SEC Group A

Issued January 30, 2020

Valid for Financial Periods 2023 to 2025

BIR Accreditation No. 08-005144-004-2025

Valid until August 10, 2028

PTR No. 10764017

Issued January 2, 2026, Makati City

February 27, 2026

Makati City, Metro Manila

**APC GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

|                                                                    |      | December 31         |                     |
|--------------------------------------------------------------------|------|---------------------|---------------------|
|                                                                    | Note | 2025                | 2024                |
| <b>ASSETS</b>                                                      |      |                     |                     |
| <b>Current Assets</b>                                              |      |                     |                     |
| Cash and cash equivalents                                          | 5    | P17,647,144         | P23,788,657         |
| Receivables                                                        | 6    | 573,851             | 1,409,289           |
| Prepayments                                                        |      | 62,877              | 57,716              |
| Total Current Assets                                               |      | 18,283,872          | 25,255,662          |
| <b>Noncurrent Assets</b>                                           |      |                     |                     |
| Deferred exploration costs                                         | 7    | 218,054,455         | 218,054,455         |
| Investment properties                                              | 8    | 9,156,000           | 9,156,000           |
| Other noncurrent assets                                            | 10   | 8,936,868           | 10,393,378          |
| Total Noncurrent Assets                                            |      | 236,147,323         | 237,603,833         |
|                                                                    |      | <b>P254,431,195</b> | <b>P262,859,495</b> |
| <b>LIABILITIES AND EQUITY</b>                                      |      |                     |                     |
| <b>Current Liabilities</b>                                         |      |                     |                     |
| Trade and other payables                                           | 11   | P28,263,037         | P30,996,454         |
| Advances from a related party                                      | 13   | 79,978,631          | 79,978,631          |
| Total Current Liabilities                                          |      | 108,241,668         | 110,975,085         |
| <b>Noncurrent Liabilities</b>                                      |      |                     |                     |
| Retirement liability                                               | 14   | 1,145,449           | 1,011,648           |
| Deferred tax liability                                             | 16   | 307,949             | 315,201             |
| Total Noncurrent Liabilities                                       |      | 1,453,398           | 1,326,849           |
| Total Liabilities                                                  |      | 109,695,066         | 112,301,934         |
| <b>Equity Attributable to Equity Holders of the Parent Company</b> |      |                     |                     |
| Capital stock                                                      | 12   | 63,880,788          | 63,880,788          |
| Additional paid-in capital                                         | 12   | 144,295,958         | 144,295,958         |
| Treasury stock                                                     | 12   | (29,435,220)        | (29,435,220)        |
| Deficit                                                            |      | (24,519,113)        | (18,926,545)        |
| Other equity reserves                                              |      | (2,216,389)         | (2,194,633)         |
| Total Equity Attributable to Equity Holders of the Parent Company  |      | 152,006,024         | 157,620,348         |
| <b>Non-controlling Interests</b>                                   |      | (7,269,895)         | (7,062,787)         |
| Total Equity                                                       |      | 144,736,129         | 150,557,561         |
|                                                                    |      | <b>P254,431,195</b> | <b>P262,859,495</b> |

See accompanying Notes to Consolidated Financial Statements.

**APC GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

|                                                                                                                    |      | Years Ended December 31 |              |             |
|--------------------------------------------------------------------------------------------------------------------|------|-------------------------|--------------|-------------|
|                                                                                                                    | Note | 2025                    | 2024         | 2023        |
| <b>INCOME</b>                                                                                                      |      |                         |              |             |
| Interest                                                                                                           | 5    | <b>₱704,572</b>         | ₱810,873     | ₱526,622    |
| Dividend                                                                                                           | 9    | —                       | —            | 319,476     |
| Other income                                                                                                       | 17   | <b>110,364</b>          | 178,996      | 12,817,281  |
|                                                                                                                    |      | <b>814,936</b>          | 989,869      | 13,663,379  |
| <b>GENERAL AND ADMINISTRATIVE EXPENSES</b>                                                                         | 15   | <b>(6,612,405)</b>      | (6,363,118)  | (8,436,907) |
| <b>INCOME (LOSS) BEFORE INCOME TAX</b>                                                                             |      | <b>(5,797,469)</b>      | (5,373,249)  | 5,226,472   |
| <b>PROVISION FOR CURRENT INCOME TAX</b>                                                                            | 16   | <b>2,207</b>            | 3,580        | 192,259     |
| <b>NET INCOME (LOSS)</b>                                                                                           |      | <b>(5,799,676)</b>      | (5,376,829)  | 5,034,213   |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>                                                                           |      |                         |              |             |
| <i>Items not to be reclassified to profit or loss in subsequent periods:</i>                                       |      |                         |              |             |
| Remeasurement gain (loss) on retirement liability                                                                  | 14   | <b>(21,756)</b>         | 1,156,037    | 41,288      |
| Unrealized gain on fair value changes of financial assets at fair value through other comprehensive income (FVOCI) | 9    | —                       | 1,398,980    | 985,645     |
|                                                                                                                    |      | <b>(21,756)</b>         | 2,555,017    | 1,026,933   |
| <b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>                                                                           |      | <b>(₱5,821,432)</b>     | (₱2,821,812) | ₱6,061,146  |
| <b>Net Income (Loss) Attributable to:</b>                                                                          |      |                         |              |             |
| Equity holders of the Parent Company                                                                               |      | <b>(₱5,592,568)</b>     | (₱5,355,291) | ₱5,060,920  |
| Non-controlling interests                                                                                          |      | <b>(207,108)</b>        | (21,538)     | (26,707)    |
|                                                                                                                    |      | <b>(₱5,799,676)</b>     | (₱5,376,829) | ₱5,034,213  |
| <b>Total Comprehensive Income (Loss) Attributable to:</b>                                                          |      |                         |              |             |
| Equity holders of the Parent Company                                                                               |      | <b>(₱5,614,324)</b>     | (₱2,800,274) | ₱6,087,853  |
| Non-controlling interests                                                                                          |      | <b>(207,108)</b>        | (21,538)     | (26,707)    |
|                                                                                                                    |      | <b>(₱5,821,432)</b>     | (₱2,821,812) | ₱6,061,146  |
| <b>Basic/Diluted Earnings (Loss) Per Common Share</b>                                                              | 18   | <b>(₱0.000745)</b>      | (₱0.000714)  | ₱0.000674   |

See accompanying Notes to Consolidated Financial Statements.

**APC GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

|                                                                                     | Note | Years Ended December 31 |              |              |
|-------------------------------------------------------------------------------------|------|-------------------------|--------------|--------------|
|                                                                                     |      | 2025                    | 2024         | 2023         |
| <b>CAPITAL STOCK</b>                                                                | 12   | <b>₱63,880,788</b>      | ₱63,880,788  | ₱63,880,788  |
| <b>ADDITIONAL PAID-IN CAPITAL</b>                                                   | 12   | <b>144,295,958</b>      | 144,295,958  | 144,295,958  |
| <b>TREASURY STOCK</b>                                                               | 12   | <b>(29,435,220)</b>     | (29,435,220) | (29,435,220) |
| <b>DEFICIT</b>                                                                      |      |                         |              |              |
| Balance at beginning of year                                                        |      | <b>(18,926,545)</b>     | (18,128,403) | (23,189,323) |
| Net income (loss)                                                                   |      | <b>(5,592,568)</b>      | (5,355,291)  | 5,060,920    |
| Reclassification from cumulative changes in fair value of financial assets at FVOCI | 9    | —                       | 4,557,149    | —            |
| Balance at end of year                                                              |      | <b>(24,519,113)</b>     | (18,926,545) | (18,128,403) |
| <b>OTHER EQUITY RESERVES</b>                                                        |      |                         |              |              |
| <b>Cumulative Remeasurement Gains (Losses) on Retirement Liability</b>              | 14   |                         |              |              |
| Balance at beginning of year                                                        |      | <b>945,602</b>          | (210,435)    | (251,723)    |
| Remeasurement gain (loss)                                                           |      | <b>(21,756)</b>         | 1,156,037    | 41,288       |
| Balance at end of year                                                              |      | <b>923,846</b>          | 945,602      | (210,435)    |
| <b>Cumulative Changes in Fair Value of Financial Asset at FVOCI</b>                 | 9    |                         |              |              |
| Balance at beginning of year                                                        |      | —                       | 3,158,169    | 2,172,524    |
| Unrealized gain                                                                     |      | —                       | 1,398,980    | 985,645      |
| Reclassification to deficit                                                         |      | —                       | (4,557,149)  | —            |
| Balance at end of year                                                              |      | —                       | —            | 3,158,169    |
| <b>Equity Reserve</b>                                                               |      | <b>(3,140,235)</b>      | (3,140,235)  | (3,140,235)  |
|                                                                                     |      | <b>(2,216,389)</b>      | (2,194,633)  | (192,501)    |
| <b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>                  |      | <b>152,006,024</b>      | 157,620,348  | 160,420,622  |
| <b>NON-CONTROLLING INTERESTS</b>                                                    |      |                         |              |              |
| Balance at beginning of year                                                        |      | <b>(7,062,787)</b>      | (7,041,249)  | (7,014,542)  |
| Net loss                                                                            |      | <b>(207,108)</b>        | (21,538)     | (26,707)     |
| Balance at end of year                                                              |      | <b>(7,269,895)</b>      | (7,062,787)  | (7,041,249)  |
|                                                                                     |      | <b>₱144,736,129</b>     | ₱150,557,561 | ₱153,379,373 |

See accompanying Notes to Consolidated Financial Statements.

**APC GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|                                                             |      | Years Ended December 31 |                    |                    |
|-------------------------------------------------------------|------|-------------------------|--------------------|--------------------|
|                                                             | Note | 2025                    | 2024               | 2023               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |      |                         |                    |                    |
| Income (loss) before income tax                             |      | (P5,797,469)            | (P5,373,249)       | P5,226,472         |
| Adjustments for:                                            |      |                         |                    |                    |
| Provision for impairment loss on input value-added tax      | 10   | 1,606,593               | —                  | —                  |
| Interest income                                             | 5    | (704,572)               | (810,873)          | (526,622)          |
| Retirement costs                                            | 14   | 104,793                 | 552,018            | 508,423            |
| Provision for impairment loss on receivables                | 6    | —                       | 16,950             | —                  |
| Dividend income                                             | 9    | —                       | —                  | (319,476)          |
| Operating income (loss) before working capital changes      |      | (4,790,655)             | (5,615,154)        | 4,888,797          |
| Decrease (increase) in:                                     |      |                         |                    |                    |
| Receivables                                                 |      | 835,438                 | (163,379)          | 355,161            |
| Prepayments                                                 |      | (5,161)                 | 182                | (15,486)           |
| Input value-added tax                                       |      | (150,083)               | (88,086)           | (535,667)          |
| Increase (decrease) in trade and other payables             |      | (2,733,417)             | (687,058)          | 2,831,145          |
| Net cash generated from (used for) operations               |      | (6,843,878)             | (6,553,495)        | 7,523,950          |
| Interest received                                           |      | 704,572                 | 810,873            | 526,622            |
| Income tax paid                                             |      | (2,207)                 | (3,580)            | (192,259)          |
| Retirement benefits paid                                    | 14   | —                       | (2,017,474)        | —                  |
| Net cash provided by (used in) operating activities         |      | (6,141,513)             | (7,763,676)        | 7,858,313          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |      |                         |                    |                    |
| Proceeds from sale of financial assets at FVOCI             | 9    | —                       | 5,405,150          | —                  |
| Dividend received                                           | 9    | —                       | —                  | 319,476            |
| Cash provided by investing activities                       |      | —                       | 5,405,150          | 319,476            |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b> |      |                         |                    |                    |
|                                                             |      | (6,141,513)             | (2,358,526)        | 8,177,789          |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>       |      |                         |                    |                    |
|                                                             |      | 23,788,657              | 26,147,183         | 17,969,394         |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>             | 5    | <b>P17,647,144</b>      | <b>P23,788,657</b> | <b>P26,147,183</b> |

See accompanying Notes to Consolidated Financial Statements.

**APC GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2025 AND 2024**  
**AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023**

**1. General Information**

**Corporate Information**

APC Group, Inc. (the Parent Company or APC) and subsidiaries (the Group) were incorporated in the Philippines and are registered with Securities and Exchange Commission (SEC). The Parent Company was incorporated on October 15, 1993 and was originally organized to engage in the oil and gas exploration and development.

On April 30, 1997, the SEC approved the change in the primary purpose of the Parent Company to that of a holding company. The Parent Company's shares of stock are publicly traded in the Philippine Stock Exchange (PSE).

The Parent Company has the following subsidiaries as at December 31, 2025, 2024 and 2023:

| Subsidiaries                                    | Nature of Business | Percentage of Ownership |          |       |
|-------------------------------------------------|--------------------|-------------------------|----------|-------|
|                                                 |                    | Direct                  | Indirect | Total |
| Aragorn Power and Energy Corporation (APEC)     | Energy             | 97.6                    | —        | 97.6  |
| APC Energy Resources, Inc. (APC Energy)         | Mining             | 100.0                   | —        | 100.0 |
| APC Mining Corporation (APC Mining)             | Mining             | 83.3                    | —        | 83.3  |
| APC Cement Corporation (APC Cement)             | Manufacturing      | 100.0                   | —        | 100.0 |
| PRC - Magma Energy Resources, Inc. (PRC-Magma)* | Energy             | —                       | 85.0     | 85.0  |

*\*A direct subsidiary of APEC*

The registered office address of the Parent Company is G/F MyTown New York Bldg., General E. Jacinto St. cor., Capas St., Brgy. Guadalupe Nuevo, Makati City.

**Approval of Consolidated Financial Statements**

The consolidated financial statements of the Group as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 were authorized and approved for issuance by the Board of Directors (BOD) on February 27, 2026, as reviewed and recommended for approval by the Audit Committee on the same date.

**Status of Operations**

**APEC**

APEC was established to engage in renewable energy resource exploration, development and utilization.

**Kalinga Geothermal Project**

In 2008, APEC was granted a Geothermal Service Contract (GSC) by the Republic of the Philippines, through the Department of Energy (DOE), for the exploration, development and exploitation of geothermal resources covering a total area of 26,139 hectares located in the Province of Kalinga (the "Kalinga Geothermal Project" or "KGP"). The GSC was converted into a Geothermal Renewable Service Contract (GRESK) in March 2010 to avail of the incentives provided under the Renewable Energy Act of 2008. GRESK No. 2010-03-24 has a term of not exceeding 25 years (including the used term under the GSC) and renewable for not more than 25 years. The total period from pre-development stage to the development/commercial stage shall not exceed 50 years.

In November 2010, APEC and its partner, Guidance Management Corporation (GMC), formed a partnership with AllFirst Kalinga Ltd. (AKL, formerly Chevron Kalinga Ltd.) and signed a Farm-out Agreement (FOA) which gives APEC and GMC the option to take an equity position of up to 40% in KGP. The parties also signed a Joint Operating Agreement where AKL will be responsible for the exploration, development and operation of the steam field and power activities. As at December 31, 2025 and 2024, APEC and GMC each have 5% participation as provided under the FOA.

On August 14, 2018, pursuant to Executive Order No. 30, the Energy Investment Coordinating Council (EICC), through the DOE, granted KGP a Certificate of Energy Project of National Significance (CEPNS) for Pre-Development Phase. The CEPNS entitles KGP to all the rights and privileges provided for under Executive Order No. 30 series 2017.

On September 18, 2018, AKL assigned its Farm-out interest, including all associated rights and obligations under the FOA, in favor of its affiliate, Allfirst Kalinga Holdings, Inc. (AKHI).

In 2019, KGP completed securing all the remaining necessary permits and maintained and complied with its commitments. KGP has also engaged contractors and suppliers necessary for the construction of access roads, well pads, and well drilling activities. With the completion of the negotiation for right-of-way, remaining regulatory permits, as well as the engagement of the needed contractors and suppliers, KGP has completed the construction of well pads and access roads, and continues to implement geo-hazard mitigation measures.

On October 12, 2019, KGP commenced drilling of the PAS-02 exploration well and ended drilling operations on April 21, 2020 after reaching a depth of 4,483 ft. (1,366 m MD) and being unable to drill further. The results of the drilling still show promise, with very encouraging commercial temperatures at 568°F (298°C) despite tight permeability.

On March 12, 2021, KGP re-commenced its geology, geochemical, and geophysical surveys (3G) which ended on June 7, 2021. After the evaluation and study, the results of the 3G established the presence of multiple independent systems within the KGP. Three potentially exploitable systems have been discovered located in the areas of Liwang, Caigutan, and Dananao. All three systems are located within the existing contract area.

On June 5, 2023, the GRESC was converted into GSC No. 2023-04-073 as a result of the request to apply for a new investment on Southwest Kalinga, amending the contract area of GRESC No. 2010-03-024. This amended GSC has a pre-development and development term until July 1, 2033 and renewable for not more than 25 years.

Multiple extensions were secured for the exploration period of KGP with the latest of which is valid until May 28, 2026, upon the conversion of the GSC. On October 20, 2025, the DOE granted the suspension of obligations from July 12, 2025 to July 11, 2026 due to force majeure. This effectively extends the exploration period for another year or until May 28, 2027.

#### *Southwest Kalinga Geothermal Power Project (SWKGPP)*

On July 7, 2023, a new GSC (GSC No. 2023-07-074) was awarded to APEC for the Southwest Kalinga Geothermal Power Project (SWKGPP) which covers the newly discovered potentially exploitable systems in Caigutan and Dananao. This GSC has a pre-development and development contract period of 25 years with a possible extension of another 25 years. The total period from pre-development stage to the development / commercial stage shall not exceed 50 years. The exploration period of this GSC shall be valid for seven years.

With the newly discovered potential systems and newly awarded GSC, APEC and its partners intend to continue exploration activities through further 3G surveys and eventually start exploratory and appraisal drilling. To date, KGP has been engaging with communities within the contract area.

KGP has maintained full engagement with the host LGUs and Communities. As at February 27, 2026, the consent of nine (9) out of eleven (11) ancestral domains has been secured covering 85% of the GSC area. In addition, all of the Community Development (CD) Projects have been fully completed and turned over to the respective community beneficiaries.

KGP continues to provide scholarship grants and educational assistance to deserving youths from the eight (8) ancestral domains within its contract area. As at school year 2024-2025, KGP has already extended scholarships to 469 grantees and has produced 386 graduates in various courses, which includes 66 licensed professionals, scholarship accounts for 31% of CD Projects Expenditures. Five (5) scholar graduates in engineering and geology have been hired for the Project.

KGP involves the development of steam fields that can generate around 120 megawatts (MW) of new capacity, providing an additional source of clean, indigenous and reliable baseload power to the Luzon grid. A 120 MW geothermal project will approximately cost more than US\$300.0 million.

On January 15, 2020 and March 2, 2018, APEC contributed US\$2.1 million (₱106.5 million) and US\$1.0 million (₱51.2 million), respectively, to AKHI equivalent to the 5% share of the appraisal drilling budget which includes construction of general facilities, roads, and pads, rig mobilization and demobilization, well drilling, testing, resource feasibility study, other exploration capital (salaries and wages) and corporate social responsibility.

On February 9, 2026, the DOE approved the application for the conversion of the SWKGPP GSC to the new renewable energy contract format with Certificate of Authority (COA). The COA shall remain valid for a period not exceeding three years, or up to Feb 8, 2029. The GSC exploration timeline was placed on hold during the three-year validity of the COA. Accordingly, upon the expiration of the COA, the GSC will have approximately 4.41 years of remaining exploration period, or until July 8, 2033.

APEC continues to undertake surface exploration activities in the Pasil–Caigutan section within its KGP contract area. Planned activities for 2026 include drone reconnaissance surveys, geochemical sampling, geophysical surveys, and structural studies. The technical team is also updating its conceptual geological models to assess potential drilling targets. Discussions covering adjacent areas in Tinglayan Municipality (Dananao) are ongoing in connection with planned exploration activities.

#### ***APC Energy***

APC Energy was established to engage in exploration, development and utilization of renewable energy resources. APC Energy stopped its operations when its Coal Operating Contracts with the DOE in both Masbate and Isabela were terminated in 2013 and 2015, respectively.

#### ***APC Mining***

APC Mining was organized to engage in mining, processing, manufacturing, buying and selling of all kinds of ores, metals and minerals. It was granted a mining permit for the exploration of chromite, copper and nickel deposits in Alubijid, Misamis Oriental. In 2013, APC Mining gave up its exploration permit because the area has low prospect for chromite, copper and nickel.

**APC Cement**

APC Cement was incorporated in November 1994 to engage in the manufacture of cement. As at December 31, 2025, APC Cement is still in the pre-operating stage.

**PRC-Magma**

PRC-Magma was established to engage in the business of exploration, development, and processing of renewable and non-renewable energy resources, including but not limited to wind power, solar power, hydropower, biofuels, biomass, and coal; exploration, mining and processing of metalliferous and non-metalliferous mineral and ore resources; trading and supply of energy and mineral resources; and generation of electric power using energy resources. In 2010, PRC-Magma was awarded a GRESC for Bontoc Mainit-Sadanga in Mountain Province and Buguias-Tinoc in Benguet and Ifugao Provinces. In 2015, the service contracts were terminated due to the delays in the implementation of the approved work program and failure to make any discovery before the end of the fifth (5th) contract year.

As at December 31, 2025, the Group is still evaluating new business opportunities for its non-operating subsidiaries.

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**2. Summary of Material Accounting Policy Information****Basis of Preparation and Statement of Compliance**

The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial Reporting and Sustainability Standards Council and adopted by the SEC, including SEC pronouncements.

The material accounting policy information used in the preparation of the consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

**Measurement Bases**

The consolidated financial statements are presented in Philippine Peso (Peso), which is the Group's functional currency. All values represent absolute amounts, unless otherwise indicated.

The consolidated financial statements of the Group have been prepared under the historical cost basis, except for the following accounts:

- financial assets at fair value through other comprehensive income (FVOCI) and investment properties measured at fair value; and
- retirement liability measured at present value of estimated future cash outflows.

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair value is included in Notes 8, 9 and 20 to the consolidated financial statements.

#### **Adoption of Amendments to PFRS Accounting Standards**

The accounting policies adopted are consistent with those of the previous financial year. There are no amendments to PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2025 that will have an impact of the Group's consolidated financial statements.

**Amendments to PFRS Accounting Standards in Issue But Not Yet Effective**

Relevant new and amended PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendment provides to clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled through cash using an electronic payment system. The amendments also clarify the requirements of assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, and the characteristics of non-recourse loans and contractually linked instruments. The amendments also introduce additional disclosure requirements for equity instruments classified as financial asset measured at fair value through other comprehensive income (FVOCI) with contingent features. Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards Volume 11:
  - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure.
  - Amendments to PFRS 10, *Consolidated Financial Statements* – The amendments clarify that when the investor considers its de facto agent's decision-making rights and its indirect exposure, or rights, to variable returns is only an example in which judgement is required to determine whether a party is acting as a de facto agent.
  - Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.
- PFRS 19, *Subsidiaries without Public Accountability: Disclosures* – This standard is a voluntary standard which permits simplified disclosure requirements for eligible subsidiaries applying PFRS. An entity is eligible to apply PFRS 19 when it does not have public accountability and its parent produces consolidated financial statements available for public use that complies with PFRS disclosure requirements. Earlier application is permitted.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investment in Associates - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS Accounting Standards is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

**Basis of Consolidation**

The consolidated financial statements of the Group comprise the financial statements of the Parent Company and its subsidiaries. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

When the Parent Company has less than majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangement; and
- The Parent Company's voting rights and potential voting rights.

The Parent Company 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. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company 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 the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance.

Non-controlling interest represents the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statements of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statements of comprehensive income.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and losses, are eliminated.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity, if any;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of component previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

### **Financial Assets and Liabilities**

*Date of Recognition.* Financial assets and liabilities are recognized in the consolidated statements of financial position when the Group becomes a party to those contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*Initial Recognition and Measurement.* Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

*Classification.* The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVOCI and, (c) financial assets at FVPL. The classification of a financial asset largely depends on the Group's business model and its contractual cash flow characteristics. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2025 and 2024, the Group does not have financial assets at FVOCI and financial assets and liabilities at FVPL.

*Financial Assets at Amortized Cost.* A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired or through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Cash and cash equivalents, receivables and security deposits (presented under “Other noncurrent assets” account) are classified under this category.

*Financial Assets Designated at FVOCI.* The Group may irrevocably designate an equity instrument that is not held for trading to be measured at FVOCI.

Financial assets at FVOCI are initially measured at fair value plus transaction costs.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the consolidated statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods. On disposal of these equity instruments, any cumulative valuation gains or losses will be reclassified to retained earnings.

*Financial Liabilities at Amortized Cost.* Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

Trade and other payables (excluding statutory payables) and advances from a related party are classified under this category.

### **Reclassification**

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

A financial asset that has been designated at FVOCI may no longer be reclassified to a different category.

### **Impairment of Financial Assets at Amortized Cost**

The Group recognizes an allowance for expected credit loss (ECL) 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

For receivable, the Group has applied the simplified approach in measuring ECL. Simplified approach requires that ECL should always be based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial assets at amortized cost, the Group applies the general approach in measuring the ECL. The ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information, that is available without undue cost or effort, and that is indicative of significant increases in credit risk since initial recognition.

The Group shall directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

### **Derecognition of Financial Assets and 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 right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial 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 financial 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.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as 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.

#### **Offsetting of Financial Assets and Liabilities**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

#### **Classification of Financial Instrument between Liability and Equity**

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

#### **Value-Added Tax (VAT)**

VAT represents the net amount of VAT recoverable from or payable to the tax authorities. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from tax authorities is presented as part of “Other noncurrent assets” account in the consolidated statements of financial position.

#### **Prepayments**

Prepayments represent expenses not yet incurred but already paid. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time. Prepayments that are expected to be incurred no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

#### **Deferred Exploration Costs**

Deferred exploration costs represent the Group’s expenditures for exploration works on geothermal properties (i.e., acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource). Expenditures for exploration work prior to and subsequent to drilling are deferred as incurred.

This account also includes APEC's 5% Farm-out participation in the KGP and SWKGP.

These shall be written-off if the results of the exploration work are determined to be not commercially viable. If the results are commercially viable, the deferred expenditures and the subsequent development cost shall be capitalized and amortized from the start of commercial operations using the units-of-production method based on estimated recoverable reserves, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

### **Investment Properties**

Investment properties comprise of parcels of land held by the Group for capital appreciation and/or future development. These properties are not held to be used in production or sale in the ordinary course of business.

Investment properties are measured initially at cost, including related transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date as determined by independent appraisers. Gain or loss arising from changes in fair value of investment properties is included in profit or loss in the year in which it arises.

Investment properties are derecognized when either these have been disposed of or when the investment properties are permanently withdrawn from use and no further economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of investment properties is recognized in profit or loss in the year of retirement or disposal.

### **Impairment of Nonfinancial Assets**

Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of 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 groups 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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. One or more of the following facts and circumstances indicate that the Group should test exploration and evaluation assets for impairment:

- the period for which the entity has the right to explore in the specific area has expired during the period 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;

- the 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 will not be recovered in full from successful development or by sale.

If such indication exists, the recoverable amount is estimated. 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After the reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### **Capital Stock and Additional Paid-in Capital (APIC)**

Capital stock is measured at the par value for all shares subscribed and issued, net of any subscription receivable. Proceeds or fair value of consideration received in excess of par value are recognized as APIC. Incremental costs, net of tax, incurred that are directly attributable to the issuance of new shares are recognized in equity as a reduction from related APIC or retained earnings.

#### **Other Equity Reserves**

##### *Other Comprehensive Income (OCI)*

OCI comprises of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS Accounting Standards. The OCI of the Group represents cumulative remeasurement losses on retirement liability and cumulative changes in fair value of financial assets at FVOCI.

##### *Equity Reserve*

Equity reserve pertains to the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received as a result of change in the ownership interest of a subsidiary without loss of control.

#### **Deficit**

Deficit represents the cumulative balance of the net income or loss, net of any dividend declaration.

#### **Treasury Stock**

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized as APIC. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

#### **Earnings (Loss) Per Share Attributable to the Equity Holders of the Parent**

Basic earnings (loss) per share is computed by dividing net income (loss) for the year attributable to common shareholders by the weighted average number of common stock outstanding during the year with retroactive adjustments for any stock dividends declared and stock split.

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of common stock outstanding to assume conversion of all dilutive potential common stock.

Where the earnings (loss) per share effect of potential dilutive common stock would be anti-dilutive, basic and diluted earnings (loss) per share are stated at the same amount.

### **Revenue Recognition**

The Group is organized to engage in the exploration and development of renewable energy in the Philippines. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has not started commercial operations as at December 31, 2025.

Revenue outside the scope of PFRS 15, *Revenue from Contracts with Customers*, is recognized as follows:

*Interest Income.* Revenue is recognized as the interest accrues, taking into account the effective yield on the assets, net of final tax.

*Dividend Income.* Revenue is recognized when the Group's right to receive the payment is established.

*Other Income.* Income from other sources is recognized when earned.

### **Expense Recognition**

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability, other than distributions to equity participants, has arisen that can be measured reliably.

*General and Administrative Expenses.* General and administrative expenses constitute costs of administering the business. These are expensed as incurred.

### **Employee Benefits**

*Short-term Benefits.* Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

*Retirement Benefit Costs.* The Group has an unfunded, noncontributory defined benefit plan covering all qualified employees. The retirement liability is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs and interest costs in profit or loss.

Current service costs pertain to the increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Interest on the retirement liability is the change during the period in the retirement liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the retirement liability. Interest is calculated by applying the discount rate to the retirement liability.

Remeasurements comprising actuarial gains and losses are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The present value of the defined benefit liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

### **Leases**

The Group assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

- a) the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- b) the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. The Group also assesses whether a contract contains a lease for each potential separate lease component.

*The Group as a Lessee.* For leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, the Group recognizes the lease payments as an expense in profit or loss on a straight-line basis.

For leases with lease terms of 12 months or less but with an option to extend the lease, the management assesses whether there is reasonable certainty that the Group will extend the lease, by considering all relevant facts and circumstances that create an economic incentive for the lessee to extend or terminate the lease, to determine the appropriate lease term.

### **Income Taxes**

*Current Tax.* Current tax is the expected tax payable on the taxable income for the year, using the tax rate enacted or substantively enacted at the reporting date.

*Deferred Tax.* Deferred tax is provided 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. Deferred tax assets are recognized for all deductible temporary differences and carry forward benefits of unused tax credits from net operating loss carry-over (NOLCO) and excess of minimum corporate income taxes (MCIT) over regular corporate income tax (RCIT) to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax credits from NOLCO and excess of MCIT over RCIT can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced 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. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws in effect at the reporting date.

Deferred tax is recognized in profit or loss, except to the extent that it relates to items directly recognized in OCI.

Deferred tax assets and 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.

#### **Related Parties**

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

A related party transaction is a transfer of resources, services or obligation between a reporting entity and a related party.

A related party transaction is considered material if the transaction/s, either individually, or in aggregate over a 12-month period with the same related party, amounts to 10% or higher of the Group's total consolidated assets based on its latest consolidated financial statements. Details of transactions entered into by the Group with related parties are reviewed in accordance with the Group's related party transactions policy.

#### **Segment Reporting**

For management purposes, the Group is organized and managed with only one business segment as it does not have other activities other than the exploration projects for geothermal and renewable energy.

#### **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.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

#### **Events After the Reporting Date**

Events after the reporting date that provide additional information about the Group's consolidated financial position at the end of reporting year (adjusting events) are reflected in the consolidated financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

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### **3. Significant Judgment, Accounting Estimates and Assumption**

The preparation of the Group's consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgment, accounting estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. The judgment and accounting estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates. Such estimates will be adjusted accordingly when the results become determinable.

Judgment, accounting estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Judgment**

In the process of applying the Group's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

*Assessing the Recoverability of Deferred Exploration Costs.* The Group recognizes all project-related costs as part of deferred exploration costs. An impairment review is performed when there are indicators that the carrying amount of the deferred exploration costs may exceed its recoverable amount. The deferred exploration costs are reassessed on a regular basis and the factors that the Group considers important which may result in an impairment review, include the following:

- the period for which the entity has the right to explore in the specific area has expired during the period 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;
- the 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 not 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 will not be recovered in full from successful development or by sale.

As at December 31, 2025 and 2024, management has assessed that there are no indicators that the deferred exploration costs relating to the KGP and SWKGP may be impaired. Deferred exploration costs relating to mining rights and other exploration costs of the Group, however, were fully provided with allowance for impairment loss. No impairment loss was recognized in 2025, 2024 and 2023 as discussed in Note 7 to the consolidated financial statements.

*Assessing the Impairment of Other Nonfinancial Assets (Excluding Deferred Exploration Cost).* The Group assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

Management has assessed that there are no indications of impairment on the other nonfinancial assets in 2025, 2024 and 2023, except for input VAT, as discussed in Note 10 to the consolidated financial statements.

The carrying amounts of these nonfinancial assets are disclosed in Notes 8 and 10 to the consolidated financial statements.

*Determining Control over Subsidiaries.* The Parent Company determines that it has control over its subsidiaries by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following factors are also considered:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual agreements
- The Group's voting rights and potential voting rights

Management has assessed that it has control over its subsidiaries as at December 31, 2025 and 2024.

### **Estimates and Assumptions**

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

*Assessing the ECL on Receivables.* The Group estimates ECL on receivables using a provision matrix which considers the Group's historical credit loss experience adjusted for forward-looking factors, as appropriate.

The amounts and timing of recorded expenses for any period would differ if different estimates and assumptions were made or different estimates were utilized. An increase in the allowance for ECL would increase the recognized expense and decrease current assets.

Provision for ECL in 2024 and the carrying amounts of the Group's receivables as at December 31, 2025 and 2024 are disclosed in Note 6 to the consolidated financial statements.

*Assessing the ECL on Other Financial Assets at Amortized Cost.* The Group applies the general approach in measuring the ECL for its other financial assets. The Group assessed that cash and cash equivalents are deposited with reputable counterparty banks that possess good credit ratings. For security deposits, the Group considered the financial capacity of the debtors to refund the deposits once the agreements are terminated.

The Group assesses that a financial asset is considered credit impaired when one or more events that have a detrimental effect on the estimated future cash flows of the asset have occurred, such as significant financial difficulty of the borrower.

The carrying amounts of the Group's other financial assets at amortized cost as at December 31, 2025 and 2024 are disclosed in Notes 5 and 10 to the consolidated financial statements.

*Determining the Fair Value of Investment Properties.* The Group engaged an independent appraiser to determine the fair value of investment properties. The fair value of investment properties was based on an independent appraiser's report dated January 4, 2021 applying the market data approach. Management evaluated that the fair value of investment properties determined on appraisal date approximates the fair value as at the reporting date since there were no significant changes in the condition of the properties and economic environment between those dates. In market data approach, the value of the land is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. The comparison was premised on the factors of location, size and shape of the lot, time element and others.

Further information about the assumptions made in measuring the fair value of the investment properties are discussed in Notes 8 and 20 to the consolidated financial statements.

*Assessing the Realizability of Deferred Tax Assets.* The carrying amount of deferred tax assets at each reporting date is reviewed and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized within the period allowed by the tax regulations. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

The Group did not recognize deferred tax assets as discussed in Note 16 to the consolidated financial statements. The Group has assessed that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

#### 4. Segment Information

As discussed in Note 1, the Group is engaged in geothermal and renewable energy, mining and exploration activities. Management assessed that the Group is just considered as one business segment as it does not have other activities other than the exploration projects. The classification of business segment for which discrete financial information is available is regularly reviewed by the Management Committee, which makes decisions and assessment of its performance.

#### 5. Cash and Cash Equivalents

This account consists of:

|                           | 2025               | 2024               |
|---------------------------|--------------------|--------------------|
| Cash on hand and in banks | <b>₱2,857,251</b>  | ₱2,901,084         |
| Short-term investments    | <b>14,789,893</b>  | 20,887,573         |
|                           | <b>₱17,647,144</b> | <b>₱23,788,657</b> |

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

Interest income earned from cash in banks and short-term investments amounted to ₱0.7 million, ₱0.8 million and ₱0.5 million in 2025, 2024 and 2023, respectively.

#### 6. Receivables

This account consists of:

|                                    | 2025            | 2024              |
|------------------------------------|-----------------|-------------------|
| Nontrade receivables               | <b>₱343,443</b> | ₱1,028,689        |
| Advances to officers and employees | <b>29,821</b>   | 16,667            |
| Others                             | <b>217,537</b>  | 380,883           |
|                                    | <b>590,801</b>  | 1,426,239         |
| Allowance for ECL                  | <b>(16,950)</b> | (16,950)          |
|                                    | <b>₱573,851</b> | <b>₱1,409,289</b> |

The above receivables are noninterest-bearing and are normally settled within a 30-day term. Others mainly pertain to receivables from project partners related to man-hour tracking services.

Provision for ECL amounting to ₱16,950 was recognized in 2024 (see Note 15).

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## 7. Deferred Exploration Costs

As at December 31, 2025 and 2024, this account consists of:

|                                 |                     |
|---------------------------------|---------------------|
| Cost:                           |                     |
| KGP and SWKGP                   | ₱218,054,455        |
| Mining rights                   | 48,254,908          |
| Other exploration costs         | 63,664,924          |
|                                 | <u>329,974,287</u>  |
| Allowance for impairment losses | (111,919,832)       |
| Carrying amount                 | <u>₱218,054,455</u> |

Deferred exploration costs relate to the Group's geothermal projects. The ability of the Group to recover its deferred exploration costs would depend on the success of exploration activities and on the commercial viability of the reserves (see Note 1).

On January 15, 2020 and March 2, 2018, APEC contributed US\$2.1 million (₱106.5 million) and US\$1.0 million (₱51.2 million), respectively, to AKHI equivalent to the 5% share of the appraisal drilling budget. There were no cash calls made in 2025, 2024 and 2023 (see Note 1). As at December 31, 2025 and 2024, total cash contributed amounted to ₱157.7 million.

Cost includes costs directly incurred by the Group for the exploration, stakeholder engagements, permitting and licensing and other activities in KGP and SWKGP amounting to ₱60.4 million as at December 31, 2025 and 2024.

As at December 31, 2025 and 2024, deferred exploration costs relating to mining rights and other exploration costs of the other projects of the Group were fully provided with allowance for impairment losses.

No impairment loss on deferred exploration costs was recognized in 2025, 2024 and 2023.

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## 8. Investment Properties

Investment properties amounting to ₱9.2 million as at December 31, 2025 and 2024 pertain to parcels of land which are being held by the Group for capital appreciation.

No income was earned for the investment properties in 2025, 2024 and 2023. Real property tax paid amounted to ₱6,518, ₱6,518 and ₱7,259 in 2025, 2024 and 2023, respectively.

The fair value of the investment properties was determined by an independent appraiser. The appraiser is an industry specialist in valuing these types of investment properties. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of investment properties are determined using the market data approach by gathering available market evidences.

The latest independent appraiser's report is dated January 4, 2021. The Group has assessed that the fair value of the investment properties as at reporting date did not materially differ from the last valuation performed.

Fair value hierarchy disclosures for investment properties are provided in Note 20 to the consolidated financial statements.

Description of valuation techniques used and key inputs to valuation on investment properties are as follows:

**A. Highest and Best Use**

Based on analysis of prevailing land usage in the neighborhood and the property itself, the existing development would represent the highest and best use of the property.

Highest and Best Use is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

**B. Market Data Approach**

The value of the land was arrived at using the Market Data Approach. In this approach, the value of the land was based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of comparable properties by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison was premised on the factors of locations, size and shape of the lot, time element and others.

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**9. Financial Assets at Fair Value Through Other Comprehensive Income**

On May 9, 2024, the Parent Company sold its 6,359,000 shares in Premium Leisure Corp. for ₱5.4 million or ₱0.85 a share. Cumulative changes in fair value was reclassified from OCI to deficit.

Movements of financial assets at FVOCI as at December 31 are as follows:

|                              | 2025 | 2024        | 2023       |
|------------------------------|------|-------------|------------|
| Balance at beginning of year | ₱—   | ₱4,006,170  | ₱3,020,525 |
| Unrealized gain              | —    | 1,398,980   | 985,645    |
| Sale                         | —    | (5,405,150) | —          |
| Balance at end of year       | ₱—   | ₱—          | ₱4,006,170 |

The table below presents the cumulative changes in fair value of financial assets at FVOCI attributable to the shareholders of the Parent Company (presented in the equity section of the consolidated statements of financial position):

|                              | 2025 | 2024        | 2023       |
|------------------------------|------|-------------|------------|
| Balance at beginning of year | ₱—   | ₱3,158,169  | ₱2,172,524 |
| Change in fair value         | —    | 1,398,980   | 985,645    |
| Reclassification to deficit  | —    | (4,557,149) | —          |
| Balance at end of year       | ₱—   | ₱—          | ₱3,158,169 |

The Group received dividend income from PLC amounting to ₱0.3 million in 2023.

#### 10. Other Noncurrent Assets

This account consists of:

|                               | Note | 2025        | 2024        |
|-------------------------------|------|-------------|-------------|
| Input VAT                     |      | ₱10,519,639 | ₱10,369,556 |
| Security deposits             |      | 23,822      | 23,822      |
|                               |      | 10,543,461  | 10,393,378  |
| Allowance for impairment loss | 15   | (1,606,593) | —           |
|                               |      | ₱8,936,868  | ₱10,393,378 |

In 2025, provision for impairment loss on input VAT was recognized amounting to ₱1.6 million (see Note 15).

#### **Office and Other Equipment**

Fully depreciated office and other equipment with a total cost of ₱0.1 million as at December 31, 2025 and 2024, are still being used in the operations.

#### 11. Trade and Other Payables

This account consists of:

|                    | 2025        | 2024        |
|--------------------|-------------|-------------|
| Trade              | ₱3,227,265  | ₱3,264,863  |
| Nontrade           | 24,292,160  | 25,056,292  |
| Accrued expenses   | 722,388     | 2,638,555   |
| Statutory payables | 15,588      | 31,089      |
| Others             | 5,636       | 5,655       |
|                    | ₱28,263,037 | ₱30,996,454 |

Trade payables are noninterest-bearing and are normally settled on a 30-day term.

Nontrade payables are noninterest-bearing and are due and demandable.

Accrued expenses mainly pertain to payable to utility and other service providers which are normally settled within the next financial year.

Statutory payables include withholding taxes payable and payables to various government agencies which are normally settled within the following month.

## 12. Equity

- a. Details of authorized, issued and outstanding capital stock as at December 31, 2025 and 2024 follows:

|                                   | Number<br>of Shares | Amount       |
|-----------------------------------|---------------------|--------------|
| Authorized:                       |                     |              |
| Common stock - ₱0.01 par value    | 14,000,000,000      | ₱140,000,000 |
| Preferred stock - ₱0.01 par value | 6,000,000,000       | 60,000,000   |
|                                   | 20,000,000,000      | ₱200,000,000 |
| Common stock:                     |                     |              |
| Issued                            | 5,998,149,059       | ₱59,981,491  |
| Subscribed                        | 1,513,660,938       | 15,136,609   |
|                                   | 7,511,809,997       | 75,118,100   |
| Subscriptions receivable          | –                   | (11,237,312) |
|                                   | 7,511,809,997       | 63,880,788   |
| Treasury stock                    | (7,606,000)         | (29,435,220) |
| Outstanding stock                 | 7,504,203,997       | ₱34,445,568  |

- b. The cumulative convertible preferred shares are redeemable and may be issued from time to time by the Parent Company's BOD, which is authorized to adopt resolutions authorizing the issuance thereof in one or more series for such number of shares and relative rights and preferences, as it may deem beneficial to the Parent Company. The Parent Company's BOD has not authorized any issuance of preferred shares.
- c. The following summarizes the information on the Parent Company's registration of securities under the Securities Regulation Code:

| Date of SEC Approval | Type of Issuance           | Authorized<br>Shares | Issue /<br>Offer Price |
|----------------------|----------------------------|----------------------|------------------------|
| January 7, 1994      | Initial public offering    | 80,000,000,000       | ₱0.01                  |
| July 9, 1996         | Additional public offering | 100,000,000,000      | 0.01                   |
| July 12, 1996        | Stock option               | 5,300,000,000        | 0.01                   |
| October 16, 1996     | Additional subscription    | 1,814,700,000,000    | 0.01                   |
| April 30, 1997       | Increase of par value      | (1,980,000,000,000)  | 1.00                   |
| February 20, 2020    | Decrease in par value      | –                    | 0.01                   |
|                      |                            | 20,000,000,000       |                        |

The total number of shareholders is 588 as at December 31, 2025 and 2024.

- d. Additional paid-in capital as at December 31, 2025 and 2024 consists of the following:

|                                     | Amount         |
|-------------------------------------|----------------|
| Subscription in excess of par value | ₱1,256,789,894 |
| Less subscriptions receivable       | 1,112,493,936  |
|                                     | ₱144,295,958   |

- e. Pursuant to the PSE's rules on minimum public ownership, at least 20% of the issued and outstanding shares of a listed company must be owned and held by the public. As at December 31, 2025 and 2024, public ownership over the Parent Company is 51.11%.

### 13. Related Party Transactions

The Group, in its regular conduct of business, has transactions and balances with a related party. Transactions between members of the Group and the related balances are eliminated at consolidation and are no longer included in the consolidated financial statements.

The following table summarizes the outstanding balance arising from these transactions.

| Nature of Transaction                              | Amount of Transactions |      |      | Outstanding balance |                    |
|----------------------------------------------------|------------------------|------|------|---------------------|--------------------|
|                                                    | 2025                   | 2024 | 2023 | 2025                | 2024               |
| <b>Advances from a related party - Stockholder</b> |                        |      |      |                     |                    |
| Advances                                           | ₱—                     | ₱—   | ₱—   | ₱79,406,947         | ₱79,406,947        |
| Share in expenses                                  | —                      | —    | —    | 571,684             | 571,684            |
|                                                    |                        |      |      | <b>₱79,978,631</b>  | <b>₱79,978,631</b> |

#### **Terms and Conditions of Transactions with Related Parties**

Outstanding balances of transactions with a related party are noninterest-bearing, unsecured, payable on demand and normally settled in cash.

#### **Compensation of Key Management Personnel**

Compensation of key management personnel presented as part of "Salaries and employee benefits" under "General and administrative expenses" account in the consolidated statements of comprehensive income for the years ended December 31, 2025, 2024 and 2023 consist of the following:

|                                           | 2025              | 2024              | 2023              |
|-------------------------------------------|-------------------|-------------------|-------------------|
| Salaries and short-term employee benefits | <b>₱1,260,000</b> | ₱1,289,906        | ₱1,340,000        |
| Retirement costs                          | —                 | —                 | 144,601           |
|                                           | <b>₱1,260,000</b> | <b>₱1,289,906</b> | <b>₱1,484,601</b> |

### 14. Retirement Benefits

The Group has an unfunded, noncontributory, defined benefit retirement plan covering all of its qualified employees. The plan provides for a lump sum benefit payment upon retirement.

The latest valuation of retirement plan was performed by an independent actuary for the year ended December 31, 2025.

The components of retirement costs recognized under “General and administrative expenses” account in the consolidated statements of comprehensive income are as follows (see Note 15):

|                      | 2025            | 2024            | 2023            |
|----------------------|-----------------|-----------------|-----------------|
| Current service cost | <b>₱43,791</b>  | ₱294,586        | ₱283,885        |
| Interest cost        | <b>61,002</b>   | 257,432         | 224,538         |
|                      | <b>₱104,793</b> | <b>₱552,018</b> | <b>₱508,423</b> |

Changes in present value of retirement liability are as follows:

|                                              | 2025              | 2024              |
|----------------------------------------------|-------------------|-------------------|
| Balance at beginning of year                 | <b>₱1,011,648</b> | ₱3,948,342        |
| Current service cost                         | <b>43,791</b>     | 294,586           |
| Interest cost                                | <b>61,002</b>     | 257,432           |
| Remeasurement loss (gain) recognized in OCI: |                   |                   |
| Experience adjustments                       | <b>15,660</b>     | (1,569,535)       |
| Changes in financial assumptions             | <b>13,348</b>     | 98,297            |
| Benefits paid                                | —                 | (2,017,474)       |
| Balance at end of year                       | <b>₱1,145,449</b> | <b>₱1,011,648</b> |

The cumulative remeasurement gains (losses) recognized in OCI as at December 31 are as follows:

|                              | 2025                           |                                   |                 |
|------------------------------|--------------------------------|-----------------------------------|-----------------|
|                              | Cumulative Remeasurement Gains | Deferred Income Tax (see Note 16) | Net             |
| Balance at beginning of year | <b>₱1,260,803</b>              | <b>(₱315,201)</b>                 | <b>₱945,602</b> |
| Remeasurement loss           | <b>(29,008)</b>                | <b>7,252</b>                      | <b>(21,756)</b> |
| Balance at end of year       | <b>₱1,231,795</b>              | <b>(₱307,949)</b>                 | <b>₱923,846</b> |

|                              | 2024                                    |                                   |                   |
|------------------------------|-----------------------------------------|-----------------------------------|-------------------|
|                              | Cumulative Remeasurement Gains (Losses) | Deferred Income Tax (see Note 16) | Net               |
| Balance at beginning of year | <b>(₱210,435)</b>                       | <b>₱—</b>                         | <b>(₱210,435)</b> |
| Remeasurement gain           | <b>1,471,238</b>                        | <b>(315,201)</b>                  | <b>1,156,037</b>  |
| Balance at end of year       | <b>₱1,260,803</b>                       | <b>(₱315,201)</b>                 | <b>₱945,602</b>   |

The principal assumptions used to determine retirement obligations for the Group’s plan are shown below:

|                             | 2025         | 2024  |
|-----------------------------|--------------|-------|
| Discount rate               | <b>5.83%</b> | 6.03% |
| Future salary increase rate | <b>5.00%</b> | 5.00% |

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2025 assuming all other assumptions were held constant:

|                             | Increase<br>(Decrease) | Increase (Decrease) in<br>Accrued Retirement Cost |           |
|-----------------------------|------------------------|---------------------------------------------------|-----------|
|                             |                        | 2025                                              | 2024      |
| Discount rate               | 1.00%                  | (P64,965)                                         | (P66,189) |
|                             | (1.00%)                | 69,545                                            | 71,516    |
| Future salary increase rate | 1.00%                  | 69,430                                            | 71,537    |
|                             | (1.00%)                | (66,069)                                          | (67,431)  |

The following are other defined benefit plan information:

|                                                                             | 2025       | 2024       |
|-----------------------------------------------------------------------------|------------|------------|
| A. Weighted average duration of present value of defined benefit obligation | 5.9 years  | 6.8 years  |
| B. Maturity analysis of undiscounted retirement benefit payments            |            |            |
| Within one year                                                             | P—         | P—         |
| More than one year up to 10 years                                           | 2,024,917  | 1,996,908  |
| C. Plan membership information                                              |            |            |
| Number of active plan members                                               | 1          | 1          |
| Average attained age                                                        | 53.8 years | 52.8 years |
| Average past service                                                        | 25.5 years | 24.5 years |
| Average future service                                                      | 6.2 years  | 7.2 years  |

## 15. General and Administrative Expenses

This account consists of:

|                                            | Note | 2025       | 2024       | 2023       |
|--------------------------------------------|------|------------|------------|------------|
| Provision for impairment loss on input VAT | 10   | P1,606,593 | P—         | P—         |
| Salaries and employee benefits             |      | 1,272,332  | P2,198,084 | P1,539,707 |
| Transportation and travel                  |      | 1,189,728  | 1,085,581  | 1,094,377  |
| Professional fees                          |      | 1,052,424  | 1,019,300  | 3,957,501  |
| Entertainment, amusement and recreation    |      | 522,234    | 523,081    | 521,426    |
| Taxes and licenses                         |      | 337,545    | 389,786    | 324,551    |
| Outside services                           |      | 213,845    | 151,552    | 154,446    |
| Dues and subscriptions                     |      | 130,272    | 135,433    | 114,176    |
| Retirement costs                           | 14   | 104,793    | 552,018    | 508,423    |
| Rental                                     |      | 53,571     | 53,571     | 53,571     |
| Insurance                                  |      | 6,190      | 6,174      | 12,918     |
| Provision for ECL on receivables           | 6    | —          | 16,950     | —          |
| Others                                     |      | 122,878    | 231,588    | 155,811    |
|                                            |      | P6,612,405 | P6,363,118 | P8,436,907 |

## 16. Income Tax

The Group's provision for current income tax amounting to ₱2,207, ₱3,580 and ₱192,259 pertains to MCIT in 2025, 2024 and 2023, respectively.

No deferred income tax assets were recognized for the following deductible temporary differences and carryforward benefits of NOLCO because management has assessed that it is not probable that there will be sufficient future taxable profit against which the deferred tax assets can be utilized.

The components of the Group's unrecognized deferred tax assets and deferred tax liability are as follows:

|                                                                          | 2025                | 2024         | 2023         |
|--------------------------------------------------------------------------|---------------------|--------------|--------------|
| Allowance for impairment of deferred exploration costs and mining rights | <b>₱111,919,832</b> | ₱111,919,832 | ₱111,919,832 |
| NOLCO                                                                    | <b>19,125,419</b>   | 21,860,386   | 14,750,838   |
| Accrued retirement costs                                                 | <b>2,377,244</b>    | 2,272,451    | 3,737,907    |
| Excess MCIT over RCIT                                                    | <b>198,046</b>      | 195,839      | 192,259      |
| Allowance for ECL                                                        | <b>16,950</b>       | 16,950       | —            |
|                                                                          | <b>₱133,637,491</b> | ₱136,265,458 | ₱130,600,836 |
| Unrecognized deferred tax assets                                         | <b>₱27,917,458</b>  | ₱28,570,904  | ₱27,163,402  |
| Cumulative remeasurement gain recognized in OCI                          | <b>₱1,231,795</b>   | ₱1,260,803   | ₱—           |
| Deferred tax liability <i>Through OCI</i>                                | <b>₱307,949</b>     | ₱315,201     | ₱—           |

As at December 31, 2025, the Group's unutilized NOLCO which can be carried forward and claimed as deduction against future regular taxable income are as follows:

| Year Incurred | Balance at Beginning of Year | Incurred          | Expired             | Balance at End of Year | Valid Until |
|---------------|------------------------------|-------------------|---------------------|------------------------|-------------|
| 2025          | ₱—                           | ₱4,268,421        | ₱—                  | ₱4,268,421             | 2028        |
| 2024          | 7,109,548                    | —                 | —                   | 7,109,548              | 2027        |
| 2023          | 546,748                      | —                 | —                   | 546,748                | 2026        |
| 2022          | 5,736,956                    | —                 | (5,736,956)         | —                      | 2025        |
| 2021          | 7,200,702                    | —                 | —                   | 7,200,702              | 2026        |
| 2020          | 1,266,432                    | —                 | (1,266,432)         | —                      | 2025        |
|               | <b>₱21,860,386</b>           | <b>₱4,268,421</b> | <b>(₱7,003,388)</b> | <b>₱19,125,419</b>     |             |

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

Details of excess MCIT over RCIT are as follows:

| Year Incurred | Balance at Beginning of Year | Incurred | Applied/Expired | Balance at End of Year | Valid Until |
|---------------|------------------------------|----------|-----------------|------------------------|-------------|
| 2025          | ₱—                           | ₱2,207   | ₱—              | ₱2,207                 | 2028        |
| 2024          | 3,580                        | —        | —               | 3,580                  | 2027        |
| 2023          | 192,259                      | —        | —               | 192,259                | 2026        |
|               | ₱195,839                     | ₱2,207   | ₱—              | ₱198,046               |             |

The reconciliation of provision for (benefit from) income tax computed at the statutory income tax rate to the provision for income tax shown in the consolidated statements of comprehensive income is as follows:

|                                                                                    | 2025         | 2024         | 2023       |
|------------------------------------------------------------------------------------|--------------|--------------|------------|
| Provision for (benefit from) income tax computed at the statutory income tax rates | (₱1,388,338) | (₱1,358,959) | ₱1,260,866 |
| Changes in unrecognized deferred tax assets                                        | (653,446)    | 1,407,502    | (987,438)  |
| Tax effects of:                                                                    |              |              |            |
| Expired NOLCO                                                                      | 1,737,622    | —            | —          |
| Nondeductible expenses                                                             | 482,512      | 157,755      | 130,356    |
| Interest income subjected to final tax                                             | (176,143)    | (202,718)    | (131,656)  |
| Dividend income exempt from income tax                                             | —            | —            | (79,869)   |
| Provision for income tax computed at the effective income tax rates                | ₱2,207       | ₱3,580       | ₱192,259   |

Under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) law, domestic corporations shall be subjected to 25% or 20% RCIT depending on the amount of total assets or total amount of taxable income. In addition, MCIT shall be computed at 1% of gross income for a period of three (3) years. The changes in the income tax rates became effective beginning July 1, 2020. Starting July 1, 2023, MCIT shall be computed at 2% of gross income.

Accordingly, the income tax rates used in preparing the consolidated financial statements as at and for the years ended December 31, 2025 and 2024 are as follows:

|      | 2025      | 2024      |
|------|-----------|-----------|
| RCIT | 25% / 20% | 25% / 20% |
| MCIT | 2%        | 2%        |

## 17. Other Income

In 2023, the Group recognized other income amounting to ₱12.5 million arising from the settlement of a long-outstanding claim against the Government Service Insurance System (GSIS) which acts as a surety to a supply agreement with a previous customer.

## 18. Basic / Diluted Earnings (Loss) Per Common Share

The calculation of earnings (loss) per share for the years ended December 31 is as follows:

|                                                                            | 2025                 | 2024          | 2023          |
|----------------------------------------------------------------------------|----------------------|---------------|---------------|
| Net Income (loss) attributable to equity holders of the Parent Company (a) | <b>(P5,592,568)</b>  | (P5,355,291)  | P5,060,920    |
| Number of common shares                                                    | <b>7,511,809,997</b> | 7,511,809,997 | 7,511,809,997 |
| Treasury shares                                                            | <b>(7,606,000)</b>   | (7,606,000)   | (7,606,000)   |
| Weighted average number of common shares (b)                               | <b>7,504,203,997</b> | 7,504,203,997 | 7,504,203,997 |
| Basic / diluted earnings (loss) per share (a/b)                            | <b>(P0.000745)</b>   | (P0.000714)   | P0.000674     |

There were no dilutive potential common shares for purposes of calculation of earnings (loss) per share in 2025, 2024 and 2023.

## 19. Financial Risk Management Objectives and Policies

### General

The Group has risk management policies that systematically view the risks that could prevent the Group from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Group's objectives are achieved. The Group's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. It is also established to identify and manage the Group's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies.

Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the established business objectives. The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the activities of the Group.

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, security deposits, trade and other payables (excluding statutory payables), and advances from a related party.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing these risks. These are summarized below.

### Credit Risk

Credit risk is the risk that the obligations to the Group will not be repaid on time and in full as contracted, resulting in a financial loss. It is inherent to the business as potential losses may arise due to the failure of its counterparties to fulfill their obligations on maturity dates or due to adverse market conditions.

Generally, the credit risk of the Group is attributable to financial assets at amortized cost. The Group maintains credit policies and continuously monitors defaults of counter parties, identified either individually or by group, and incorporates this information into its credit risk controls. Managing credit risk has both qualitative and quantitative aspects. Credit officers must evaluate the credit quality of the counterparties and assign internal credit ratings upon this evaluation.

The Group defines credit exposure as all transactions where losses might occur due to the fact that counterparties may not fulfill their contractual payment obligations based on original contractual terms. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. Credit risk from cash in banks is mitigated by transacting only with reputable banks duly approved by management.

*Credit Quality of Financial Assets.* The credit quality of financial assets is managed by the Group using internal credit ratings such as high grade, standard grade, past due but not impaired and credit impaired.

High Grade - pertains to deposits or placements to counterparties with good credit rating or bank standing. For receivables, this covers accounts of good paying counterparties, with good credit standing and are not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal.

Standard Grade - other financial assets not belonging to high quality financial assets are included in this credit rating.

Past due but not impaired - pertains to financial assets where contractual payments are past due but the Group believes that impairment is not appropriate based on the probability of collection of amounts owed to the Group.

Credit impaired - pertains to financial assets for which the Group determines that it is probable that it will not be able to collect the amount due based on the contractual terms and agreements.

The tables below summarize the analysis of the Group's financial assets as at December 31:

|                            | 2025                                        |                |                              |                 |             |
|----------------------------|---------------------------------------------|----------------|------------------------------|-----------------|-------------|
|                            | Neither Past Due nor Impaired<br>High Grade | Standard Grade | Past due but<br>not Impaired | Credit Impaired | Total       |
| 12-month ECL:              |                                             |                |                              |                 |             |
| Cash and cash equivalents* | ₱17,617,310                                 | ₱—             | ₱—                           | ₱—              | ₱17,617,310 |
| Security deposits**        | 23,822                                      | —              | —                            | —               | 23,822      |
| Simplified approach -      |                                             |                |                              |                 |             |
| Receivables                | —                                           | —              | 573,851                      | 16,950          | 590,801     |
|                            | ₱17,641,132                                 | ₱—             | ₱573,851                     | ₱16,950         | ₱18,231,933 |

\*Excluding cash on hand.

\*\*Presented under "Other noncurrent assets" account.

|                            | 2024                                        |                |                              |                 |             |
|----------------------------|---------------------------------------------|----------------|------------------------------|-----------------|-------------|
|                            | Neither Past Due nor Impaired<br>High Grade | Standard Grade | Past due but<br>not Impaired | Credit Impaired | Total       |
| 12-month ECL:              |                                             |                |                              |                 |             |
| Cash and cash equivalents* | ₱23,738,657                                 | ₱—             | ₱—                           | ₱—              | ₱23,738,657 |
| Security deposits**        | 23,822                                      | —              | —                            | —               | 23,822      |
| Simplified approach -      |                                             |                |                              |                 |             |
| Receivables                | —                                           | 233,434        | 1,175,855                    | 16,950          | 1,426,239   |
|                            | ₱23,762,479                                 | ₱233,434       | ₱1,175,855                   | ₱16,950         | ₱25,188,718 |

\*Excluding cash on hand.

\*\*Presented under "Other noncurrent assets" account.

### **Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Group's credit standing.

The Group seeks to manage its liquid funds through cash planning on a weekly basis. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.

The table below summarizes the maturity profile of the Group's financial liabilities as at December 31 based on contractual undiscounted payments:

| 2025                          |              |                    |                |             |              |
|-------------------------------|--------------|--------------------|----------------|-------------|--------------|
|                               | On demand    | Less than 3 months | 3 to 12 months | Over 1 year | Total        |
| Trade and other payables*     | ₱24,292,160  | ₱3,955,289         | ₱—             | ₱—          | ₱28,247,449  |
| Advances from a related party | 79,978,631   | —                  | —              | —           | 79,978,631   |
|                               | ₱104,270,791 | ₱3,955,289         | ₱—             | ₱—          | ₱108,226,080 |

\*Excluding statutory payables.

| 2024                          |              |                    |                |             |              |
|-------------------------------|--------------|--------------------|----------------|-------------|--------------|
|                               | On demand    | Less than 3 months | 3 to 12 months | Over 1 year | Total        |
| Trade and other payables*     | ₱25,056,292  | ₱5,909,073         | ₱—             | ₱—          | ₱30,965,365  |
| Advances from a related party | 79,978,631   | —                  | —              | —           | 79,978,631   |
|                               | ₱105,034,923 | ₱5,909,073         | ₱—             | ₱—          | ₱110,943,996 |

\*Excluding statutory payables.

## **20. Fair Value Measurements**

The following table provides the fair value hierarchy of assets and liabilities with carrying amounts which approximate its fair value or measured at fair value:

| 2025                            |                   |            |         |            |
|---------------------------------|-------------------|------------|---------|------------|
|                                 | Valuation Date    | Total      | Level 1 | Level 2    |
| Assets measured at fair value – |                   |            |         |            |
| Investment properties           | December 31, 2020 | ₱9,156,000 | ₱—      | ₱9,156,000 |

| 2024                            |                   |            |         |            |
|---------------------------------|-------------------|------------|---------|------------|
|                                 | Valuation Date    | Total      | Level 1 | Level 2    |
| Assets measured at fair value – |                   |            |         |            |
| Investment properties           | December 31, 2020 | ₱9,156,000 | ₱—      | ₱9,156,000 |

*Cash and Cash Equivalents, Receivables, Trade and Other Payables (Excluding Statutory Payables), and Advances from a Related Party.* Due to the short-term nature of the transactions, the carrying values approximate the fair values at reporting dates.

*Security Deposits.* The carrying value of security deposits does not materially differ from the fair value as at December 31, 2025 and 2024.

*Investment Properties.* The fair values of the investment properties were based on valuations performed by accredited independent appraisers, as discussed in Note 8.

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements during the year ended December 31, 2025 and 2024.

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## 21. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong credit rating and stable capital ratios in order to support its business and maximize shareholders' value. The Group manages its capital structure and makes adjustments to it, based on the changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to externally-imposed capital requirements.

The Group considers the equity attributable to the equity holders of the Parent Company as presented in the consolidated statements of financial position as its core capital. As at December 31, 2025 and 2024, the Group was able to meet its capital management objectives. No changes were made in the objectives, policies or processes in 2025, 2024 and 2023.



**REPORT OF INDEPENDENT AUDITORS  
ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE  
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors  
APC Group, Inc. and Subsidiaries  
G/F MyTown New York Bldg.  
General E. Jacinto St., cor. Capas St.  
Brgy. Guadalupe Nuevo, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of APC Group, Inc. and Subsidiaries (the Group) as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 and have issued our report thereon dated February 27, 2026. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole.

The following supplementary schedules are the responsibility of the Group's management. These are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 Part II, and are not part of the basic consolidated financial statements:

- Reconciliation of Retained Earnings Available for Dividend Declaration of the Parent Company as at December 31, 2025;
- Schedules required by Annex 68-J as at December 31, 2025;
- Conglomerate Map as at December 31, 2025; and
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2025 and 2024.

The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.



The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024.

**REYES TACANDONG & Co.**

**BELINDA B. FERNANDO**

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782/P-005; Valid until June 6, 2026

SEC Accreditation No. 81207-SEC Group A

Issued January 30, 2020

Valid for Financial Periods 2023 to 2025

BIR Accreditation No. 08-005144-004-2025

Valid until August 10, 2028

PTR No. 10764017

Issued January 2, 2026, Makati City

February 27, 2026

Makati City, Metro Manila

**APC GROUP, INC. AND SUBSIDIARIES**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATOR**

**AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

| <b>Ratio</b>          | <b>Formula</b>                                                 | <b>2025</b>         | <b>2024</b>  |
|-----------------------|----------------------------------------------------------------|---------------------|--------------|
| Current Ratio         | Total current assets                                           | <b>₱18,283,872</b>  | ₱25,255,662  |
|                       | Divided by: Total current liabilities                          | <b>108,241,668</b>  | 110,975,085  |
|                       | Current Ratio                                                  | <b>0.17</b>         | 0.23         |
|                       |                                                                |                     |              |
| Acid Test Ratio       | Total current assets                                           | <b>₱18,283,872</b>  | ₱25,255,662  |
|                       | Less: Prepayments                                              | <b>62,877</b>       | 57,716       |
|                       | Quick assets                                                   | <b>18,220,995</b>   | 25,197,946   |
|                       | Divided by: Total current liabilities                          | <b>108,241,668</b>  | 110,975,085  |
|                       | Acid Test Ratio                                                | <b>0.17</b>         | 0.23         |
|                       |                                                                |                     |              |
| Solvency Ratio        | Net loss after depreciation and amortization before income tax | <b>(₱5,797,469)</b> | (₱5,373,249) |
|                       | Add: Depreciation and amortization                             | <b>–</b>            | –            |
|                       | Net loss before depreciation and amortization                  | <b>(5,797,469)</b>  | (5,373,249)  |
|                       | Divided by: Total liabilities                                  | <b>109,695,066</b>  | 112,301,934  |
|                       | Solvency Ratio                                                 | <b>(0.05)</b>       | (0.05)       |
|                       |                                                                |                     |              |
| Asset-to-Equity Ratio | Total assets                                                   | <b>₱254,431,195</b> | ₱262,859,495 |
|                       | Divided by: Total equity                                       | <b>144,736,129</b>  | 150,557,561  |
|                       | Asset-to-Equity Ratio                                          | <b>1.76</b>         | 1.75         |
|                       |                                                                |                     |              |
| Return on Equity      | Net loss                                                       | <b>(₱5,799,676)</b> | (₱5,376,829) |
|                       | Divided by: Total equity                                       | <b>144,736,129</b>  | 150,557,561  |
|                       | Return on Equity                                               | <b>(0.04)</b>       | (0.04)       |
|                       |                                                                |                     |              |
| Return on Assets      | Net loss                                                       | <b>(₱5,799,676)</b> | (₱5,376,829) |
|                       | Divided by: Average total assets                               | <b>258,645,345</b>  | 265,924,677  |
|                       | Return on Assets                                               | <b>(0.02)</b>       | (0.02)       |
|                       |                                                                |                     |              |
| Debt-to-Equity Ratio  | Total liabilities                                              | <b>₱109,695,066</b> | ₱112,301,934 |
|                       | Divided by: Total equity                                       | <b>144,736,129</b>  | 150,557,561  |
|                       | Debt-to-Equity Ratio                                           | <b>0.76</b>         | 0.75         |
|                       |                                                                |                     |              |

(Forward)

| Ratio                        | Formula                      | 2025           | 2024         |
|------------------------------|------------------------------|----------------|--------------|
| Interest Rate Coverage Ratio | Pretax loss before interest  | (P5,797,469)   | (P5,373,249) |
|                              | Divided by: Interest expense | –              | –            |
|                              | Interest Rate Coverage Ratio | Not applicable |              |
|                              |                              |                |              |
| Net Profit Margin            | Net loss                     | (P5,799,676)   | (P5,376,829) |
|                              | Divided by: Revenue          | –              | –            |
|                              | Net Profit Margin            | Not applicable |              |
|                              |                              |                |              |

**APC GROUP, INC. AND SUBSIDIARIES**

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**SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF  
THE REVISED SRC RULE 68  
DECEMBER 31, 2025**

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| <i>Schedule</i> | <i>Description</i>                                                                                                                  | <i>Page</i> |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------|-------------|
| A               | Financial Assets                                                                                                                    | <u>N/A</u>  |
| B               | Amounts Receivable from Directors, Officers, Employees, Related Parties,<br>and Principal Stockholders (Other than Related Parties) | <u>2</u>    |
| C               | Amounts Receivable from Related Parties which are Eliminated during the<br>Consolidation of Financial Statements                    | <u>3</u>    |
| D               | Long-Term Debt                                                                                                                      | <u>N/A</u>  |
| E               | Indebtedness to Related Parties                                                                                                     | <u>4</u>    |
| F               | Guarantees of Securities of Other Issuers                                                                                           | <u>N/A</u>  |
| G               | Capital Stock                                                                                                                       | 5           |

*A, D & F - None to report.*

**APC GROUP, INC. AND SUBSIDIARIES**

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

**DECEMBER 31, 2025**

|                        | Balance at beginning<br>of year | Additions | Deductions  |           | Balance at end of year |            | Balance at end<br>of year |
|------------------------|---------------------------------|-----------|-------------|-----------|------------------------|------------|---------------------------|
|                        |                                 |           | Collections | Write off | Current                | Noncurrent |                           |
| Officers and employees | ₱16,667                         | ₱44,732   | (₱31,578)   | ₱—        | ₱29,821                | ₱—         | ₱29,821                   |

**APC GROUP, INC. AND SUBSIDIARIES**

**SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE  
CONSOLIDATION OF FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

|                                      | Balance at beginning |           | Deductions  |                                    | Balance at end of year |            | Balance at end |
|--------------------------------------|----------------------|-----------|-------------|------------------------------------|------------------------|------------|----------------|
|                                      | of year              | Additions | Collections | Allowance for<br>Doubtful Accounts | Current                | Noncurrent | of year        |
| Aragorn Power and Energy Corporation | ₱3,803,383           | ₱536,183  | (₱756,502)  | ₱—                                 | ₱—                     | ₱3,583,064 | ₱3,583,064     |
| APC Energy Resources, Inc.           | —                    | 40,955    | —           | (40,955)                           | —                      | —          | —              |
| APC Mining Corporation               | —                    | 40,726    | —           | (40,726)                           | —                      | —          | —              |
| APC Cement Corporation               | —                    | 40,855    | —           | (40,855)                           | —                      | —          | —              |
| PRC-Magma Energy Resources, Inc.     | —                    | —         | —           | —                                  | —                      | —          | —              |
|                                      | ₱3,803,383           | ₱658,719  | (₱756,502)  | (₱122,536)                         | ₱—                     | ₱3,583,064 | ₱3,583,064     |

**APC GROUP, INC. AND SUBSIDIARIES**

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**SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES**

**DECEMBER 31, 2025**

|                   | Balance at beginning<br>of year | Additions | Deductions  |           |    | Balance at end of year |            | Balance at end<br>of year |
|-------------------|---------------------------------|-----------|-------------|-----------|----|------------------------|------------|---------------------------|
|                   |                                 |           | Collections | Write off |    | Current                | Noncurrent |                           |
| Belle Corporation | P79,978,631                     | P–        | P–          | P–        | P– | P79,978,631            | P–         | P79,978,631               |

**APC GROUP, INC. AND SUBSIDIARIES**

**SCHEDULE G – CAPITAL STOCK**

**DECEMBER 31, 2025**

| <u>Title of issue</u> | Number of<br>shares<br>authorized | Number of shares<br>issued and<br>outstanding as<br>shown under the<br>statement of<br>financial position<br>caption | Number of<br>shares<br>reserved for<br>options,<br>warrants,<br>conversion &<br>other rights | Number of shares held by |                                         |               |
|-----------------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|--------------------------|-----------------------------------------|---------------|
|                       |                                   |                                                                                                                      |                                                                                              | Related<br>parties       | Directors,<br>officers and<br>employees | Public        |
| Common stock          | 14,000,000,000                    | 7,511,809,997*                                                                                                       | N/A                                                                                          | 3,665,722,334            | 2,948,706                               | 3,835,532,957 |
| Preferred stock       | 6,000,000,000                     | –                                                                                                                    | N/A                                                                                          | –                        | –                                       | –             |

*\*Inclusive of Treasury shares - 7,606,000*

**PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR  
DIVIDEND DECLARATION  
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025**

**APC GROUP, INC.**

G/F MyTown New York Bldg. General E. Jacinto St. cor. Capas St.  
Brgy. Guadalupe Nuevo, Makati City

|                                                                                                                                                            | Amount               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Deficit, beginning of reporting period                                                                                                                     | (P41,446,844)        |
| Add: Category A: Items that are directly credited to unappropriated retained earnings (deficit)                                                            |                      |
| Less: Category B: Items that are directly debited to unappropriated retained earnings (deficit)                                                            | —                    |
| <b>Deficit, as adjusted</b>                                                                                                                                | <b>(41,446,844)</b>  |
| Add: Net loss for the current year                                                                                                                         | (3,905,234)          |
| Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)                                            | —                    |
| Add: Category C.2: Unrealized income recognized in the profit of loss in prior reporting periods but realized in the current reporting period (net of tax) | —                    |
| Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)               | —                    |
| <b>Adjusted Net Loss</b>                                                                                                                                   | <b>(3,905,234)</b>   |
| Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)                                                   | —                    |
| Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP                                                                             | —                    |
| Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution                     | —                    |
|                                                                                                                                                            | —                    |
| <b>Deficit, end of the reporting period available for dividend</b>                                                                                         | <b>(P45,352,078)</b> |

**APC GROUP, INC. AND SUBSIDIARIES**

**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDIT FEE-RELATED INFORMATION  
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025**

|                  | Current Year | Prior Year |
|------------------|--------------|------------|
| Total audit fees | ₱600,000     | ₱560,000   |

## APC GROUP, INC. AND SUBSIDIARIES

### CONGLOMERATE MAP

DECEMBER 31, 2025

