



PARDEE
RESOURCES
COMPANY

ACQUISITION,
MANAGEMENT,
AND RESPONSIBLE
DEVELOPMENT OF
NATURAL RESOURCE
PROPERTIES

2025
ANNUAL
REPORT



FINANCIAL HIGHLIGHTS

	2025	2024
Revenues from Operations	\$ 46,884,296	\$ 46,997,458
Net Income Attributable to Pardee Resources Company Shareholders	\$ 16,385,213	\$ 14,159,200
Earnings Per Common Share	\$ 25.09	\$ 21.75
EBITDA* Per Common Share	\$ 41.49	\$ 33.31
Regular Dividends Per Common Share	\$ 7.20	\$ 7.20
Special Dividend Per Common Share	\$ 15.00	\$ 25.00
Weighted Average Number of Common Shares Outstanding	653,143	650,904
Total Pardee Shareholders' Equity	\$134,182,039	\$132,780,139
Book Value Per Common Share	\$ 205.44	\$ 203.98
Return on Equity	12%	11%

*EBITDA – Earnings before interest, taxes, depreciation, and amortization

PARDEE RESOURCES COMPANY DATA



	TIMBER & SURFACE			COAL		OIL & GAS	ALTERNATIVE ENERGY
	Acres	Hardwood Reserves ⁽¹⁾⁽⁷⁾ (mmbf)	Softwood Reserves ⁽²⁾⁽⁷⁾ (mtons)	Metallurgical Reserves ⁽⁷⁾ (mmtons)	Thermal Reserves ⁽⁷⁾ (mmtons)	Gas Reserves ⁽⁷⁾ (bcfe)	Solar Capacity (mw)
Beginning of Year	154,572	639.6	302.4	139.7	175.5	23.3	9.0
Adjustments	—	(4.1) ⁽³⁾	—	(22.0) ⁽⁶⁾	31.1 ⁽⁶⁾	(0.3)	—
Acq. & Divest. (Net)	(513)	(0.5) ⁽⁴⁾	(0.1) ⁽⁴⁾	12.4 ⁽⁶⁾	—	0.5	4.0 ⁽⁸⁾
Production/Harvest	—	(10.2) ⁽⁵⁾	(29.3)	(2.0)	(0.4)	(2.2)	—
Timber Growth	—	19.6	16.4	—	—	—	—
End of Year	154,059	644.4	289.4	128.1	206.2	21.3	13.0

Legend: mmbf = million board feet; mmtons = million tons; mtons = thousand tons; bcfe = billion cubic feet equivalent; mw = megawatts

⁽¹⁾ Hardwood sawtimber volume 12" dbh (diameter breast height) and larger in mmbf (million board feet).

⁽²⁾ Softwood reserve includes merchantable pine timber only (age 15+ years).

⁽³⁾ Adjustments made from updated inventory.

⁽⁴⁾ Divestiture of 2/3 interest in 121.73 acres on our hardwood properties, and 1.8 acres of merchantable pine on softwood properties.

⁽⁵⁾ Total hardwood harvest was comprised of 8.2 mmbf of sawtimber production and 2.0 mmbf marketed as pulpwood in tons.

⁽⁶⁾ Current year additions and adjustments on existing properties align our reserves with an independent consulting report performed this year.

⁽⁷⁾ The above reserves are based upon appraisals conducted by independent consulting firms.

⁽⁸⁾ Investment of 4.3 mw in Roanoke, Virginia, and decommissioning of a 0.3 mw New Jersey site.

Cover photo: A Streamside Management Zone at Mill Run helps protect water quality, control erosion, and support wildlife habitats on the Pardee & Curtin Timberlands tract at Curtin, West Virginia.

TO OUR SHAREHOLDERS



Benjamin A. Burditt
Chairman



Carleton P. Erdman
President &
Chief Executive Officer

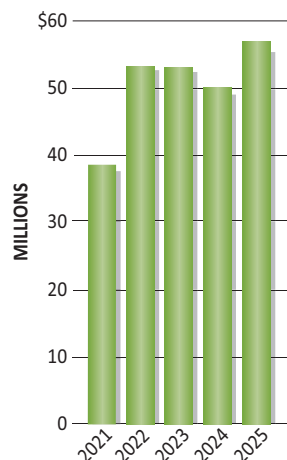
During 2025, Pardee Resources Company continued to experience headwinds in the metallurgical coal markets, as weak global demand, combined with growth in domestic production, placed significant pricing pressure on Central Appalachian producers. Similarly, tariff-related export restrictions, together with tepid demand from the home construction industry, continued to burden the timber markets. Fortunately, natural gas prices made a strong recovery from the cyclical lows of 2024 being positively impacted by gains in liquefied natural gas (LNG) exports and with only mild growth in domestic production. The Company's results were further bolstered by a record year in our rural real estate sales, and a one-time gain from the sale of an oil and gas property which contributed approximately \$10.86 to our earnings per share. The Company's California table grape ranches produced favorable results for the third consecutive year, however, these gains were largely negated by operating losses at our Portugal almond tree farm, which was impacted by unusually heavy rainfall. Revenues from our renewable energy portfolio were flat year-over-year. During 2025, the Company's earnings per share were \$25.09, or 15% above earnings per share of \$21.75 earned in 2024, while EBITDA per share was \$41.49, versus \$33.31 per share in 2024, a 25% increase.

Strategic Focus

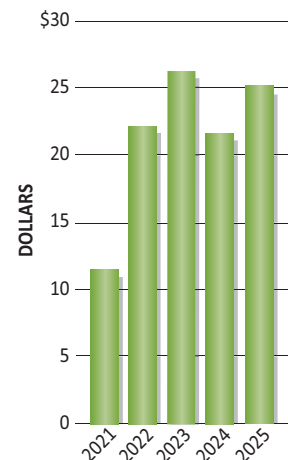
Pardee's diversified portfolio contains assets which supply core economic inputs worldwide in the areas of energy, building materials, metals, food, and land. With active management and a conservative balance

sheet, Pardee has delivered compelling risk-adjusted returns for our shareholders over the long term, while minimizing volatility and protecting against inflation. To help build for our future, in July 2025, we committed to investing \$14.4 million in a 90% equity interest in four renewable energy partnerships, comprised of nine separate solar photovoltaic (PV) rooftop installations for the public school system of Roanoke, Virginia, located on the eastern edge of the Appalachian coalfields. The systems will deliver clean, dependable electricity to the Roanoke school system, while providing Pardee with steady annual income over the next 25 years. Additionally, the Company invested \$600,000 in mineral acreage in West Virginia and Pennsylvania, from which wells are currently producing oil and gas from the Marcellus Shale, with an expected productive life of 50 years. In April 2025, we closed on the \$8.9 million sale of an 8,800-acre oil and gas mineral-only (no surface) property located in western Pennsylvania. This property, which was acquired by Pardee family members over 100 years ago, lies outside the region's prospective oil and gas areas and has remained dormant for years despite repeated efforts to attract an operating lessee. In April, we concluded our initiative to sell 47,000 acres of our hardwood timberlands located in southern and central West Virginia, with a "no-sale." Our goal was to capitalize on the very high prices being paid for timberlands by "natural capital" investors, however, a softening of the carbon markets, together with our needing to retain the development rights of our coal and oil and gas estates, proved to be meaningful deterrents for buyers. As consolation, we continue to

**FIVE-YEAR COMPARISON
TOTAL REVENUES**



**FIVE-YEAR COMPARISON
EARNINGS PER SHARE**



own and manage this acreage which includes some of the highest quality hardwood timber stands in the Appalachian region.

Operations Summary

During 2025, our Metallurgical Coal Division, facing difficult market conditions, reported revenues of \$16.8 million, an 11% decline versus the prior year, due to a drop in both production and price. Meanwhile, progress towards the development of two new metallurgical coal mines, one surface and one underground, is expected to benefit the Company during 2026 and beyond. Concurrently, in February 2026, due to the challenging market environment, a lessee temporarily idled operations at a major mine complex, representing a significant setback for our projected 2026 coal revenues.

The Company benefited from a strong recovery in natural gas prices during the year. In the Appalachian Basin, where the bulk of our holdings are located, natural gas prices averaged \$2.70 per million British thermal units (MMBtu), a 60% improvement over 2024 levels. While a 14% fall in oil prices had a negative impact, the Company's weighted average price per MMBtu reached \$2.98, a 58% increase over 2024. Growth in production from our Colorado holdings, together with contributions from recent Appalachian acquisitions, led to a modest 5% gain in production, more than offsetting the natural production decline from our core, conventional oil and gas properties. During 2025, our Oil & Gas Division contributed \$8.4 million in revenues to the Company's results, which were 48% higher than the \$5.7 million contributed in 2024.

During the year, hardwood production from our properties returned to more sustainable levels following 2024 when harvests were elevated in order to capitalize on shortages at local sawmills. Hardwood production levels were further limited as we kept certain acreage off the market early in the year while we were marketing the property for sale. Our softwood production declined year-to-year, as our 2024 harvest was increased to balance our

inventory of merchantable timber. Meanwhile, our real estate team delivered record results for the fourth consecutive year, generating gains of \$2.2 million on the sale of 597 acres. In total, our Timber & Surface Division contributed \$6.7 million to the Company's revenues during the year, 12% below our 2024 results.

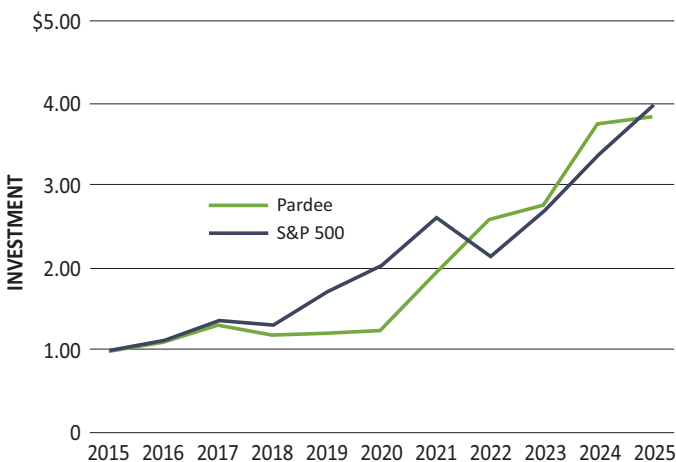
Electricity production from our solar assets reached 12.9 million kilowatt-hours, a 4% improvement over 2024, driven mainly by improved performance from our large solar facility in California. Revenues from our alternative energy portfolio remained unchanged during the year, as higher production was offset by lower renewable energy credit sales, yet are poised to grow in 2026 with the addition of new investments mentioned earlier. As of the end of 2025, the Company had received \$2.7 million in total legal recoveries from its investment in DC Solar, however, recent IRS developments concerning the recapture of investment tax credits related to this investment have resulted in a \$3.1 million charge to 2025 pre-tax earnings. *(Please see the DC Solar Contingency Footnote in the Company's Audited Financial Statements for more details regarding this matter.)*

Early in the year, the region in Portugal where our almond tree farm is located experienced unusually high amounts of rain. In addition to flooding, the excessive moisture resulted in the spread of fungal disease which devastated the crop. Thankfully, our California table grape ranches delivered record-high crop yields and strong operating cash flows, which more than countered our almond tree farm losses. In total, our agriculture holdings generated a positive cash flow of \$456,000 to the Company.

Financial Position

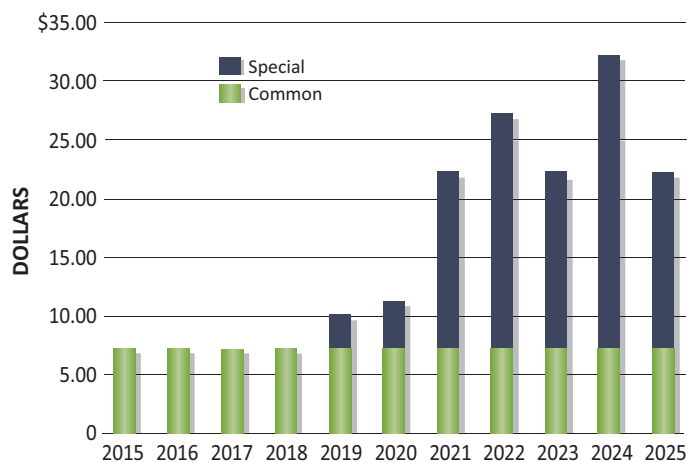
The Company ended the year with a cash balance of \$27.9 million. A special year-end dividend of \$15.00 per share brought total dividends paid to \$22.20 per share, which totaled \$14.5 million. For the first quarter of 2026, the Board voted to maintain the quarterly dividend level at \$1.80 per share. The Board of Directors recognizes that common dividends are an important

PARDEE'S YEAR-END TOTAL SHAREHOLDER RETURN VERSUS S&P 500*



*Assumes dividends reinvested

PARDEE'S TOTAL DIVIDENDS PER SHARE





A railway spur and mill pond were built to allow floating log storage to prevent delivery interruption before going into the Pardee & Curtin mill in Bergoo, West Virginia. Logs stored in ponds had lower fire risks, washed off dirt that would normally have dulled saw blades, and also prevented the logs from splitting and drying out. Circa 1929.

element of shareholder return on investment and endeavors to balance the dividends paid with the funds needed for investment to meet the Company's long-term growth objectives.

Shareholder Returns

During 2025, the per share market price for our stock decreased 4.8%, beginning the year at \$314.00 and ending at \$298.99 which, when combined with dividends paid, resulted in a total shareholder return of 2.3% for the year. During the 10-year period ending December 31, 2025, an investment in Pardee's common shares grew at the compounded annual rate of 14.4%, assuming the reinvestment of dividends, meaning each dollar invested in Pardee stock grew to \$3.85 during the period.

Marketability of Our Stock

We caution shareholders that the market in which our stock trades is sporadic and thin. During 2025, 44,670 shares changed hands, representing approximately 7% of the average shares outstanding during the year (Pardee stock trades "over the counter," under the symbol PDER). Any shareholder wishing to dispose of shares may have difficulty in finding a ready buyer, particularly for a large number of shares, and the price offered may not be consistent with that reported in prior trades. Conversely, anyone seeking to acquire shares in the Company may find it difficult to find a ready seller.

Retirement and Appreciation

George D. ("Dee") Curtin III will be retiring from Pardee's Board of Directors at the end of May 2026. Dee's career with the Company began in 1970 when he joined Pardee & Curtin Lumber Company immediately following his graduation from Denison University. In 1984, Dee was promoted to Vice President of Pardee & Curtin Lumber Company and in 1989, upon the formation of Pardee Resources Company, Dee assumed the role of Vice President of the Timber Division, and in 1990 was elected to the Board of the Directors. From his office in Curtin, West Virginia, Dee oversaw exponential growth of the Company's timber

revenues, as he expertly navigated the booming housing market of the early 2000's to Pardee's advantage. Dee held several leadership positions within regional timber industry associations and championed the Pardee & Curtin Scholarship, which provides college financial support to local high school seniors. Since retiring as Senior Vice President in 2014, Dee has continued to serve as a Pardee Director, where his practical and astute business judgment has been invaluable. We wish Dee great success in the years ahead.

During 2025, the Company operated successfully with a record low headcount of 22 employees. This achievement was made possible by the hard work, dedication, and expertise of our team, and it is with the utmost gratitude that we acknowledge their contributions throughout the year.

Finally, we are extremely appreciative of the continued support of our shareholders and the trust that you place in us. We hope you will have the opportunity to review the following sections of the report, which provide important information concerning our business segments, including metallurgical coal, oil and gas, timber and surface, alternative energy, and agriculture, in addition to our audited financial statements.

Benjamin A. Burditt
Chairman

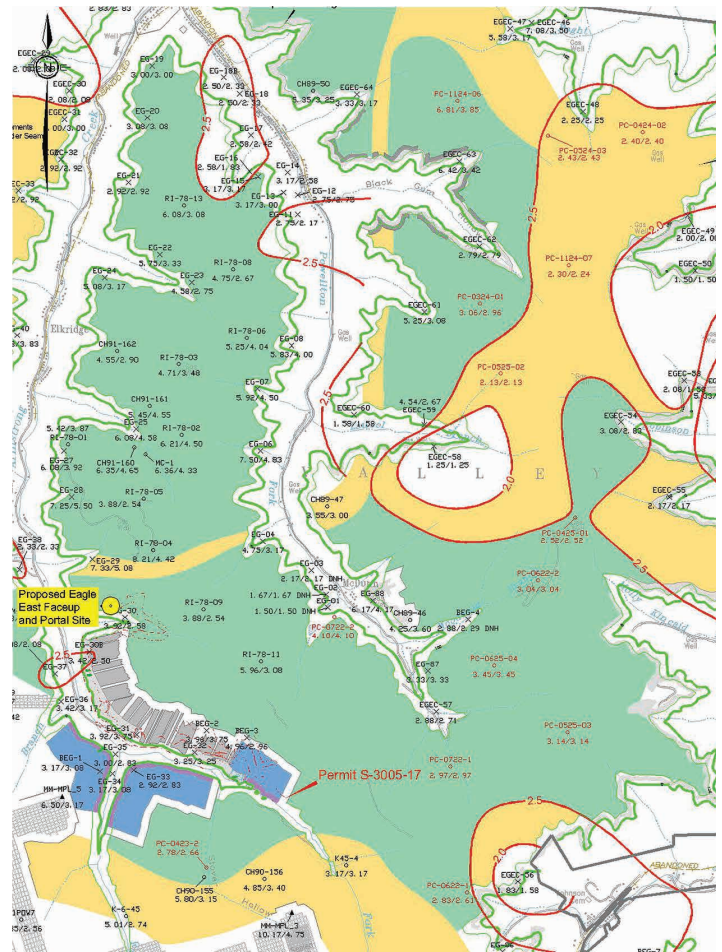
Carleton P. Erdman
President & Chief Executive Officer

April 2026

METALLURGICAL COAL

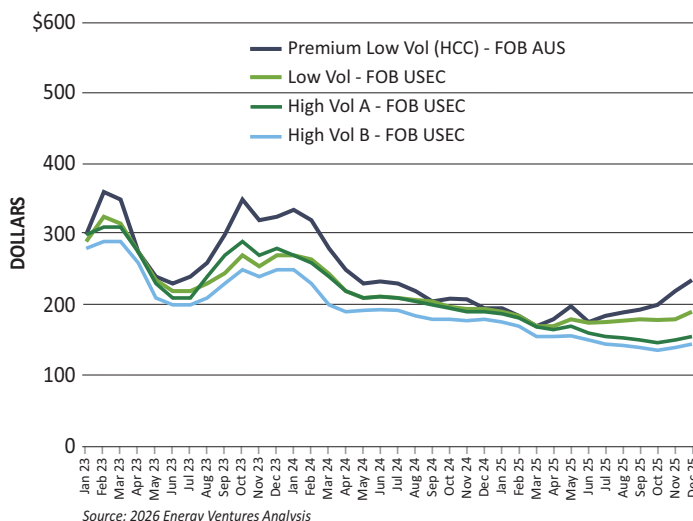
Revenues from the Metallurgical Coal Division totaled \$16.8 million during 2025, an 11% decrease from the \$18.9 million generated in 2024, as results were impacted by declines in both production and price. The global coal, coke, and steel markets all continued to suffer during the year as Chinese producers exported excess steel and coke at very low prices, which in turn lowered prices for metallurgical coal on the global markets. While domestic coal markets saw some relief from the increase in U.S. tariffs on imported steel, which in turn increased domestic demand, incremental coal production from new, low-cost longwall operations in northern and southern Appalachia put further downward pressure on domestic metallurgical coal prices. As a result, the Central Appalachian region, which is the source of the Company's metallurgical coal production, saw the idling of higher-cost operations to reduce production. In 2025, our average royalty per ton declined 13%, from \$6.67 during 2024, to \$5.83 in 2025. The downward market pressures also caused a 5% decline in production from our properties, from 2.6 million tons in 2024 to 2.5 million tons in 2025, as one underground mine and three operating surface mines were idled during the year. Overall, metallurgical coal production accounted for 82% of coal produced from our properties during 2025, while thermal coal accounted for 18%.

Our PLC Minerals tract, located in southern West Virginia, was once again the Division's largest revenue source during 2025, generating approximately \$7.5 million in coal royalties and wheelage payments, a 7% increase over the \$7.0 million generated in 2024. The lessee operated four underground mines on our property accounting for the majority of production. Meanwhile,



Map of newly permitted mine area, depicted in green, containing 12.4 million tons of mineable coal identified after completing our exploration drilling program on the Powellton Minerals tract. The proposed portal site shown is actively being constructed.

WORLD METALLURGICAL SPOT COAL PRICES (USD/METRIC TON) 2023-2025



Source: 2026 Energy Ventures Analysis

the surface mining operations produced 165,000 tons of coal, a 58% decrease over 2024 levels, as the lessee idled operations in April 2025 due to the weak markets. Overall, coal produced from this tract, which is high-quality metallurgical coal sold primarily in the domestic markets, totaled 1.5 million tons during the year, a 7% increase above the 1.4 million tons produced in 2024. During February 2026, the operating lessee announced that it was temporarily idling all mines on our property, effective mid-April, pending an improvement in market conditions.

At our Powellton Minerals tract, located in central West Virginia, our lessee's mining operations generated \$4.6 million in coal royalties to the Company during the year, 26% below the \$6.2 million paid in 2024, as production fell by 24% versus 2024 levels. One of the two active underground mining sections moved off our property while one of the two operating surface mines was idle throughout the year. The remaining



A closer look at the active construction of the new mine portal site on the Powellton Minerals tract.

active surface mine and a highwall miner operation each produced coal throughout the year. In total, 553,000 tons of coal were mined and sold from the property during 2025. Development of a new underground mine on the property progressed during the year and is expected to reach full production in mid-2026.

At our Wittenberg property, located in southern West Virginia, our lessee’s underground operation produced 168,000 tons of metallurgical coal, a 65% decrease below the 480,000 tons produced in 2024, as the operation moved off the property mid-year and onto our adjoining PLC Minerals tract. Nonetheless, the property generated \$1.4 million in coal royalty revenue for the Company during the year.

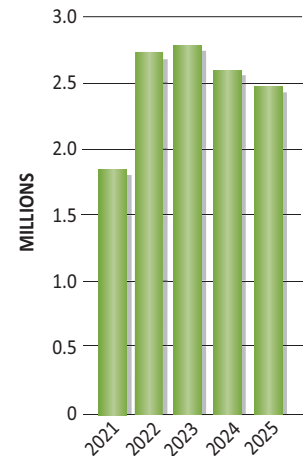
At our Big Huff Minerals tract, located in southern West Virginia, our lessee commenced operations of a metallurgical coal surface mine and produced 207,000 tons, while generating \$1.1 million in mined coal royalties for the Company. Additionally, the Company received a one-time payment of \$1.0 million pursuant to a lessee “change of control” under the terms of the lease. During 2026, we expect production from this surface mine to increase as the operation expands. We executed a new coal lease with a second operator for two specific metallurgical coal seams located in the northern portion of the tract during the year. Unfortunately, this lessee’s underground mining operation was idled mid-year due to the weak market and production was limited to 5,000 tons. Meanwhile, the mine is being maintained in anticipation of a market recovery.

Other Coal Development Initiatives:

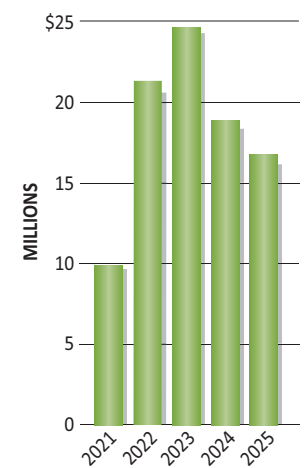
- At our Calvin Minerals tract, located in eastern Kentucky, our lessee operating a thermal coal surface mine on an adjacent property is expected to advance onto our property in mid-2026.
- On our Powellton Minerals tract, we completed Phase II of our exploration drilling program and commissioned a consulting engineering firm to prepare an updated coal reserve report incorporating the new drillhole data. The updated report identified an additional 12.4 million tons of metallurgical coal reserves, which are in the plans of a new underground mine being developed by the lessee.
- We executed a new coal lease with an operating company for two seams of coal on our A.Z. Litz mineral property located in southern West Virginia which will be mined by underground mining methods. We also completed the acquisition of an adverse surface interest overlying a portion of the coal reserves on the property, thereby facilitating the development of the estimated five-million-ton surface mineable metallurgical coal reserve.

In summary, despite recent market challenges, the Metallurgical Coal Division is positioned to continue to benefit from the domestic and international demand for the Company’s high-quality metallurgical coal reserves. We continue to focus on “organic growth” by working to identify new coal development opportunities of our existing reserves, while also pursuing favorable reserve acquisitions as they become available.

FIVE-YEAR COMPARISON COAL PRODUCTION
Tons



FIVE-YEAR COMPARISON COAL REVENUES
MILLIONS



OIL & GAS

The Oil & Gas Division's operating results during the year marked a significant improvement with revenues reaching \$8.4 million, a 48% increase over 2024 revenues of \$5.7 million. Natural gas prices in the Appalachian Basin, where approximately 88% of the Company's oil and gas production is concentrated, rose sharply during the year. The Company's realized price averaged \$2.98 per million British thermal unit (MMBtu), up 58% from the average of \$1.89 per MMBtu during 2024. Total production from our properties was 2.3 billion cubic feet equivalents (Bcfe), a 5% increase compared to 2.2 Bcfe in the prior year.

During 2025, the U.S. natural gas markets benefited from significant demand from liquified natural gas (LNG) exports, which reached a record 15 billion cubic feet per day, a 25% increase over 2024. Below-average winter temperatures across the Midwest and eastern U.S. created additional demand from the home-heating and electric utility sectors, further supporting the higher prices which carried throughout the year.

Appalachian Basin

The Company owns and manages more than 650,000 acres of oil and gas mineral interests in the Appalachian Basin. In 2025, these assets produced 2.0 Bcf of oil and gas equivalents, and \$7.0 million in revenues, accounting for 88% and 83% of the Company's total oil and gas production and revenues, respectively. Our various oil and gas lessees operate approximately 3,300 natural gas wells on our properties, most of which are mature, conventional wells

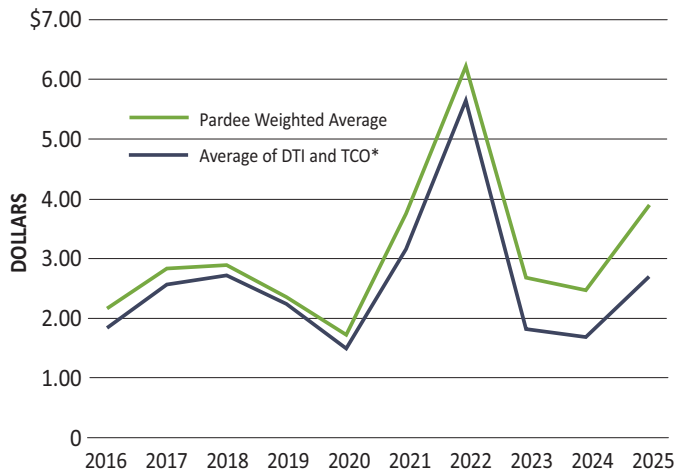


Reclamation site of an abandoned gas well on our Courtney Minerals tract located in Boone County, West Virginia.

known to be long-lived with low annual production decline rates of 5% or less, thereby providing stable, long-term cash flows for the Company. Additionally, our large acreage position holds the potential for future production growth as drilling technology and commodity prices improve.

APPALACHIAN BASIN NATURAL GAS PRICE

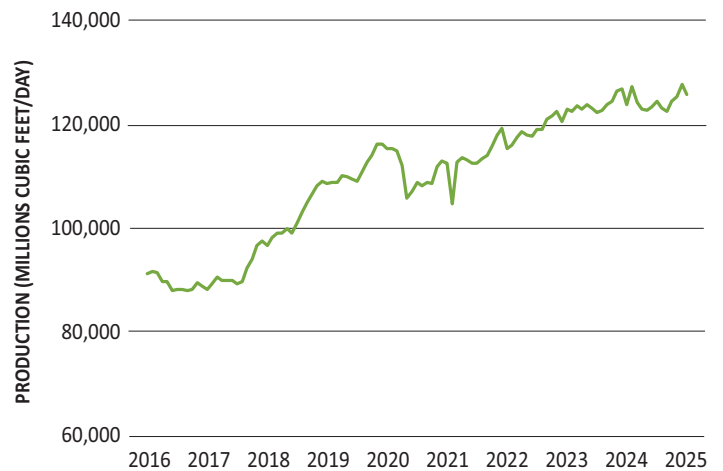
Per MMBtu
2016-2025



*Source: Average of Dominion Transmission (DTI) and Columbia (TCO) Appalachian Index Prices

U.S. NATURAL GAS PRODUCTION (GROSS WITHDRAWALS)

2016-2025



Source: Energy Information Administration (EIA)



A horizontal well pad producing from the Marcellus Shale formation on our Ario Minerals property in Noble County, Ohio.

The Company also holds mineral interests located in northern West Virginia where 80 horizontal wells are producing under various leases. During 2025, we invested \$600,000 in new oil and gas mineral interests comprised of 101 net acres located in northern West Virginia and western Pennsylvania. This acreage is currently leased and producing oil and gas from the Marcellus Shale formation and generating royalty income.

Non-Appalachian Interests

The Company also owns oil and gas interests outside of the Appalachian Basin, with holdings in Louisiana, Texas, Oklahoma, and Colorado. In 2025, these assets accounted for 12% of the Division's production and 17% of the Division's revenues, producing 269 million cubic feet equivalents and \$1.4 million in revenues.

In Colorado, the Company's overriding royalty interests span 398 horizontal wells located in Weld County and operating in the prolific Denver-Julesburg

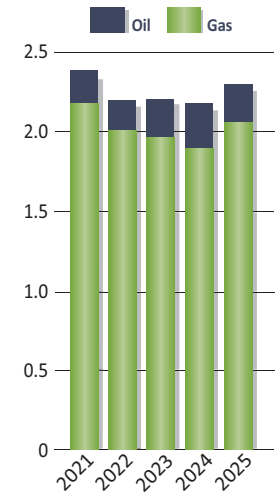
Basin, with twelve new wells expected to be operational in 2026. Contrary to natural gas prices, crude oil prices declined during 2025, averaging \$65.46 per barrel, or 14% lower than 2024 levels.

In Louisiana, the Company owns 18,000 acres of oil and gas mineral rights. The 40 operating wells on these properties produce primarily natural gas, and are long-lived, with production declining at an annual rate of approximately 4%.

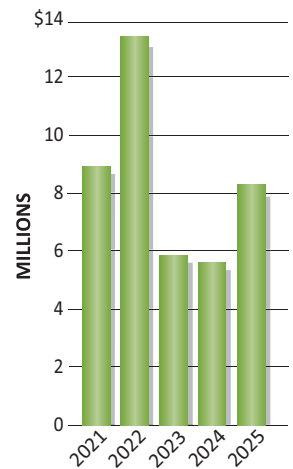
During early 2026, exceptionally cold winter temperatures, particularly across the Northeast, increased natural gas demand and pushed up natural gas prices, boding well for overall natural gas demand and prices for all of 2026. The Company remains committed to expanding its portfolio of producing oil and natural gas properties and is well-positioned to benefit from evolving industry trends which include continued growth in LNG exports and the rapid growth of data centers throughout the U.S.

FIVE-YEAR COMPARISON OIL & GAS PRODUCTION

Billion Cubic Feet Equivalents



FIVE-YEAR COMPARISON OIL & GAS REVENUES



TIMBER & SURFACE

During 2025, Timber & Surface Division revenues were \$6.7 million, representing a 12% decline from revenues of \$7.7 million earned in 2024. The timber markets faced continued challenges from tariff-related export disruptions and a housing market which remained weak due to stubbornly high interest rates. These headwinds were partially offset by record-high gains from our central Virginia rural real estate initiative.

The hardwood industry will remember 2025 as the “year of the tariff.” Trade actions by the Trump administration and reciprocal measures by key partners significantly curtailed export activity. Total hardwood lumber exports declined 10% year-over-year, driven by a 17% reduction in shipments to China, the industry’s largest export market. Domestic demand also weakened, with grade and industrial lumber consumption down 7% and 9%, respectively. These conditions led to additional sawmill closures, reducing eastern hardwood sawmill production to 4.1 billion board feet, which is 16% below 2024 and the lowest level in 65 years. While housing starts declined slightly from the already low 2024 levels, a bright spot for the market was remodeling and home improvement activity, which reached a record high, increasing 3% from 2024.

Hardwood production from our properties decreased 34% year-over-year, from 12.5 million board feet (MMBF) in 2024 to 8.2 MMBF in 2025. The weak markets notwithstanding, year-over-year production declines were largely the result of 2024 harvests being temporarily elevated above sustainable levels as we responded to short-term shortages at local log yards. Our 2025 harvest levels were further impacted as we deferred harvesting on properties being actively marketed for sale during the year. Our average hardwood selling price increased 10% from \$248 per thousand board feet (MBF) in 2024 to \$272 per MBF in 2025, driven by the sale of high-valued stands of white oak, and a greater portion of our total harvest coming from our central West Virginia properties which yield premium prices. In total, our hardwood revenues

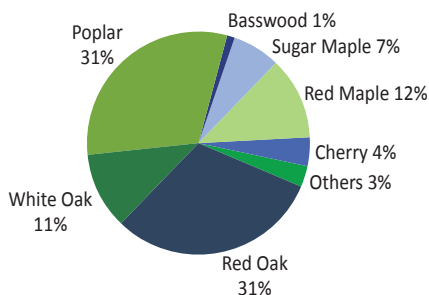


Upgrade of a timber haul road on our Glawson property in Culpeper County, Virginia to access future real estate lot sales.

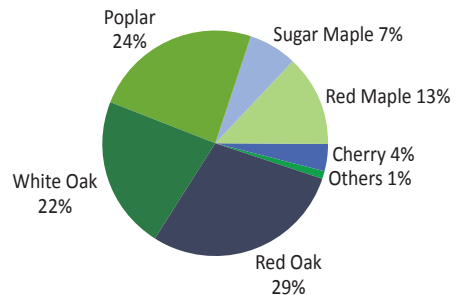
were \$2.2 million, 29% below revenues of \$3.1 million earned during 2024.

The softwood market experienced many of the same headwinds as the hardwood sector in 2025, including a weaker housing market and heightened trade tensions. Consequently, the southern panel market softened, with prices of pine plywood down 10% and oriented strand board (OSB) down 36%, with combined production down 2%. Exports of southern yellow pine lumber were down 4% from 2024, including a 67% decline in shipments

HARDWOOD PRODUCTION BY SPECIES



HARDWOOD REVENUE BY SPECIES





Hardwood log landing on the Pardee & Curtin Timberlands tract in Webster Springs, West Virginia with high-quality logs waiting to be hauled to the sawmill.

to China. Across the southern U.S., the average softwood stumpage price declined for all three major pine product categories of sawtimber, chip-n-saw, and pulpwood.

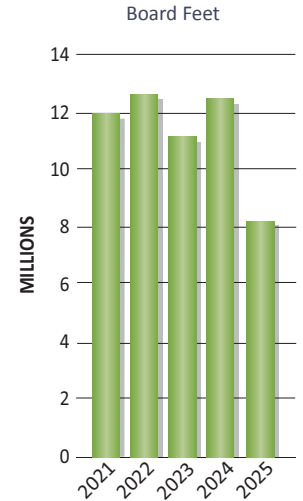
Production from the Company’s Virginia softwood properties declined 56% year-over-year, from 68,000 tons in 2024 to 30,000 tons in 2025. This reduction was largely due to high harvest levels in 2024, which were temporarily elevated to balance our inventory of merchantable timber. Average blended pricing of \$14.66 per ton remained unchanged versus the prior year. In total, the Division’s softwood revenues were \$439,000, a 56% decline versus 2024 revenues of \$998,000.

In 2025, our central Virginia rural real estate initiative resulted in the sale of seven parcels totaling 399 acres. At an average price of \$7,044 per acre, these transactions generated gross proceeds of \$2.8 million and pre-tax gains of \$2.1 million, a record high in pre-tax gains for the fourth year in a row. Separately, in West Virginia, five parcels totaling 198 acres were sold, generating \$202,000 in proceeds.

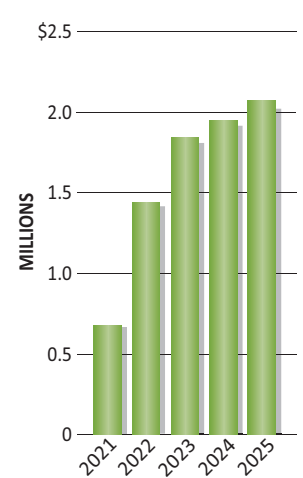
During 2025, the Company earned \$621,000 from option agreements with third parties to either purchase or lease certain parcels of the Company’s West Virginia and Virginia surface acreage for the development of renewable energy facilities. Additionally, the Company executed a right-of-way agreement for a power line upgrade, generating \$289,000 in proceeds. Our recreational hunting and camp lot lease program generated \$535,000 in revenues during the year.

In summary, 2025 was a challenging year for both the hardwood and softwood markets amid a difficult economic environment and continued retaliatory tariffs affecting key export destinations. Despite these headwinds, the Timber & Surface Division benefited from record gains generated by our rural real estate initiative and other non-timber income. Looking ahead, we are cautiously optimistic that the timber markets will improve as interest rates decline and housing markets strengthen. Lastly, we expect further success in our rural real estate initiatives which are increasingly focused on the growth of data centers and other infrastructure development in our region.

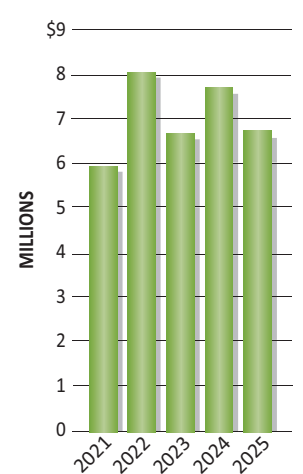
FIVE-YEAR COMPARISON HARDWOOD TIMBER PRODUCTION



FIVE-YEAR COMPARISON VIRGINIA REAL ESTATE PRE-TAX GAINS

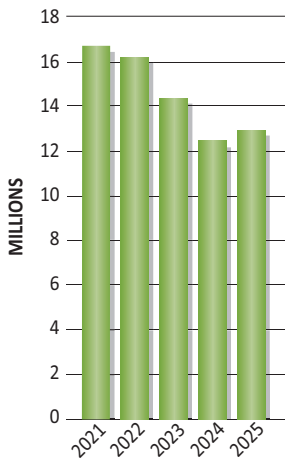


FIVE-YEAR COMPARISON TIMBER & SURFACE REVENUES

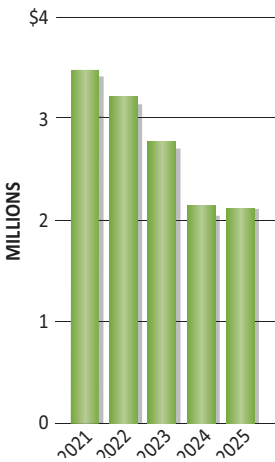


ALTERNATIVE ENERGY

**FIVE-YEAR COMPARISON
ALTERNATIVE ENERGY
PRODUCTION**
Kilowatt-Hours (kWh)



**FIVE-YEAR COMPARISON
ALTERNATIVE ENERGY
REVENUES**



During 2025, the Company generated \$2.1 million in revenue from its portfolio of solar photovoltaic (PV) systems, a 1% decrease from 2024. While the systems produced 12.9 million kilowatt-hours, a 4% increase above 2024 levels, our average price was negatively impacted when early in the year one of our three remaining PV installations in New Jersey was decommissioned, resulting in the loss of its high-value solar renewable energy credits. Due to minor maintenance issues, both production and revenues from our eleven Arizona solar installations saw slight declines compared to 2024. In April 2025, we resolved a long-standing inverter outage at our large, 4.7-megawatt (MW) California solar PV site, which improved our 2025 results.

In early July 2025, the One Big Beautiful Bill (OBBB) brought significant changes to U.S. energy policy, particularly the renewable energy sector. This legislation required that certain projects be completed by year-end 2027 to be eligible for federal tax credits, which thereby encouraged faster construction timelines, and accelerated solar PV deployments. The OBBB also drove consolidation among larger, more sophisticated projects, contributing to a record-setting year for utility-scale solar installations

at nearly 33 gigawatts (GW), an increase of 10% from 2024's total of 30 GW. Consequently, solar is expected to account for over half of all new utility-scale electricity-generating capacity added in 2025. While the OBBB has accelerated project timelines, it has also created more uncertainty for post-2025 development.

In July 2025, the Company committed to invest in four separate partnerships which combined will install nine rooftop solar PV systems for Roanoke City Public Schools, in Roanoke, Virginia. The Company will hold a 90% stake in the four partnerships, with the project developer holding the remaining 10%. In total, the 4.3-MW portfolio will cost approximately \$16 million to install, with the Company's share totaling \$14.4 million. The investments are eligible for federal investment tax credits and will be financed in part with \$9.3 million in bank financing at the partnership level. All nine systems are expected to be fully operational by April 2026 and to generate electricity and revenues for the Company over the next 25 years.

Despite recent changes in federal tax incentives, the Company continues to seek investment opportunities in the renewable energy sector that offer attractive risk/return profiles.



One of the Company's new solar photovoltaic rooftop systems located in Roanoke, Virginia.

AGRICULTURE

During 2025, the Agriculture Division generated total revenues of \$12.9 million, a 2% increase compared to revenues of \$12.6 million in 2024. While table grape yields were stronger this year than last, their average selling price dropped approximately 2% from the previous year. In contrast, almond prices increased roughly 40% over 2024, however, record rainfall in Portugal reduced almond yields which negatively impacted the Division’s overall results. Division operating cash flow attributed to the Company was \$456,000, down considerably from operating cash flow of \$829,000 achieved during 2024.

Table Grapes

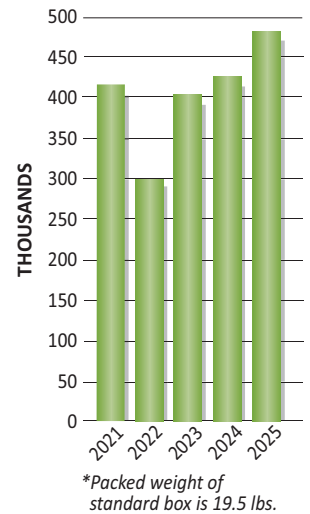
In 2025, California’s table grape industry total crop yield is estimated to be approximately 95 million 19-pound boxes, marking a 4% increase over the 91.5 million boxes harvested in 2024. While avoiding severe weather events of recent years, which included a freeze in early 2022, a hurricane in 2023, and record-breaking summer temperatures in 2024, favorable growing conditions, which included a mild winter and spring, supported healthy vine development and enhanced berry size. During 2025, our two table grape ranches produced 484,745 boxes, a 14% increase over 2024 levels and a record high for our ranches. Our average price per box was \$25.71, a 3% decline versus prices realized in 2024, as the

strong industry yields put downward pressure on prices. In total, our table grape operations produced \$1.2 million in cash flow for the Company, a 20% increase from cash flow of \$1.0 million produced in 2024.

Almonds

Thanks to strong global demand, almond prices improved during the year, and global production also increased, reaching approximately 4.0 billion meat pounds, 10% above the 3.6 billion meat pounds reported in 2024. Unfortunately, the Company was unable to fully benefit from the favorable almond industry fundamentals, as excessive rainfall caused extensive damage to our orchard. During the spring season, it rained 50 days within a single 60-day period, disrupting the bloom and causing wide-spread fungal disease, reducing the crop yield to 10% of our expectations. This development was even more disappointing since the orchard was on track to achieve its first significant operating profit. With limited revenues with which to offset higher-than-expected operating expenses, the farm generated a negative cash flow for Pardee’s 55% interest of \$756,000. Our farm operator has completed extensive pruning of the orchard and applied important nutrients designed to repair the damage and rehabilitate the orchard.

**FIVE-YEAR COMPARISON
TABLE GRAPE
PRODUCTION**
Boxes EQ*



**FIVE-YEAR COMPARISON
ALMOND
PRODUCTION**
Pounds

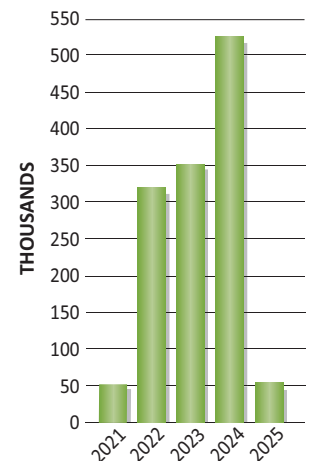


Photo of our almond tree farm during the bloom period in early 2026, a welcome sight following the damage done by the heavy rainfall during the first five months of 2025.

BOARD OF DIRECTORS



Benjamin A. Burditt
Chairman of the Board
Chairman, Executive Committee



James C. Rodgers
Chairman, Audit Committee
Compensation Committee
Corporate Affairs Committee



George D. Curtin III
Chairman, Corporate Affairs Committee
Compensation Committee
Strategic Planning and
Asset Allocation Committee



Carleton P. Erdman
Executive Committee



George K. Hickox, Jr.
Chairman, Compensation Committee
Executive Committee
Audit Committee
Strategic Planning and
Asset Allocation Committee



Adam W. Foulke
Chairman, Strategic Planning and
Asset Allocation Committee
Executive Committee
Audit Committee
Corporate Affairs Committee



Joann M. Lytle
Compensation Committee
Corporate Affairs Committee
Strategic Planning and
Asset Allocation Committee

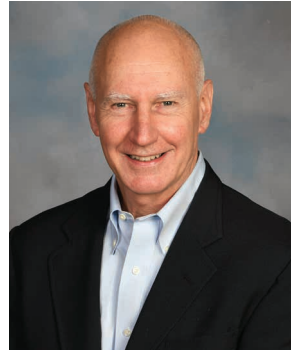
MANAGEMENT



Carleton P. Erdman
President & CEO
Radnor, PA



Steven J. Rolle
Senior Vice President,
Chief Financial Officer
Radnor, PA



Jeffrey W. Wagner
Senior Vice President,
General Counsel &
Corporate Secretary
Radnor, PA



Jeffery W. Allen
Senior Vice President
Acquisitions & Development,
Metallurgical Coal
Hurricane, WV



Stephen D. Harp
Senior Vice President
Timber & Surface
Summersville, WV



Volha A. Hutyrchyk
Senior Vice President
Investments
Sarasota, FL



Walter L. Stroud
Senior Vice President
Oil, Gas & Engineering
Hurricane, WV



Linda M. Thorpe
Vice President
Data Solutions
Radnor, PA



Francis S. Lam
Vice President
Finance & Corporate Controller
Radnor, PA



Linda Dougherty
Vice President
Human Resources &
Shareholder Relations
Radnor, PA

To the Board of Directors and Shareholders

Opinion

We have audited the consolidated financial statements of Pardee Resources Company (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, comprehensive income, equity and comprehensive income, and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information. The other information comprises the information in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Ernst & Young LLP

Philadelphia, Pennsylvania
April 1, 2026

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2025 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 27,854,522	\$ 27,382,060
Accounts receivable	10,551,294	8,438,750
Prepaid income taxes	821,463	280,292
Other current assets	846,298	980,402
	<hr/>	<hr/>
Total Current Assets	40,073,577	37,081,504

INVESTMENTS

Oil and gas investments (successful efforts method), net of accumulated depletion of \$43,794,064 and \$40,740,505 in 2025 and 2024, respectively	28,413,486	30,969,802
Property and equipment, net	99,164,021	90,291,735
Right of use asset	3,453,366	3,626,826
Other assets	136,452	147,278
	<hr/>	<hr/>

Total Assets	<u><u>\$171,240,902</u></u>	<u><u>\$162,117,145</u></u>
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CONSOLIDATED BALANCE SHEETS (continued)

	DECEMBER 31,	2025	2024
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$	5,376,263	\$ 2,483,395
Current portion of deferred revenues		316,643	1,584,432
Taxes payable		839,037	1,219,631
Current portion of note payable (non-recourse)		323,609	208,043
Current portion lease liability		408,712	386,940
Other current liability		—	125,225
Total Current Liabilities		<u>7,264,264</u>	<u>6,007,666</u>
NONCURRENT LIABILITIES			
Note payable (non-recourse)		8,427,630	598,400
Supplemental pension plan		719,288	661,788
Deferred income taxes		13,429,246	14,265,210
Deferred revenues		339,332	256,211
Asset retirement obligation		1,668	1,628
Lease liability		3,600,313	3,752,366
Total Liabilities		<u>33,781,741</u>	<u>25,543,269</u>
EQUITY			
Shareholders' Equity:			
Common stock, par value \$1; 10,000,000 shares authorized, 775,313 shares issued in 2025 and 2024; 651,498 and 650,938 shares outstanding at December 31, 2025 and 2024, respectively		775,313	775,313
Additional paid-in capital		12,500,355	12,923,704
Accumulated other comprehensive loss		(175,198)	(140,686)
Retained earnings		147,447,458	145,532,143
Treasury stock, at cost, 123,815 shares and 124,375 shares at December 31, 2025 and 2024, respectively		<u>(26,365,889)</u>	<u>(26,310,335)</u>
Total Pardee Shareholders' Equity		<u>134,182,039</u>	<u>132,780,139</u>
Noncontrolling Interest		<u>3,277,122</u>	<u>3,793,737</u>
Total Equity		<u>137,459,161</u>	<u>136,573,876</u>
Total Liabilities and Equity		<u>\$171,240,902</u>	<u>\$162,117,145</u>

See accompanying notes.

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31,

2025

2024

**REVENUES FROM
OPERATIONS**

Metallurgical coal	\$16,775,372	\$18,882,176
Oil and gas	8,377,852	5,678,935
Timber and surface	6,728,180	7,677,685
Alternative energy	2,106,954	2,134,410
Agriculture	12,895,938	12,624,252
	46,884,296	46,997,458

OPERATING EXPENSES

Metallurgical coal	3,724,884	3,576,615
Oil and gas	4,752,696	4,686,124
Timber and surface	3,083,688	3,903,340
Alternative energy	1,768,206	1,633,703
Agriculture	13,902,476	11,912,195
	27,231,950	25,711,977

Gross income from operations	19,652,346	21,285,481
General and administrative expenses	6,375,129	6,409,788
Gain on asset disposal	8,897,000	—
Income from operations	22,174,217	14,875,693

**OTHER INCOME
AND EXPENSE**

Interest income, other income, and other expense	1,218,743	1,461,024
(Loss) Income from equity investments	(739,846)	1,705,448
Interest expense	(37,919)	(52,378)

Income before income taxes	22,615,195	17,989,787
Provision for income taxes	6,687,889	4,031,709

Net Income	15,927,306	13,958,078
Net (Loss) attributable to noncontrolling interest	(457,907)	(201,122)

Net Income attributable to Pardee Resources Company Shareholders	\$16,385,213	\$14,159,200
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Basic Earnings Per Common Share	\$25.09	\$21.75
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Weighted average number of common shares outstanding	653,143	650,904
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See accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	YEAR ENDED DECEMBER 31,	2025	2024
Net Income		\$15,927,306	\$13,958,078
Other comprehensive (loss)			
Net foreign currency translation adjustment		<u>(62,749)</u>	<u>(181,170)</u>
Other comprehensive (loss)		<u>(62,749)</u>	<u>(181,170)</u>
Comprehensive Income		15,864,557	13,776,908
Net Comprehensive (loss) attributable to noncontrolling interest		<u>(486,144)</u>	<u>(282,648)</u>
Comprehensive Income attributable to Pardee Resources Company		<u>\$16,350,701</u>	<u>\$14,059,556</u>

See accompanying notes.

**CONSOLIDATED STATEMENTS OF EQUITY
AND COMPREHENSIVE INCOME**

YEAR ENDED DECEMBER 31, 2025 AND 2024

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY STOCK	ACCUMULATED COMPREHENSIVE (LOSS)	NONCONTROLLING INTEREST	TOTAL
BALANCE AT JANUARY 1, 2024	\$775,313	\$12,853,699	\$152,323,998	\$(26,126,884)	\$ (41,042)	\$3,270,717	\$143,055,801
NET INCOME (LOSS)			14,159,200			(201,122)	13,958,078
OTHER COMPREHENSIVE LOSS					(99,644)	(81,526)	(181,170)
ISSUANCE OF STOCK COMPENSATION TO DIRECTORS		19,594		280,368			299,962
RESTRICTED SHARE UNITS ISSUED		(902,434)		902,434			0
RESTRICTED SHARE UNITS GRANTED		952,845					952,845
SHARES PURCHASED BY THE COMPANY				(1,366,253)			(1,366,253)
COMMON STOCK DIVIDENDS (\$32.20 PER SHARE)			(20,951,055)				(20,951,055)
NONCONTROLLING INTEREST, PERIOD INCREASE						805,668	805,668
BALANCE AT DECEMBER 31, 2024	\$775,313	\$12,923,704	\$145,532,143	\$(26,310,335)	\$(140,686)	\$3,793,737	\$136,573,876
NET INCOME (LOSS)			16,385,213			(457,907)	15,927,306
OTHER COMPREHENSIVE LOSS					(34,512)	(28,237)	(62,749)
ISSUANCE OF STOCK COMPENSATION TO DIRECTORS		35,498		264,438			299,936
RESTRICTED SHARE UNITS ISSUED		(1,401,575)		1,401,575			0
RESTRICTED SHARE UNITS GRANTED		942,728					942,728
SHARES PURCHASED BY THE COMPANY				(1,721,567)			(1,721,567)
COMMON STOCK DIVIDENDS (\$22.20 PER SHARE)			(14,469,898)				(14,469,898)
NONCONTROLLING INTEREST, PERIOD (DECREASE)						(30,471)	(30,471)
BALANCE AT DECEMBER 31, 2025	\$775,313	\$12,500,355	\$147,447,458	\$(26,365,889)	\$(175,198)	\$3,277,122	\$137,459,161

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES	Net income	\$15,927,306	\$13,958,078
	Adjustments to reconcile net income to net cash provided by operating activities:		
	Depreciation, depletion, amortization, and accretion	5,204,300	4,900,932
	Deferred income tax benefit	1,068,829	(517,697)
	Net (income) on disposal and write-offs of oil and gas investments	—	(18,768)
	Stock-based compensation expense	1,242,664	1,252,807
	Gain on sale of property and equipment	(2,231,807)	(2,126,056)
	Gain from sale of oil and gas property	(8,897,000)	—
	Change in operating assets and liabilities:		
	Accounts receivable	(2,112,544)	(1,130,132)
	Other assets	144,851	(391,906)
	Accounts payable and accrued liabilities	(68,763)	(630,388)
	Deferred revenues	(1,184,667)	922,024
	Lease liabilities	43,179	75,801
	Supplemental pension plan	57,500	53,475
Total Adjustments	(6,733,458)	2,390,092	
Net Cash Provided By Operating Activities	9,193,848	16,348,170	
CASH FLOWS FROM INVESTING ACTIVITIES	Purchases of property and equipment	(11,594,488)	(907,905)
	Expenditures for oil and gas investments	(600,074)	(859,949)
	Proceeds from sale of property and equipment	2,916,066	2,954,052
	Proceeds from sale of oil and gas property	8,897,000	—
	Net Cash (Used) Provided By Investing Activities	(381,496)	1,186,198
CASH FLOWS FROM FINANCING ACTIVITIES	Payment of common dividends	(14,469,898)	(20,951,055)
	Purchase of stock for treasury and restricted share units	(1,721,567)	(1,366,253)
	Payments of note payable	(161,625)	(219,501)
	Notes payable proceeds	8,106,420	—
	Net (distributions) contributions from noncontrolling interests	(30,471)	805,668
	Net Cash Used In Financing Activities	(8,277,141)	(21,731,141)
	Effect of exchange rate changes on cash and cash equivalents	(62,749)	(181,170)
	Net Increase (Decrease) In Cash And Cash Equivalents	472,462	(4,377,943)
	Cash And Cash Equivalents At Beginning Of Year	27,382,060	31,760,003
	Cash And Cash Equivalents At End Of Year	\$27,854,522	\$27,382,060
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	Cash paid for interest	\$ 411,479	\$ 52,378
	Net cash paid for income taxes	\$ 5,442,763	\$ 5,120,271

See accompanying notes.

1. DESCRIPTION OF
BUSINESS AND
ORGANIZATION

Pardee Resources Company (the Company) is a natural resources company that conducts its business through its subsidiaries principally in the timber, oil and gas, coal, agriculture, and alternative energy industries. The Company's subsidiaries own land, mineral rights, farmland, agriculture leases, and solar photovoltaic systems, principally in West Virginia, Virginia, Kentucky, Louisiana, Colorado, New Jersey, Texas, Arizona, California, and Portugal. Through its subsidiaries, the Company grants timber-cutting rights on certain of its properties, leases certain of its properties to third parties for coal mining and processing, develops parcels of land for sale, grows table grapes and almonds, and leases properties to third parties for oil and gas exploration and production. Also, through its subsidiaries, the Company owns developed and undeveloped oil and gas rights and participates in oil and gas prospects on properties leased from third parties.

2. SIGNIFICANT
ACCOUNTING
POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The Company evaluates its interests in legal entities to determine whether such entities are variable interest entities (VIEs) under ASC 810, Consolidation. An entity is considered a VIE when the equity holders, as a group, lack the characteristics of a controlling financial interest, such as, because the equity investment at risk is not sufficient to finance the entity's activities without additional subordinated financial support or because the equity holders, as a group, do not have the power to direct the activities that most significantly impact the entity's economic performance. The Company consolidates a VIE when it is determined to be the primary beneficiary, which requires the Company to have both (i) the power to direct the activities that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the entity. The Company evaluates whether it is required to consolidate a legal entity on an ongoing basis and reassesses its consolidation conclusion when events occur or circumstances change. For legal entities that are not VIEs, the Company utilizes the voting model in ASC 810 and consolidates the entity when it has a controlling financial interest through voting rights or similar rights. Interests held by third parties in consolidated entities are presented as noncontrolling interests as a component within equity in the accompanying consolidated financial statements. As of December 31, 2025 and 2024, the Company's consolidated balance sheets include total assets of consolidated VIEs of \$33.2 million and \$18.7 million, respectively, and total liabilities of consolidated VIEs of \$16.6 million and \$5.0 million, respectively. The consolidated VIEs' assets consist primarily of property and equipment and their liabilities consist primarily of notes payable and accounts payable. The assets of the consolidated VIEs can generally be used only to settle the obligations of the consolidated VIEs, and the creditors of the consolidated VIEs do not have recourse to the general credit of the Company.

In 2025, the Company, through its fully owned subsidiary, Pardee Renewable Energy LLC, invested in a 90% ownership interest in four renewable energy partnerships (the Solar Partnerships) for the construction, ownership, and management of nine solar systems. The Company evaluated ASC 810 and determined the Solar Partnerships are VIEs and that the Company is the primary beneficiary, and therefore the Company consolidates the VIEs. The Company provides capital contributions and may receive distributions based on the operational and financing needs of the Solar Partnerships and in proportion to its ownership interest. During the year ended December 31, 2025, the Company made net capital contributions of \$4,362,877 related to these investments.

The Company owns a 55% interest in an almond tree farm limited liability company, which is consolidated in the accompanying financial statements. The Company evaluated its interest in this entity under ASC 810 and concluded consolidation is appropriate. The Company provides capital contributions or receives distributions based on the operational needs of the investment and its ownership interest. During the year ended December 31, 2025, the Company made net capital contributions of \$256,000, compared to net capital contributions of \$525,000 during the year ended December 31, 2024.

The Company owns an 85% interest in a table grape ranch limited liability company, which is consolidated in the accompanying financial statements. The Company evaluated its interest in this entity under ASC 810 and concluded consolidation is appropriate. The Company provides capital contributions or receives distributions based on the operational needs of the investment and its ownership interest. During the year ended December 31, 2025, the Company received net distributions of \$2.2 million, compared to net capital contributions of \$1.6 million during the year ended December 31, 2024.

2. SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

Accounting Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Company accounts for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to be realized or settled.

The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely to be realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. As of December 31, 2025, the Company had \$3,581,397 of uncertain tax positions. See Note 9 for further discussion.

Investment Tax Credits

Investment tax credits received from the Company's investments in solar partnerships are recorded based upon estimates provided by the respective partnerships. Actual results could differ from those estimates, upon the filing of the respective partnerships' tax returns.

Accounts Receivable

Accounts receivable are stated at the amounts which management expects to collect from its customers with respect to outstanding balances. The Company provides an allowance for credit losses based on a combination of historical loss trends, current economic conditions, and forward-looking risk factors. After all attempts to collect an account receivable have failed, the account receivable is written off against the allowance.

Revenue Recognition

The Company recognizes revenue in accordance with *FASB – Accounting Standards Update (ASU) ASU 2014-09, Revenue from Contracts with Customers (Topic 606)*.

The Company determines the appropriate method by which it recognizes revenue by analyzing the nature of the products or services being provided as well as the terms and conditions of contracts or arrangements entered into with its customers. The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. A contract's transaction price is allocated to each distinct good or service (i.e., performance obligation) identified in the contract, and each performance obligation is valued based on its estimated relative standalone selling price.

The Company recognizes the majority of its revenue at a point in time when it satisfies a performance obligation and transfers control of the product to the respective customer. The amount of revenue that is recognized is based on the transaction price, which is the result of contracts and current market conditions.

Coal

Coal leases are typically based on a combination of a minimum dollar royalty per ton or a percentage of the gross sales price per ton, whichever is greater, and minimum annual payments. Royalty revenue is recognized at the time the mined coal is shipped from the property. Minimum payments are generally recorded as deferred revenue. If the lessee recoups a minimum payment through production, the deferred revenue attributable to the minimum payment is recognized as coal royalty revenue in the period the minimum payments are recouped. If the minimum payment is not recouped within the stated time period in the lease, the deferred revenue attributable to the unrecouped minimum payment is recognized as revenue at the expiration of the recoupment period.

2. SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

Oil and Gas

Oil and gas lease revenues are typically based on a combination of a percentage royalty of the gross sales per thousand cubic feet (Mcf) of gas and barrel of oil, lease bonus payments (paid at the time leases are made) and annual delay rental payments. Royalties are recognized at the time gas flows through a sales meter into a third-party pipeline and when oil is shipped from storage tanks. The Company accounts for lease bonuses and delay rentals under the cost recovery method of accounting, whereby equal amounts of revenue and expense are recognized as collections are made until all costs have been recovered, postponing any recognition of profit until that time.

Timber

Timber leases typically require a minimum annual harvest, with timber royalties based on a percentage of the sales price per board foot of finished lumber by species. Revenue is recognized at the time the logs are delivered to the mill.

The Company also receives revenues from timber bid sales. Timber bid sales are agreements in which the buyer agrees to purchase and harvest specified timber on a tract of land over the term of the contract. The risk of loss and title to the trees transfers to the buyer when the contract is signed. The buyer pays the full purchase price when the contract is signed. The Company does not have any additional performance obligations.

Any uncut timber remaining at the end of the contract period reverts back to the Company. Revenue from a timber bid sale is recognized when the contract is signed and payment received, since the earnings process is complete.

Alternative Energy

Solar electric lease revenue and solar renewable energy credit revenue are typically based on a contracted rate per kilowatt-hour. Revenue is recognized at the time the generated electricity passes through the sales meter.

Agriculture

The Company recognizes revenue at the time harvested grapes and almonds are delivered to a third-party marketer.

Depletion and Depreciation

Depletion of coal reserves and timber reserves are computed on the basis of tonnage of coal mined and board feet harvested, respectively. Buildings and structures, office equipment, automobiles, and other fixed assets are depreciated on the straight-line method over estimated useful lives of 3 to 25 years.

Impairment of Long-Lived Assets

Impairment testing for long-lived assets (or an asset group) is required when circumstances indicate that such assets may be impaired. If it is determined that a triggering event has occurred, we perform a recoverability test based upon estimated undiscounted cash flow projections expected to be realized over the remaining useful life of the long-lived asset. If the undiscounted cash flows used in the recoverability test are less than the long-lived asset's carrying amount, we determine its fair value. If the fair value is determined to be less than its carrying amount, the long-lived asset is reduced to its estimated fair value and an impairment loss is recognized in an amount equal to such shortfall. When determining whether a long-lived asset has impaired, management groups assets at the lowest level that has identifiable cash flows.

Asset Retirement Obligations (ARO)

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the fixed asset or oil and gas investment and depreciated or depleted over their estimated useful lives. The liability is accreted to its future value over the period to its estimated settlement date. The Company's obligations primarily apply to the future plugging of its oil and gas wells.

2. **SIGNIFICANT
ACCOUNTING
POLICIES**
(CONTINUED)

During 2024, the Company disposed of certain oil and gas wells and released the future obligation of plugging the wells to the purchaser. The impact of releasing the net ARO liability was immaterial.

Oil and Gas Accounting

The Company accounts for its oil and gas operations under the successful efforts method of accounting. Under the successful efforts method, costs of productive wells, development dry holes, and productive leases are capitalized and amortized on a units-of-production basis over the life of remaining proved reserves. Cost centers for amortization purposes are determined on a field-by-field basis.

Exploratory expenses, including geological and geophysical expenses and annual delay rentals for oil and gas leases, are charged to expense as incurred. Exploratory drilling costs, including stratigraphic test wells, are initially capitalized, but charged to expense if and when the well is determined to be unsuccessful.

During 2025 and 2024, there were no write-downs of the Company's holdings and the Company did not recognize any dry hole expenses. These items, if any, are reflected in the Consolidated Statements of Operations, line-item Operating Expenses, Oil and Gas.

Stock-Based Compensation

The Company follows a fair-value-based method of accounting for share-based payment transactions.

Restricted Stock Awards

The Company has granted restricted stock awards to employees with both a service condition and a market condition. These restricted stock awards vest only upon achievement of certain market price thresholds of our common stock within a specified performance period, generally three years. Additionally, such awards vest only if the recipient has provided the requisite service, which is generally the same three-year period in the market condition.

The fair value of the restricted stock awards is determined using a lattice valuation model. The model takes into consideration the historical volatility of our stock and the risk-free interest rate at the date of grant. Stock-based compensation expense is recognized over the requisite service period for the awards using the straight-line method. If a restricted stock award is forfeited, any previously recognized stock-based compensation expense is reversed.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash equivalents, accounts receivable, accounts payable, line of credit, and notes payable. The carrying values of these financial instruments approximate their fair values.

Earnings Per Share

Basic earnings per share amounts are calculated based on the weighted average number of common shares outstanding during the period. No material dilution of earnings per share would result for the periods after consideration of the effects of outstanding stock options and restricted share units.

Foreign Currency Translation

The reporting currency of the Company and its U.S. subsidiaries is the U.S. dollar. The functional currency of the Company's non U.S. subsidiary is the local currency. Assets and liabilities of the foreign subsidiary are translated into U.S. dollars based on exchange rates at the end of the period. Revenues and expenses are translated at average exchange rates during the reporting period. Gains and losses arising from the translation of assets and liabilities are included as a component of accumulated other comprehensive income. Gains and losses resulting from foreign currency transactions are reflected within the Company's results of operations. The Company has not utilized any foreign currency hedging strategies to mitigate the effect of its foreign currency exposure.

Comprehensive Income

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources.

2. SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

Leases

The Company leases office space for its Radnor, Pennsylvania, Hurricane, West Virginia and Summersville, West Virginia operations. These noncancelable leases expire at various dates through July 2031. Rental payments may be adjusted for increases in property taxes and electricity rates.

The Company has an agricultural license agreement for farmland in Kern County, California for the purpose of producing table grapes. This noncancelable lease expires on December 31, 2040. The Company also has a noncancelable agricultural lease in Portugal ending on October 31, 2042.

The Company recognizes right of use (ROU) assets and lease liabilities for leases greater than twelve months in duration based on the contract consideration for lease components through the term of the lease and the applicable discount rate. Leases with a duration less than or equal to twelve months are considered short-term leases. The Company does not recognize right of use assets or lease liabilities for short-term leases and classifies the expense as short-term lease expense.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The lease term is determined to be the noncancelable period including any lessee renewal options which are considered to be reasonably certain of exercise. The interest rate implicit in lease contracts is typically not readily determinable. As such, the Company uses judgment to determine an appropriate incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term in a similar economic environment.

Fair Value Measurements

In determining fair value, the Company uses quoted prices and observable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company.

The fair value hierarchy of observable inputs used by the Company is broken down into three levels based on the source of inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuations based on inputs that are directly or indirectly observable inputs and quoted prices other than Level 1 quoted prices.

Level 3 – Valuations based on inputs that are unobservable and models that are significant to the overall fair value measurement.

Recent Accounting Pronouncements

Improvements to Income Tax Disclosures

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures*, which is intended to provide enhancements to annual income tax disclosures. The standard requires more detailed information in the rate reconciliation table and for income taxes paid, among other enhancements. The standard is effective for Public Business Entities for tax years beginning after December 15, 2024. The Company adopted this standard on a prospective basis as of January 1, 2025, and included the additional required disclosures in Note 9, Income Taxes.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses* (ASU 2024-03). ASU 2024-03 requires enhanced disclosure regarding income statement expenses, including disaggregation of significant categories such as depreciation and amortization of real estate assets, property operating expenses and employee compensation, within relevant expense captions presenting in the income statement. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026. We are currently evaluating ASU 2024-03 to determine its impact on our financial statement disclosures.

2. SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

Cash Equivalents

The Company considers investments in money market accounts and U.S. Treasury Bills with initial maturities of 90 days or less to be cash equivalents.

Subsequent Events

The Company has evaluated transactions and events subsequent to the reporting date through April 1, 2026, the date the financial statements were available to be issued.

In February 2026, the Company declared a dividend of \$1.80 per common share payable on March 6, 2026. The total dividend paid was \$1,178,806.

3. PROPERTY AND
EQUIPMENT

Property and equipment are stated at cost, less reserves for depletion and depreciation. The Company records its solar investments net of federal investment tax credit. Property and equipment consist of the following at December 31, 2025 and 2024:

2025			
	Cost	Reserve For Depletion And Depreciation	Net Assets
Land	\$ 26,383,323	\$ —	\$26,383,323
Coal	49,220,915	16,721,769	32,499,146
Timber	20,560,680	11,998,951	8,561,729
Solar (including CIP)	30,224,405	9,572,545	20,651,860
Agriculture development	10,402,194	2,487,185	7,915,009
Buildings and structures	3,074,004	2,115,713	958,291
Equipment	791,609	536,519	255,090
Office equipment	837,834	734,975	102,859
Automobiles	362,553	292,857	69,696
Other fixed assets	3,252,938	1,485,920	1,767,018
	<u>\$145,110,455</u>	<u>\$45,946,434</u>	<u>\$99,164,021</u>

2024			
	Cost	Reserve For Depletion And Depreciation	Net Assets
Land	\$ 26,867,024	\$ —	\$26,867,024
Coal	49,220,915	16,627,870	32,593,045
Timber	20,656,565	11,945,377	8,711,188
Solar	19,135,704	8,807,117	10,328,587
Agriculture development	10,402,194	2,051,505	8,350,689
Buildings and structures	3,017,915	2,033,579	984,336
Equipment	791,609	465,736	325,873
Office equipment	794,407	650,020	144,387
Automobiles	494,726	309,105	185,621
Other fixed assets	3,082,234	1,281,249	1,800,985
	<u>\$134,463,293</u>	<u>\$44,171,558</u>	<u>\$90,291,735</u>

4. EQUITY METHOD
INVESTMENTS

Since 2015, the Company has made a series of contributions to various solar partnerships whereby the Company received the majority of profits and losses, including tax depreciation and investment tax credits, through the first five to six years after the solar systems were placed into service. Subsequent to the first five to six years, the majority of the profits and losses were allocated to the other investors. These investments have been accounted for under the equity method of accounting. During 2023, the Company divested its equity interests in these partnerships. Additionally, the Company received legal recoveries in both 2025 and 2024 related to its DC Solar investment, which had previously been fully impaired (see Note 11 for more detail).

5. LONG-TERM DEBT
AND NOTES
PAYABLE

In 2025, the Solar Partnerships entered into fixed-rate commercial loans with City National Bank of West Virginia. The loans bear interest at a fixed rate of 6.750% and mature on April 2, 2032. Payments consist of 12 months of interest-only, followed by 71 monthly principal-and-interest payments of \$64,521, with a final balloon payment of \$8,281,238 due at maturity. The loans are secured by solar arrays and related equipment.

The total outstanding balance at December 31, 2025, was \$8,106,421. Principal on the loan is paid monthly in accordance with the following schedule:

2026	\$ 94,663
2027	\$ 152,135
2028	\$ 161,106
2029	\$ 174,258
2030	\$ 186,565
Thereafter	\$7,337,694

During 2024, the Company renewed its revolving line of credit for \$20 million dollars. The new expiration date is September 30, 2027. There was \$0 outstanding on the revolving line of credit as of December 31, 2025 and December 31, 2024. Amounts outstanding under the credit agreement bear interest at varying rates based upon Secured Overnight Financing Rate (SOFR) or the financial institution's prime rate of interest. The credit agreement is secured by the Company's personal property assets. The credit agreement contains financial covenants, which require the Company to maintain certain ratios with respect to leverage and interest expense coverage. All outstanding balances are due on the expiration date of the line of credit.

In May 2020, the Company's sole foreign subsidiary entered into a euro-denominated €1.0 million non-recourse loan with BANCO COMERCIAL PORTUGUÊS, S.A., plc, for which principal payments began during 2023. The loan bears interest at an interest rate calculated on a daily basis corresponding to the Euribor (European InterBank offered rate) six-month rate plus 2.25%. Per the terms of the agreement, when the variable component of the interest rate is negative, the variable component shall be 0%. As such, the effective interest rate on the loan was 2.16% at December 31, 2025.

The total outstanding balance at December 31, 2025 was €550,872, which was recorded at \$644,818 based on the period-end exchange rate. Principal on the loan is paid monthly in euros in accordance with the following schedule:

2026	€206,048
2027	€215,057
2028	€129,767

The Company is in compliance with all covenants as of December 31, 2025.

6. EMPLOYEE BENEFITS

The Company maintains a Simplified Employee Pension Plan (SEPP) for all of its employees, whereby contributions in the amount of 12% of employee compensation, up to statutory limits, are made to each employee's individual retirement account. The Company also maintains a supplemental pension

6. EMPLOYEE BENEFITS
(CONTINUED)

plan for employees with total compensation that exceeds the compensation allowed under the SEPP. Under the terms of the supplemental plan, the Company will set aside 12% of that part of the employee's compensation that exceeds the statutory SEPP limit. This amount, which is unfunded, accrued interest at 7.50% in 2025 and 8.50% in 2024. This rate is equal to the prime rate as of June 30 of each year. The Company recognized expense for both plans for the years ended December 31, 2025 and 2024 of \$568,661 and \$569,584, respectively.

7. SHAREHOLDERS'
EQUITY

On December 12, 2024, the Company's Board of Directors authorized the repurchase of up to \$3.5 million of Pardee Resources Company's common stock during 2025. Pursuant to such authorizations, during 2025, 5,715 shares of the Company's treasury stock were acquired by the Company at an average price of \$301.24 per share for a total purchase price of \$1,721,567.

On December 14, 2023, the Company's Board of Directors authorized the repurchase of up to \$3.5 million of Pardee Resources Company's common stock during 2024. Pursuant to such authorizations, during 2024, 5,181 shares of the Company's treasury stock were acquired by the Company at an average price of \$263.70 per share for a total purchase price of \$1,366,253.

8. STOCK-BASED
COMPENSATION

In 2004, the shareholders of Pardee Resources Company approved the adoption of the Pardee Resources Company 2004 Restricted Share Unit Plan (the 2004 Plan). The 2004 Plan reserved 72,000 shares of the Company's common stock for issuance to select members of management. During 2011, shareholders approved an amendment to the 2004 Plan increasing the reserved shares from 72,000 to 144,000 shares.

Under the 2004 Plan, participants are eligible to receive an award of restricted share units, the number of which can range from 0 to 160% of a target amount based on performance against predetermined goals established annually by the Compensation Committee and satisfaction of a three-year service commitment. As of December 31, 2025, 120,595 shares have been issued under the 2004 Plan.

In 2025, the Company issued 996 shares of treasury stock in lieu of cash directors' fees totaling \$299,936 and in 2024, the Company issued 1,056 shares of treasury stock in lieu of cash directors' fees totaling \$299,962.

The Company generally issues shares from treasury stock, as available, upon vesting of restricted share units and accounts for the issuance using the first-in-first-out methodology.

The 2004 Plan Activity

The following table contains information on the restricted share unit plan for the period ended December 31, 2025.

	Number of Shares	Weighted Average Fair Value at Grant Date
Outstanding at December 31, 2023	3,494	\$ 99.80
Granted	3,586	\$281.03
Vested and distributed	(3,399)	\$175.85
Outstanding at December 31, 2024	3,681	\$206.12
Granted	2,729	\$304.27
Vested and distributed	(5,279)	\$247.47
Outstanding at December 31, 2025	1,131	\$249.94

Compensation costs related to stock-based compensation for the 2004 Plan for the year ended December 31, 2025 and 2024 was \$942,728 and \$952,845, respectively.

At December 31, 2025, the total compensation cost related to non-vested awards not yet recognized total \$889,499. This expense will be recognized as follows: \$612,710 in 2026 and \$276,789 in 2027.

DECEMBER 31, 2025 AND 2024

9. INCOME TAXES

For financial reporting purposes, Income (Loss) before provision for income taxes, includes the following components:

	<u>2025</u>	<u>2024</u>
Domestic	\$22,615,195	\$17,989,787
Foreign	—	—
Income (Loss) before Income Taxes	<u>\$22,615,195</u>	<u>\$17,989,787</u>

The components of income taxes paid, net of refunds received, is as follows:

	<u>2025</u>
U.S. Federal	\$ 4,100,000
U.S. State and Local	
West Virginia	862,400
Other State and Local	480,363
Total Income Taxes Paid	<u>\$ 5,442,763</u>

The Provision (Benefit) for income taxes consists of the following:

	<u>2025</u>	<u>2024</u>
Current Tax Expense (Benefit):		
U.S. Federal	\$ 4,766,167	\$ 3,537,660
U.S. State	852,893	1,011,746
Foreign	—	—
Total Current Tax Expense (Benefit)	<u>5,619,060</u>	<u>4,549,406</u>
Deferred Tax Expense (Benefit):		
U.S. Federal	\$ 1,336,319	\$ (134,037)
U.S. State	(267,490)	(383,660)
Foreign	—	—
Total Deferred Tax Expense (Benefit)	<u>1,068,829</u>	<u>(517,697)</u>
Total Provision (Benefit) for Income Taxes	<u>\$ 6,687,889</u>	<u>\$ 4,031,709</u>

Income Tax Provision (Benefit) related to continuing operations differs from the amounts computed by applying the statutory income tax rate of 21% to pretax income as follows:

	<u>2025</u>	
At Statutory Rate	\$ 4,749,191	21.00%
State Income Taxes, net of Federal Effect ⁽¹⁾	453,915	2.01%
Nontaxable or Nondeductible Items		
Investment in Partnership	(394,992)	-1.75%
Other Nontaxable or Nondeductible Items	(223,472)	-0.99%
Changes in Unrecognized Tax Benefits	2,096,645	9.27%
Other	6,602	0.03%
Total	<u>\$ 6,687,889</u>	<u>29.57%</u>

⁽¹⁾ State income taxes in West Virginia and California make up the majority of the tax effects in this category.

The 2024 provision for income tax differs from the amount that would have been derived from the application of the expected statutory rate primarily because of state income tax and percentage depletion.

DECEMBER 31, 2025 AND 2024

9. INCOME TAXES
(CONTINUED)

Deferred income taxes reflect the net tax effects of loss and credit carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets for federal and state income taxes are as follows:

	2025	2024
Deferred Tax Assets:		
Federal & State NOL Carryforward	\$ 726,767	\$ 784,586
Federal Tax Credit Carryforward	1,904,794	—
Deferred Revenue	174,776	508,285
Reserves and Accruals	231,348	223,897
Stock-Based Compensation	252,752	275,031
Lease Liabilities	263,808	317,911
Deferred Tax Consequences of UTBs	651,514	195,653
Deferred State Income Tax	699,213	755,385
Total Gross DTA	<u>4,904,972</u>	<u>3,060,748</u>
Less: Val. Allowance	<u>(725,644)</u>	<u>(783,464)</u>
Total Deferred Tax Assets	<u>\$ 4,179,328</u>	<u>\$ 2,277,284</u>
Deferred Tax Liabilities:		
Depletable Assets	\$ (9,887,654)	\$(10,270,368)
Fixed Assets	(4,031,537)	(4,507,890)
Prepays	(167,221)	(208,281)
Right of Use Assets	(252,995)	(306,272)
Investment in Partnerships	(3,269,168)	(1,249,683)
Total Gross DTL	<u>\$(17,608,575)</u>	<u>\$(16,542,494)</u>
Net Deferred Tax Liabilities	<u>\$ (13,429,247)</u>	<u>\$ (14,265,210)</u>

As of December 31, 2025, the Company had approximately \$16.6 million of state net operating loss carryforwards available for utilization in future years. The loss carryforwards have a 20-year carryforward period and will begin to expire on December 31, 2027.

In evaluating its ability to realize the net deferred tax assets, the Company considered all available positive and negative evidence, and as of December 31, 2025, has recorded a valuation allowance of \$725,644 related to Pennsylvania net operating loss carryforwards that the Company does not expect to realize. The valuation allowance decreased by \$57,820 during the year ended December 31, 2025.

The Company uses the deferred method of accounting for investment tax credit recognition. During 2025 and 2024, the Company earned \$3,743,832 and \$0 of investment tax credits, respectively. Approximately \$1.9 million of the investment tax credit was carried forward and will expire on December 31, 2045.

In accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*, the Company has analyzed its tax positions for all open tax years in all jurisdictions where it is required to file an income tax return. The Company has identified the federal tax return and state tax returns in West Virginia, Virginia, Pennsylvania, and California as major tax jurisdictions. The periods subject to examination for the Company's federal return are tax years 2018 through 2025. The periods subject to examination for the Company's major state tax returns are tax years 2022 through 2025. The Company is currently under audit for federal income tax purposes for tax year 2018. It is more-likely-than-not that certain investment tax credits (ITC) carried forward to tax year 2018, and utilized in tax years 2018 through 2020, as well as depreciation expense related to the assets will not be sustained. Accordingly, the Company maintains an uncertain tax position within the income tax payable representing the estimated tax liability for the disallowance of ITCs and depreciation expense from its DC Solar investment, plus interest and penalties.

DECEMBER 31, 2025 AND 2024

9. INCOME TAXES
(CONTINUED)

The following represents the activity relating to unrecognized tax benefits:

	2025	2024
Beginning Balance	\$1,417,025	\$1,417,025
Gross increase – Tax Positions in Prior Periods	2,164,372	—
Gross Decreases – Tax Positions in Prior Periods	—	—
Gross Increases – Tax Position in Current Period	—	—
Settlements	—	—
Lapses in Statutes of Limitations	—	—
Ending Balance	<u>\$3,581,397</u>	<u>\$1,417,025</u>

As of December 31, 2025 and 2024, there were \$314,000 and \$0 of unrecognized tax benefits that, if recognized, would favorably impact our effective tax rate. The Company's policy is to recognize interest and penalties related to income taxes within the provision for income taxes in the consolidated statements of operations and comprehensive loss. As a result of previous positions taken, the Company recorded an increase of approximately \$2.05 million and \$70,000 in interest and penalties during the years ended December 31, 2025 and 2024, respectively. Cumulative interest and penalties of \$2.2 million and \$180,000 are included in income taxes payable in the Company's consolidated balance sheets at December 31, 2025 and 2024, respectively.

10. LEASE
COMMITMENTS

Right of use assets and lease liabilities (current and long-term) are separately reflected in our consolidated balance sheets as of December 31, 2025 and 2024.

Components of lease expense and supplemental cash flow are summarized as follows for the year ended December 31,

	2025	2024
Operating lease cost	\$522,654	\$470,887
Variable lease cost	—	—
Short-term lease cost	—	—
Net lease cost	\$522,654	\$470,887

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$549,514	\$429,889
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Right of use assets obtained in exchange for lease obligations:

Operating leases	—	\$696,043
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Lease term and discount rate information as of December 31, 2025 is summarized as follows:

Weighted-average remaining lease term (years) Operating leases	14.0
Weighted-average discount rate Operating leases	7.4%

Maturities of lease liabilities as of December 31, 2025 is as follows:

Year:	
2026	\$ 538,111
2027	543,741
2028	546,540
2029	549,396
2030	456,323
Thereafter	3,753,753
Total lease payments	\$6,387,864
Less: imputed interest	(2,378,839)
Present value of lease liabilities	<u>\$4,009,025</u>

11. CONTINGENCIES

DC Solar Solutions, Inc.

In December 2015, the Company invested \$7.7 million in a limited liability company (Fund) that purchased mobile solar generators (MSGs) from DC Solar Solutions, Inc. (DC Solar) and, in turn, leased the MSGs to DC Solar Distribution, Inc., an affiliate of DC Solar. In early 2019, the Company learned through public sources that, in December 2018, the U.S. government had seized substantially all of the assets of DC Solar and its affiliates. In February 2019, DC Solar and its affiliates, including our lessee, filed for Chapter 11 bankruptcy protection. In February 2019, an affidavit from a Federal Bureau of Investigation special agent was filed in the bankruptcy proceeding asserting that DC Solar was operating a fraudulent “Ponzi-like scheme” and that a majority of the MSGs sold to investors and a majority of the lease revenues claimed to have been received by DC Solar Distribution, Inc. may not have existed. The Chapter 11 proceedings were subsequently converted to Chapter 7 liquidations. Due to the bankruptcy proceedings being converted to Chapter 7, the Company evaluated its remaining equity investment value of \$485,332 and recorded an impairment charge in that amount as of December 31, 2018.

In 2022, the Company received a draft “Notice of Proposed Adjustment” (NOPA) from the IRS related to their exam of the Company’s 2018 tax return. The NOPA included a \$1.4 million tax assessment associated with the investment tax credits (ITCs) the Company utilized in tax years 2018 and 2019, plus interest. According to the draft NOPA, the IRS was challenging the values the Company had initially assigned to the MSGs and whether they had all been effectively placed in service, and consequently whether the amount of the associated ITCs were appropriate. The Company determined a reserve was warranted for the full \$1.4 million tax assessment plus an estimate of accrued interest approximating \$200,000 for a total reserve of \$1.6 million as of December 31, 2022; pending receipt of a final NOPA from the IRS and the Company’s potential appeal. The draft NOPA did not include an assessment of penalties, and the IRS advised the Company they would not pursue penalties.

In 2025, the IRS provided a draft NOPA to the Company asserting penalties on the proposed tax assessment. The draft NOPA alleged that the Company had overstated the value of the MSGs and proposed a penalty of 40% of the estimated tax assessment.

In February 2026, the IRS issued a revised and final NOPA disallowing ITCs from statutorily closed tax years which had been carried forward into 2018 and 2019. The IRS has also issued a final NOPA disallowing a depreciation deduction with respect to the Fund’s 2018 partnership return. These revised final NOPAs, plus interest, estimated penalties, and offset of previously recaptured ITCs, increased the Company’s net tax liability to \$4.7 million. As a result, the Company increased its reserve in 2025 by \$3.1 million to \$4.7 million, which equals the total tax assessment, net of previously recaptured ITCs, plus interest and estimated penalties. The ultimate resolution of these matters may differ from the amount recorded, however, the Company believes no additional loss in excess of the amount accrued is reasonably possible based on information currently available.

The Company received a total of \$10,130 and \$1,705,448 in legal recoveries in 2025 and 2024, respectively, against various participants in the DC Solar Ponzi-like scheme, which were recorded into income upon receipt. We have received total distributions of \$2,730,144 since 2023. Additional recoveries, while likely, are not guaranteed and have not been estimated or accrued as of December 31, 2025, and will be recorded into income if and when received.

In addition to the above-mentioned matters, we are subject to claims and legal actions in the ordinary course of business. We expense legal costs as they are incurred. While there are uncertainties in predicting the outcome of any claim or legal action, we believe the ultimate resolution of these claims or actions is not reasonably likely to have a material adverse effect on our financial condition, results of operations, or cash flows.

DECEMBER 31, 2025 AND 2024

12. SIGNIFICANT CUSTOMERS

In 2025, revenues from three customers each exceeded 10% and totaled 57% of operating revenues, excluding gain on sale of assets, sold or disposed.

In 2024, revenues from three customers each exceeded 14% and totaled 58% of operating revenues, excluding gain on sale of assets, sold or disposed.

13. ACQUISITIONS, DIVESTITURES, AND ASSETS HELD FOR SALE

During 2025, the Company acquired, in separate transactions, 82.5 acres and 466,984 Mcfe for \$682,000 of various surface and mineral rights in West Virginia.

During 2024, the Company acquired, in separate transactions, 81 acres and 848,271 Mcf for \$1,077,000 of various surface and mineral rights in West Virginia.

During 2025 and 2024, the Company recognized \$11,145,909 and \$2,199,015, respectively, in gains on sales of property and equipment to third parties, primarily related to sales of land, timber, and coal. Specific to 2025, the Company sold non-core mineral interests in Pennsylvania which were recorded as a gain from an oil and gas property of \$8,897,000 on our income statement. Residual gains from normal operating activities are presented within Metallurgical Coal Revenue and Timber & Surface Revenue within Revenues from Operations.

14. RELATED PARTIES

The Company has an 85% equity interest in a table grape ranch in California. The noncontrolling equity interest of 15% in the table grape ranch is held, in part, by a related party. As a result of their shared ownership, the noncontrolling equity owner is considered a related party to the Company. The related party is the asset manager and marketer for all of the Company's agricultural investments and receives a fee for its management services. Included in the 2025 and 2024 Company expense were management and marketing services paid to the related party in the amount of \$167,441 and \$794,084, respectively. As of December 31, 2025, the Company had \$4.9 million due from affiliates which are included in accounts receivable in the Company's consolidated balance sheet.

In addition, the Company has a 55% interest in an almond tree farm in Portugal. The 45% noncontrolling equity interest in the almond tree farm is held by a related party and other investors. As a result of their shared ownership, the noncontrolling equity owner and other investors are considered related parties to the Company. Other investors that provide farming and other related crop development services related to the almond development are also considered related parties.

In 2025 and 2024, the Company paid the other investors a total of \$2,435,725 and \$2,201,198, respectively, for services rendered.

COMPANY OFFICES AND EMPLOYEES

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Tel: (215) 405-1260

Carleton P. Erdman, CFA *President & Chief Executive Officer*
Steven J. Rolle, CPA *Senior Vice President & Chief Financial Officer*
Jeffrey W. Wagner *Senior Vice President, General Counsel &
Corporate Secretary*
Linda M. Thorpe *Vice President – Data Solutions*
Linda Dougherty *Vice President – Human Resources &
Shareholder Relations*
Francis S. Lam *Vice President – Finance & Corporate Controller*
Laura C. Tully *Manager – Property Administration &
Assistant Corporate Secretary*
An T. Slenn *Assistant Controller*
Jeanne N. Fillmore *Administrative/Accounting Assistant*
John T. Fritsch *Jr. Financial Analyst*

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Walter L. Stroud, RL *Senior Vice President – Oil, Gas & Engineering*
Richard A. Dearing *Director – Acquisitions & Development*
Katrina J. Rawlings *Director – Oil & Gas Administration*
Sarah G. Patrick *Manager – Real Estate Marketing*
Derek K. Latimer *Manager – Mine Engineering*
Jonathan D. Burdette, RL *Manager – Engineering Services*
Louria G. Nester *Administrative Assistant*

SUMMERSVILLE, WEST VIRGINIA

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Stephen D. Harp, RF *Senior Vice President – Timber & Surface*
Rexana D. McCourt, RF *Forester*
Trina J. Fox *Administrative Assistant*

ANNUAL MEETING & GENERAL INFORMATION

ANNUAL MEETING

The Annual Meeting of Pardee Resources Company will be held at 10:30 a.m. on Thursday, May 21, 2026 in the Vista Ballroom, Vue on 50, located on the 50th floor of Three Logan Square, 1717 Arch Street, Philadelphia, Pennsylvania.

TRANSFER AGENT AND REGISTRAR

Pardee Resources Company, a Pennsylvania corporation, acts as its own transfer agent. Questions relating to the transfer or ownership of stock should be directed to Linda Dougherty, Assistant Corporate Secretary, Telephone: (215) 405-1276.

LEGAL COUNSEL

Faegre Drinker Biddle & Reath LLP, Philadelphia, Pennsylvania

AUDITORS

Ernst & Young LLP, Philadelphia, Pennsylvania

COMMERCIAL BANKING

PNC Bank, Philadelphia, Pennsylvania

WEB ADDRESS AND E-MAIL ADDRESS

The Company's web address is: www.pardee.com

The Company's general e-mail address is: Pardee@pardee.com

Each employee has an e-mail address; if an individual address is unknown, send your message to the general address, and it will be forwarded as appropriate.

FORWARD-LOOKING STATEMENTS

Certain of the statements contained herein (other than statements of historical facts) are forward-looking statements. Such forward-looking statements include estimates and assumptions related to the Company's growth, reserves, the state of future markets for natural resources, renewables and agricultural products, and the ability of the Company to sell its natural resources, renewables and agricultural products on a profitable basis. These forward-looking statements are subject to change and uncertainty which are, in many instances, beyond the Company's control and have been made based upon management's expectations and beliefs concerning future developments and their potential effect on the Company. There can be no assurance that future developments will be in accordance with management's expectations or that the effect of future developments on the Company will be those anticipated by management. Actual financial results, including revenue growth and earnings results, could differ materially from those anticipated by the Company depending on the outcome of certain factors, which may include, among others, changes in the wholesale prices for timber, oil, natural gas, coal, renewables energy and agricultural products; increases in property acquisition costs; adverse weather conditions; litigation; failures of our lessees to mine, drill and harvest at rates we currently anticipate; differences between actual reserves and estimated amounts; legislative changes or government regulations which make it more difficult or expensive to sell, extract or harvest our natural resources, renewables and agricultural products or impose greater financial burdens on the users of such products; unanticipated costs for remediation and reclamation; and other risks and uncertainties.



PARDEE
RESOURCES
COMPANY

OUR CORE VALUES

We strongly believe in conducting our professional and business relationships in accordance with these Core Values.



INTEGRITY

Integrity in business is essential. We believe our good name is our most valuable asset.



CREATIVITY

We encourage creativity in others and ourselves.



EXCELLENCE

We strive for excellence in all things, and accept nothing less.



RESPECT

We treat others with respect.



TEAMWORK

We recognize that teamwork produces superior results.



FAMILY

We value all family and community relationships.



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